

Budget and Medium Term Plan

2012/2013

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Council Tax 2012/13

	Total £000	Band D equivalent £
Huntingdonshire District Council		
	21,722	361.28
less	-2,547	-42.36
	19,175	
Budget requirement		
add	-63	-1.05
	19,112	
Financed by		
less	-180	-2.99
less	-9,108	-151.49
less	-2,097	-34.88
	7,727	128.51
Council Tax for Huntingdonshire DC		
	4,708	78.30
	12,435	206.81
add	64,854	1,078.65
	10,492	174.51
	3,566	59.31
	91,347	1,519.28
Council Tax		

Comparison with 2010/11	2011/12 £	2012/13 £	Increase %
Huntingdonshire District Council	124.17	128.51	3.50%
Parishes	76.24	78.30	6.64%
	200.41	206.81	
Cambridgeshire County Council	1,047.78	1,078.65	2.95%
Police Authority	169.56	174.51	2.92%
Fire Authority	57.87	59.31	2.49%
Total	1,475.62	1,519.28	2.96%

How the money is spent

		£000	£000	£000
Expenditure	Employees			
	Pay (including national insurance and pensions)	23,500		
	Other	1,778	25,278	
	Buildings			
	Maintenance, cleaning and security	821		
	Energy	877		
	Rates	988		
	Other	694	3,380	
	Supplies and services			
	Supplies	2,777		
	Services	4,291	7,068	
	Transport			2,076
	Benefit payments			
	Housing	33,609		
	Council Tax	8,292	41,901	
Grants			1,159	
Drainage Precepts			380	
Net interest received and cost of borrowing			614	
Other expenditure			394	
	GROSS EXPENDITURE			82,250
Income	Sales, fees and charges		-16,306	
	Benefit grants		-41,607	
	Other grants		-1,531	-59,444
	GROSS INCOME			
Recharges	Internal recharges to non-revenue accounts			-1,084
NET EXPENDITURE				21,722

Medium Term Plan, 2012/13 Budget and Associated Matters

Report to Council 2012

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 2012/13 budget and associated matters.
- 1.2 It also seeks Council's formal determination of the Council Tax for 2012/13.

2. BACKGROUND

- 2.1 On 22 February 2012 the Cabinet will discuss a report on the MTP and the 2012/13 budget. They will take into account the comments from the Overview and Scrutiny Panel (Economic Well-Being) meeting (2 February) and the consultation meeting with members of the local business community (6 February).
- 2.2 The Cabinet will also consider an associated report on the Council's Treasury Management Strategy for 2012/13.
- 2.3 The Cabinet's recommendations on both reports will be circulated as soon as they are available.
- 2.4 The formal resolution for approving the Council Tax consists of two parts. The first provides specific figures relating to this Council's income and expenditure.
- 2.5 The second part contains two tables. The first shows the Council Tax that each council or authority is setting for 2012/13 for each house valuation band. The second table aggregates these for each parish or town in the District so that the total Council Tax can be identified.
- 2.6 These tables are based on the assumption that the Cabinet, and subsequently the Council, will support the proposals in the budget report for the increase in Huntingdonshire's Council Tax for 2012/13. 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 £128.51 for 2012/13 and the formal resolutions shown in Appendix ???.

BACKGROUND PAPERS

Working Papers - Files in Financial Services

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Report to Cabinet 16th February 2012

BUDGET 2012/13 AND MEDIUM TERM PLAN 2013 to 2017

(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 22 February in relation to the Council's Budget and Council Tax for 2012/13, Medium Term Plan for 2013/17 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, affecting the financial position of the Authority.

3 OVERVIEW

A combination of:

- expected progress in controlling payroll costs,
- a buoyant forecast for New Homes Bonus,
- continuing efficiency savings, and
- a Council Tax rise

result in a budget for 2012/13 that maintains a higher level of reserves and reductions in the service savings still to be identified for the future.

Government proposals for funding in 2012/13 are slightly higher (£37k) than expected. New Homes Bonus provides an increasingly significant element (£1.9M) of the Council's funding and this is expected to rise over the next few years to over £6M. Whilst of significant benefit it does increase the Council's reliance on the buoyancy of the house building industry.

Since December, some changes have been made to the Draft Budget. These include:

- greater savings on pay including the decision to have no pay increase again in April 2012.
- a £188k per year increase in the level of Voluntary Sector grants previously proposed.
- review of the risk provision and an increase in the minimum level of revenue reserves to £4.5M.

Uncertainty continues to be a major problem for Local Authorities whether as a result of the world, European or UK economies or Government proposed changes to their funding or responsibilities. It will be some years before there is any chance of greater certainty. Allowance for a risk provision has been made in the budget but higher end assumptions could result in extra costs of up to £2.1M by 2016/17.

The Government have offered a one year grant equivalent to 2.5% to any Council that does not raise its Council Tax for 2012/13. Huntingdonshire, together with a significant number of other Authorities, does not propose to accept this as there is a significant likelihood that it will simply

result in the need to cut services when the grant ceases the following year.

The Government are proposing a limit on Council Tax increases of 3.5% with the requirement to get a majority result from a referendum for any higher level.

The Council's Tax Level for the current year is £124.17 per year for Band D properties with 66% of residents on lower bands paying a lower tax. This is significantly less than the District Council average of £168. Lower taxing Districts are at a severe disadvantage from percentage limits which have minimal cash value and the Leader has written to the Secretary of State proposing that future limits should reflect a cash value based on the District Council average.

In order to protect the services that local residents value, such as voluntary sector grants which result in significant support for some of the most vulnerable, and to ensure that our budgets take proper recognition of current uncertainties a Council Tax increase of £4.34 per year (8p per week) is proposed for a Band D property. This equates to a rise of 3.5% and equivalent increases in future years mean that the Council has a lower target of future savings to achieve. This reduces the chances of reductions in the services that local residents need and value.

The following table shows the key figures:

PROPOSED	Forecast	Budget	MTP			
	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
NEW FORECAST FUNDING	21,435	21,722	22,299	22,842	23,611	24,365
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0
Remaining revenue reserves EOY	12,032	9,485	7,531	5,622	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067
Collection Fund Deficit	-105	-63	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99
Unidentified Spending Reductions	0	0	-337	-550	-616	-891
Extra savings if higher risks		-100	-800	-1,000	-1,600	-2,100

DRAFT BUDGET						
Unidentified Spending Reductions		0	-500	-800	-1,338	-1,409

LAST YEAR						
Unidentified Spending Reductions		-751	-961	-1,524	-1,975	-2,028

4 CHANGES SINCE THE DRAFT BUDGET – SPENDING AND RISK PROVISION

4.1 The tables below shows the key changes that have been made to spending and the risk provision since the Draft Budget was considered in December. Annex A provides further detail.

REVENUE SPENDING	REVENUE					
	Forecast	Budget	MTP			
	2011	2012	2013	2014	2015	2016
	2012	2013	2014	2015	2016	2017
£000	£000	£000	£000	£000	£000	
DRAFT excluding Unidentified Savings	21,362	21,696	22,749	23,624	24,227	25,231
		-295	-464	-509	-533	-638
Other Service Variations	241	394	188	188	188	188
Technical Variations	-168	-73	330	103	137	142
TOTAL VARIATIONS	73	26	-168	-14	208	332
PROPOSED excl. Unidentified Savings	21,435	21,722	-113	-232	0	25

CAPITAL SPENDING	NET CAPITAL					
	F'CAST	BUDGET	MTP			
	2011	2012	2013	2014	2015	2016
	2012	2013	2014	2015	2016	2017
£000	£000	£000	£000	£000	£000	
DRAFT	5,506	12,198	4,067	2,851	3,736	2,699
Other Service Variations	-1,225	-456	-75	112	152	152
Technical Variations	1,041	-972	-2	6	12	16
TOTAL VARIATIONS	-184	-1,428	-77	118	164	168
PROPOSED	5,322	10,770	3,990	2,969	3,900	2,867

4.2 The most significant adjustments relate to:

Pay and allowances – Over the last year there has been substantial consultation with staff on pay and pay systems which led to agreement for a pay freeze for April 2012. Over the coming year management will be working with staff to identify a revised pay system that will enable the Council to better control costs whilst ensuring the fair and attractive salaries necessary to recruit and retain quality staff.

Inevitably there is a need to include planning assumptions for future pay awards whilst stressing that these are only planning assumptions and must not be taken as an indication of the actual level of pay awards that will be negotiated and approved.

The 2013 financial planning assumption is based on cost of living of 2%. Future years assumptions mirror the assumed Council Tax rise, both being influenced by general levels of inflation.

Voluntary Sector Grants – An extra £188k per year of grants, compared to the provision in the draft budget, has now been included.

Other Service and Technical Variations - These include provision for an A14 Inquiry, reduction in the saving from letting PFH space to reflect levels expected, review of the risk contingency and removal of the savings anticipated from PV panel installation pending assessment of how far market prices have fallen (reinstatement of one scheme is imminent under the Invest to Save procedure but will give a much lower saving).

5 PROGRESS SINCE DECEMBER – SAVINGS

- 5.1 The Council Tax base has now been finalised for 2012/13 and this provides an increase of 201 Band D properties on the assumption used in the Draft Budget.
- 5.2 The Government has proposed a New Homes Bonus of £1.913M which is £37k greater than previously forecast. There is no change proposed to the Formula Grant level.
- 5.3 There will be a surplus of £464k on the Collection Fund due to the Council's success in collecting the Council Tax. This is required to be shared pro rata across precepts and so £63k will be this Council's share.

6. PROGRESS SINCE DECEMBER – FUNDING AND OTHER ITEMS

- 6.1 The most fundamental issue continues to be the economic impact of the various international financial issues. There are many conflicting views on the scale of the problems ahead for the UK and the eurozone. There may be further financial impacts on the UK and, if so, there could be impacts on the Council due to:
 - Lower income from planning fees, building control fees and leisure charges.
 - Lower New Homes Bonus
 - More applicants for housing and council tax benefit
 - Higher homelessness
 - Reductions in Government Grant
- 6.2 Other issues include:
 - Delivery of the items contained in identified savings
 - Identification and delivery of unidentified savings in future years.
 - Levels of pay awards, inflation and interest rates
 - Ability to maintain income levels
 - Grant changes for 2013/14 onwards
 - Impact of growth in Business Rates
 - Impact of slower home building on New Homes Bonus
 - Loss of Formula Grant (or Localised Business Rates) to fund New Homes Bonus
 - Costs of demographic growth
 - Change in Pension Fund contributions
 - Impact of changes to the benefits systems on homelessness levels and the ability to collect Council Tax.
 - High priority service developments not already in the MTP and any unavoidable spending requirements not referred to in this report emerging (e.g. planning appeals)
 - The potential for costs relating to "orphan" contaminated land sites
 - Repayment of past land charge fees
 - Low demand for office property in Huntingdon e.g. assumed sale of Castle Hill House.

6.3 Annex B provides some specific examples of potential impacts on the Council's financial position. These have been used to establish a lower end figure for inclusion in the budget as the Risk Provision and a higher end figure to provide a feel for the potential extra level of risk that could emerge.

RISKS	Budget	MTP			
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Proposed Range					
Lower End (Budgeted risk provision)	0.0	0.8	1.0	1.3	1.5
Higher End	0.1	1.6	2.0	2.9	3.6
Extra savings required if higher end assumptions correct	0.1	0.8	1.0	1.6	2.1

7 RESERVES

- 7.1 Overview and Scrutiny felt that it would be prudent to increase revenue reserves even further than the uplift from £3M to £4M proposed in the draft budget. The Proposed Budget/MTP is therefore based on not allowing reserves to fall below £4.5M.
- 7.2 It is very difficult to theoretically calculate the appropriate level of reserves but the following factors are all relevant:
- The new rules that require a positive referendum result before a Council can increase its tax level above the limit set by the Secretary of State has the potential to make it very difficult to replenish reserves once they are used. Reserves therefore need to be sufficient to allow a savings programme to be introduced to replenish reserves before they run out.
 - The level of New Homes Bonus is forecast as £6.1M by 2016/17 and although a risk provision of £0.9M has been made there is still potential for significant variations depending on how quickly the world, European and UK economies recover.
 - 2013/14 sees the planned move to the localisation of Business Rates to replace the current Formula Grant regime. There is potential for volatility in the new starting point as well as the variations thereafter.
 - Individual items that could have significant revenue impacts include Planning Inquiries, higher than planned pay awards, significant rises in homelessness, reduced Government spending allocations to Local Government and falling income levels due to recession.
- 7.3 The graph at Annex C shows the levels of Reserves forecast to be held by District Councils at March 2012. It shows net spending (including parish precepts) compared with the level of reserves. Although there is a vast variety of results it demonstrates that, for our size and the likelihood that we have higher vulnerability, due to higher than average income levels and New Homes Bonus assumptions, £4.5M would not be excessive.
- 7.4 The position will be reviewed annually and the levels of reserves held by similar sized authorities will be monitored where possible. If, once some of the risks have stabilised, it were considered that reserves could be reduced then it would be possible to use the resources for one-off projects.

8 RESERVES AND THE ROBUSTNESS OF THE 2012/13 BUDGET

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

9 COUNCIL TAX LEVELS

- 9.1 Huntingdonshire continues to have a very low level of Council Tax. In the current year the Council's £124.17 charge (Band D) was 20th lowest of the 201 District Councils which have an average of £168 and a maximum of £310.
- 9.2 The following table shows the current number of properties in each tax band and demonstrates that 66% of properties have tax levels lower than band D.

Tax Band	Percentage at band (rounded)	2011/12 Council Tax
A	16%	£82.78
B	26%	£96.58
C	24%	£110.37
D	16%	£124.17
E	12%	£151.76
F	5%	£179.36
G	2%	£206.95
H	<1%	£248.34

- 9.3 The Secretary of State has announced that Council Tax increases in excess of 3.5% will have to be supported by a positive referendum result as a replacement to the previous capping regime. This seems unfair to Council's with low tax levels as they will effectively be caught in a "poverty trap" of very small cash increases thus requiring higher levels of service reductions than in the high taxing Councils. The Leader has therefore written to the Secretary of State proposing that the referenda limit be based on a cash sum equivalent to a percentage of the average District Council level.
- 9.4 The Secretary of State has also offered a grant for just one year equivalent to a Council Tax rise of 2.5% for any Council that does not increase its Council Tax for 2012/13.
- 9.5 Overview & Scrutiny recommended that the Council should not accept the freeze grant as future referenda limits may prevent the Council ever being able to increase its Tax level to compensate for the freeze.
- 9.6 They also recommended that any decision to increase the Tax level more than 2.5% should consider the service reductions that could thus be avoided.
- 9.7 Paragraph 4.1 above illustrates one such particular saving, reducing the cut in grants to the voluntary sector, which will cost £188k. This alone represents a Council Tax increase of £3.13 or 2.5%.

9.8 The Council believes that local residents will wish to preserve these grants, recognise the Councils need to meet unavoidable inflation (there will be no pay rises again in April) and preserve valued services as far as possible both this year and in future. In order to do this the plan is based on increasing Council Tax next year by £4.34 per year for a band D property (£3.86 for Band C and £3.38 for Band B). This represents a percentage increase of 2.6% of the average District Council tax level, and 3.5% of this Council's lower tax level.

9.9 The table below shows the proposals for subsequent years:

	2013/14	2014/15	2015/16	2016/17
Planned Tax Level	£133.01	£137.66	£142.48	£147.47
Cash Increase per year	£4.50	£4.65	£4.82	£4.99

10. DELIVERY OF SAVINGS

10.1 The table below shows the overall budget and funding for the next five years with an extended version being included in Annex E. The important points to note are that it has been possible to:

- stop relying on reserves to subsidise spending after 2015/16
- provide added security from higher reserve levels
- reduce the level of future savings still needing to be found.

PROPOSED	BUDGET		MTP			
	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
NEW FORECAST FUNDING	21,435	21,722	22,299	22,842	23,611	24,365
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0
Remaining revenue reserves EOY	12,032	9,485	7,531	5,622	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067
Collection Fund Deficit	-105	-63	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99
Unidentified Spending Reductions	0	0	-337	-550	-616	-891
Extra savings if higher risks		-100	-800	-1,000	-1,600	-2,100

Unidentified Spending Reductions on lower risk basis

DRAFT BUDGET	0	-500	-800	-1,338	-1,409
LAST YEAR'S BUDGET	-751	-961	-1,524	-1,975	-2,028

10.2 The following Annexes provide more detail:

- Annex F: Budget by service area including full recharges of support costs.
- Annex G: Summary of Budgets controllable by each senior manager.
- Annex H: Annex G expanded with individual services and highlighting service variations.

10.3 A colour coding is used in Annex G to denote those service developments that require further approvals before they can commence.

11. CONSULTATION AND COMMENTS

11.1 This report will be considered at a meeting of the Overview and Scrutiny (Economic Wellbeing) Panel on the 2 February and a consultation meeting with members of the business community on 6 February. 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 Following discussion of the draft Budget and MTP figures in December a number of adjustments have been made. The most significant ones relate to:

- Additional savings on pay including no pay award in April 2012.
- Reinstating a major portion of the Voluntary Sector grants budget.
- Ensuring a reasonable risk provision and increased level of reserves given the major uncertainties facing the Council.

13.2 Increasing the Council Tax by £4.34 per year (8p per week), or 3.5%, for a Band D property and comparably in future years, together with the achievement of the major savings referred to in the draft report means the Council has a lower target for future savings to achieve. This reduces the chances of reductions in the services that local residents need and value.

13.3 The Council's Chief Financial Officer considers that the budget is robust and that there are adequate reserves.

14. RECOMMENDATION

Recommend to February Council:

- Approval of the proposed MTP, budget and Financial Plan (Annexes E to H)
- A £4.34 per year increase in the Council Tax for 2012/13 i.e. a Band D charge of £128.51

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.

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services
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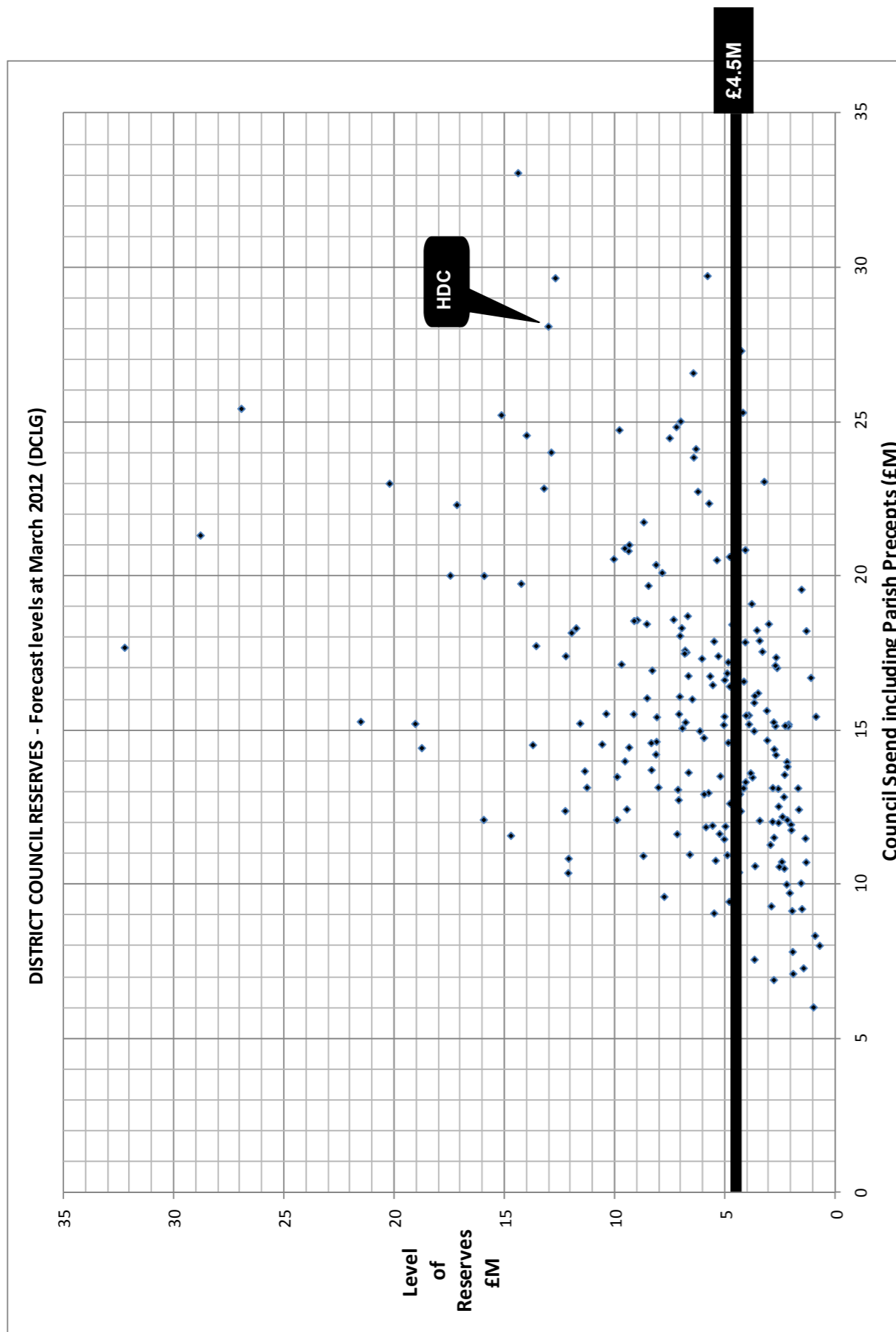
ANNEXS

- A Total Spending Variations since Draft Budget Report
- B Risk Ranges
- C District Council Reserves
- D Robustness of the 2012/13 Budget
- E Overall Financial Summary to 2024/25
- F Proposed Budget – Full service cost basis after the apportionment of overheads
- G Proposed MTP – Controllable basis – Budget Holder Summary
- H Proposed MTP – Controllable basis. Those MTP schemes, where further approval is required before they can commence, are highlighted.

Annex A

TOTAL SPENDING VARIATIONS SINCE DRAFT BUDGET

TOTAL SPENDING VARIATIONS SINCE DRAFT BUDGET	REVENUE			NET CAPITAL		
	F'CAST	BUDGET	MTP	F'CAST	BUDGET	MTP
	2011 2012 £000	2012 2013 £000	2014 2015 2016 2017 £000	2011 2012 £000	2012 2013 £000	2013 2014 2015 2016 2017 £000
DRAFT net of Unidentified Savings	21,362	21,696	22,249	5,506	12,198	4,067
Add back forecast unidentified savings		500	800			2,851
DRAFT before Unidentified Savings	21,362	21,696	22,749	5,506	12,198	2,851
Pay and Allowances						
Pay & allowances Review adjustment	244	549	555			
Replaced by Pay Inflation adjustment	-244	-844	-1,019			
net variation	0	-295	-464			
Voluntary Sector Grants						
Voluntary Sector Grants	188	188	188			
Other Service Variations						
Other Service Variations	241	394	330	-1,225	-456	-75
Technical Variations						
Technical Variations	-168	-73	-168	1,041	-972	-2
TOTAL VARIATIONS	73	26	-113	-184	-1,428	-77
PROPOSED before Unidentified Savings	21,435	21,722	22,636	5,322	10,770	3,990
Less forecast unidentified savings		337	550			
PROPOSED net of Unidentified Savings	21,435	21,722	22,229	5,322	10,770	3,990



ANNEX D

RESERVES AND THE ROBUSTNESS OF THE 2012/13 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2012/13 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 2012/13 budget has been prepared using the budget for 2011/12 as a base, and amending it for known changes, particularly:

- Inflation but no provision for pay awards other than a non-consolidated performance provision – the most significant element.
- 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
- 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.

Reduced Income

A 1% loss of income from fees, rents and charges would amount to around £170k. The Council is budgeting to receive income of:

- Car Parks £1.8M
- Leisure Centres £6.5M
- Property £2.0M
- Planning and Building Control Fees £1.8M

Treasury Management

The maximum permitted with one counterparty is £8M but this is only possible where £3M of the sum is held in a liquidity account with that body. Liquidity Accounts allow recovery of investments on the same working day which substantially reduces the risk. 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 £180k.

Interest Rates

A change in interest rates is not material.

Revenue Reserves

These are estimated to be £12m at April 2012 and reduce to £9.5m by March 2013 in order to support revenue spending. This is still significantly above what would be considered a safe minimum level when considering the 2012/13 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 2012/13.

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 2012/13.

However, it remains critical that due consideration is given to changes in funding levels from formula grant, the localisation of business rates, the localisation of Council Tax benefits and other changes to the benefits regime that may significantly affect the Council's budget in future years.

Terry Parker

Managing Director (Resources)

ANNEX E

OVERALL FINANCIAL SUMMARY TO 2024/25

PROPOSED	FORECAST		BUDGET		MTP					FORECAST					
	2011/12	2012/13	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
NEW FORECAST	21,435	21,722	22,299	22,842	23,611	24,365	25,363	26,171	27,068	28,001	28,663	28,998	29,065	28,886	
FUNDING															
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	12,032	9,485	7,531	5,622	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095	-6,452	-6,594	-6,808	-7,042	-6,983	-6,591	-5,936	-5,027	
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0	0	0	0	0	0	0	0	0	0
Special Council Tax Grant 2012/13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067	-9,294	-9,526	-9,764	-10,008	-10,259	-10,515	-10,777	-11,047	
Collection Fund Deficit	-105	-63	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202	-9,617	-10,051	-10,495	-10,950	-11,421	-11,892	-12,352	-12,811	
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47	£152.63	£157.97	£163.50	£169.22	£175.15	£181.28	£187.62	£194.19	
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99	£5.16	£5.34	£5.53	£5.72	£5.92	£6.13	£6.34	£6.57	
% increase	0	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Unidentified Spending Adjustments	0	0	-337	-550	-616	-891	-846	-1,187	-1,330	-1,478	-1,785	-2,418	-2,970	-3,797	
DRAFT BUDGET															
Use of revenue reserves	-2,335	-2,721	-2,115	-2,188	-813	0	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	11,837	9,116	7,001	4,813	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Unidentified Spending Adjustments	0	0	-500	-800	-1,338	-1,409	-1,473	-1,987	-2,335	-2,666	-3,114	-3,775	-4,364	-5,172	
LAST YEAR															
Use of revenue reserves	-3,589	-2,722	-1,604	-1,735	-300	0	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	9,371	6,649	5,045	3,310	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
Unidentified Spending Adjustments	-751	-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 F

PROPOSED BUDGET 2012/13 BY SERVICE

SERVICE BUDGET SUMMARY	2011/12		2012/13
	Original £000	Forecast £000	Budget £000
Environmental Services			
Refuse Collection	3,253	3,096	3,202
Recycling	533	188	283
Drainage & Sewers	600	569	667
Public Conveniences	53	56	57
Environmental Health	2,214	2,127	2,123
Closed Churchyards	9	9	6
Street Cleaning & Litter	1,474	1,290	1,388
	8,136	7,334	7,726
Planning			
Development Control	1,193	1,358	1,050
Building Control	195	175	108
Planning Policy & Conservation	1,332	1,059	1,228
Economic Development	-364	-621	-977
Planning Delivery Grant	9	0	0
	2,365	1,971	1,409
Community Services			
Countryside	575	488	449
Tourism	100	0	0
Community Initiatives	1,019	998	886
Parks	1,825	1,603	1,593
Leisure Policy	391	381	330
Leisure Centres	2,856	2,385	2,347
Community Facilities	25	25	21
	6,791	5,880	5,626
Community Safety			
Community Safety	908	583	404
	908	583	404
Housing Services			
Housing Services	884	976	905
Private Housing Support	1,664	2,784	2,384
Homelessness	587	462	758
Housing Benefits	1,381	1,245	1,266
	4,516	5,467	5,313
Highways & Transportation			
Transportation Strategy	368	878	402
Public Transport	229	204	221
Highways Services	129	118	145
Car Parks	-608	-154	-343
Environmental Improvements	344	312	347
	462	1,358	772
Corporate Services			
Local Taxation & Benefits	1,271	1,240	1,217
Corporate Management	1,490	1,390	1,193
Democratic Services	1,434	1,451	1,436
Central Services	612	400	506
Non Distributed Costs	252	270	297
	5,059	4,751	4,649
Other Expenditure			
Contingency	-90	-1	-134
Other Expenditure	-5,361	-5,708	-4,220
Investment Interest and Borrowing Costs	-93	-199	177
Unallocated Grants	-78	0	0
	-5,622	-5,908	-4,177
Council Total	22,615	21,435	21,722

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.

SERVICE BUDGET		2011/12		2012/13
		Budget £000	Forecast £000	Budget £000
Environmental Services				
Refuse Collection	Abandoned Vehicles	59	37	37
	Domestic Refuse	3,209	3,078	3,173
	Trade Refuse	-15	-18	-8
		3,253	3,096	3,202
Recycling	Recycling	616	271	376
	Recycling Sites	-83	-84	-93
		533	187	283
Drainage & Sewers	Internal Drainage Boards	367	378	387
	Nightsoil Collection	11	7	11
	Watercourses	222	184	269
		600	569	667
Public Conveniences	Public Conveniences	53	56	57
		53	56	57
Environmental Health	Air Quality	141	128	127
	Animal Welfare	153	148	152
	Contaminated Land	142	106	108
	Health & Safety	239	194	205
	Energy Efficiency	374	404	404
	Environmental Health General	12	12	-18
	Food Safety	471	460	486
	Health Promotion	31	37	43
	Licences	43	46	4
	Nuisances	254	286	291
	Pest Control	144	101	111
	Private Sector Housing	195	200	203
	Travellers	15	7	7
		2,214	2,129	2,123
Closed Churchyards	Closed Churchyards	9	9	6
		9	9	6
Street Cleaning & Litter	Littering	88	69	88
	Street Cleaning	1,386	1,221	1,300
		1,474	1,290	1,388
Environmental Services		8,136	7,334	7,726
Planning				
Development Management	Advice	652	574	605
	Application Processing	265	562	219
	Enforcement	276	222	226
		1,193	1,358	1,050
Building Control	Promotion & Enforcement	216	216	229
	Applications	-21	-41	-121
		195	175	108
Planning Policy & Conservation	A14 Inquiry	0	0	25
	Conservation & Listed Buildings	156	129	143
	Local Plan	718	525	672
	Planning Projects/Implementation	250	221	211
	Trees	208	184	177
		1,332	1,059	1,228

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Economic Development	Business & Enterprise Support	308	357	328
	Markets	-44	6	-45
	NNDR Discretionary Relief	29	23	30
	Property Development and Management	-964	-1,179	-1,349
	Town Centre Management	307	171	59
		-364	-622	-977
Planning Delivery Grant	Planning Grant Unallocated	9	0	0
	Planning	2,365	1,970	1,409
Community Services				
Countryside	Barford Road Pocket Park			
	Countryside Management	189	114	132
	Hinchingbrooke Country Park	244	216	198
	Paxton Pits	112	121	102
	Miscellaneous Countryside sites	30	37	17
		575	488	449
Tourism	Tourism	100	0	0
		100	0	0
Community Initiatives	Community Projects	170	150	117
	Community Initiatives Mgt	266	408	344
	Equal Opportunities	75	56	57
	Sustainable Communities	75	0	0
	Miscellaneous Grants	433	383	368
		1,019	997	886
Parks	Parks & Open Spaces	1,755	1,536	1,526
	Pavilions	68	66	67
	Unallocated Land Survey	2	2	0
		1,825	1,604	1,593
Leisure Policy	Arts Development	60	23	17
	Leisure Development	331	358	313
		391	381	330
Leisure Centres	One Leisure Huntingdon	621	561	599
	One Leisure Ramsey	405	414	403
	One Leisure Sawtry	460	382	416
	One Leisure St Ives	726	592	500
	One Leisure St Neots	627	400	378
	Leisure Centres Overall	17	36	51
		2,856	2,385	2,347
Community Facilities	Leisure Grants	4	4	0
	Priory Centre	21	21	21
		25	25	21
	Community Services	6,791	5,880	5,626

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Community Safety				
Community Safety	C C T V	558	322	171
	Community Safety	350	261	233
		908	583	404
	Community Safety	908	583	404
Housing Services				
Housing Services	Choice Based Lettings	23	15	30
	Housing Advice	311	344	284
	Housing Strategy	193	157	149
	Waiting List	274	240	328
	Other housing services	83	221	114
		884	977	905
Private Housing Support	Home Improvement Agency	106	79	67
	Housing Associations	356	202	160
	Housing Surveys	27	28	25
	Renovation/Improvement Grants	1,150	2,449	2,107
	Safer homes scheme	25	25	25
		1,664	2,783	2,384
Homelessness	Accommodation For Homeless	23	25	63
	Homelessness Management	312	257	404
	Homeless Prevention	148	76	185
	Hostel Support	104	104	106
		587	462	758
Housing Benefits	Housing Benefits Admin	1,512	1,407	1,402
	Rent Allowance Local Scheme	14	14	14
	Rent Allowance National Scheme	-285	-335	-293
	Temporary Accommodation Support	140	160	143
		1,381	1,246	1,266
	Housing Services	4,516	5,468	5,313
Highways & Transportation				
Transportation Strategy	Cycling	26	29	31
	Transportation Management	195	226	245
	Transport Schemes	147	622	126
		368	877	402
Public Transport	Bus Shelters	123	85	97
	Bus Stations	78	98	109
	Concessionary Fares	28	21	15
		229	204	221
Highways Services	Street naming	129	118	145
		129	118	145
Car Parks	Car Park Assets	120	94	117
	Car Park Management	-752	-302	-515
	Car Park Policy	24	54	55
		-608	-154	-343
Environmental Improvements	Management Schemes	96	60	102
		248	252	245
		344	312	347
	Highways & Transportation	462	1,357	772

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Corporate Services				
Local Taxation & Benefits	Council Tax	995	950	941
	Council Tax Benefits	288	302	297
	N N D R Administration	-12	-12	-21
		1,271	1,240	1,217
Corporate Management	Chief Executive & Management Team	641	560	421
	External Audit	158	173	164
	Public Accountability	574	538	482
	Treasury Management	117	118	126
		1,490	1,389	1,193
Democratic Services	Corporate Committees	522	563	546
	Member Allowances & Support	912	888	890
		1,434	1,451	1,436
Central Services	Elections	531	385	441
	Emergency Planning	90	58	92
	Land Charges	-9	-44	-27
		612	399	506
Non Distributed Costs	Pensions	218	188	225
	ICT services to other organisations	34	22	11
	Unused Capacity of assets	0	59	61
		252	269	297
	Corporate Services	5,059	4,748	4,649
Other Expenditure				
Contingency	Other Contingencies	-90	-1	-134
		-90	-1	-134
Other Expenditure	Capital Charges Reversed	-5,497	-6,973	-6,183
	Deferred Expenditure	0	-222	0
	MRP (Provision for repaying borrowing)	682	618	718
	Items still to be allocated or recharged to Services	-586	108	320
	Pensions Lump Sum	0	660	896
	Other Expenditure	40	101	29
		-5,361	-5,708	-4,220
Investment Interest and borrowing costs	Interest Paid	523	440	793
	Interest Received	-616	-639	-616
		-93	-199	177
Unallocated grants	Area Based Grant	-78	0	0
		-78	0	0
	Other Expenditure	-5,622	-5,908	-4,177
COUNCIL TOTAL		22,615	21,435	21,722

ANNEX G

SUMMARY BUDGET - CONTROLLABLE

SUMMARY BUDGET Controllable basis	REVENUE												NET CAPITAL						
	Actual	Budget			Forecast			MTP			Budget	MTP							
		2010	2011	2012	2013	2014	2015	2016	2017	2011		2012	2013	2014	2015	2016	2017		
Managing Directors and Corporate Office	1,168	1,002	896	454	406	406	403	403	403	16	8	16	123	13	140	109	11	253	85
Head of Legal & Democratic Services	1,962	2,020	1,713	1,779	1,683	1,743	1,717	1,717	1,717	123	13	140	109	11	140	109	11	253	85
Head of Housing Services	1,180	1,292	1,202	1,300	1,352	1,352	1,352	1,352	1,352	900	925	1,635	1,376	1,387	1,429	1,208			
Head of Environmental and Community Services	2,384	2,437	2,317	2,249	2,142	2,140	2,188	2,133	2,133	56	88	-15							
Head of Operations	4,517	4,946	4,501	4,298	4,261	4,257	4,254	4,216	4,216	758	989	1,015	1,275	1,143	1,409	780			
Head of Planning Services	2,428	1,829	1,965	1,583	1,287	793	376	171	171	5,871	1,795	4,857	1,136	-700	-700	-700			
Head of Environmental Management	2,777	2,971	2,588	2,609	2,542	2,536	2,531	2,492	2,492	-167	328	-1,989	1,053	231	71	72			
Head of Customer Services	1,800	1,962	1,817	1,760	1,834	1,827	1,827	1,827	1,827	24	111	136							
Head of Financial Services	1,602	2,434	2,908	3,651	4,356	5,008	5,444	5,826	5,826	182	203	147	53	34	96				
Head of IMD	2,120	2,103	2,070	1,917	1,900	1,941	1,906	1,876	1,876	587	797	565	252	252	352	572			
General Manager, Leisure	880	1,030	543	497	157	-90	-286	-279	-279	3,706	251	4,329	697	422	672	535			
Non-Allocated Items	-1,411	-1,411	-1,085	-375	379	929	1,899	2,631	2,631	-123	-186	-50	145	189	318	315			
TOTAL BUDGET	22,818	22,615	21,435	21,722	22,299	22,842	23,611	24,365	24,365	11,933	5,322	10,770	3,990	2,969	3,900	2,867			

ANNEX H

PROPOSED BUDGET 2012/13 SHOWING DIRECT SERVICE COSTS, AND MTP BIDS BY HEAD OF SERVICE

The Controllable budget disaggregates the Service Budget so that each element is allocated to the Head of Service or, in a few cases, Managing Director responsible for managing and controlling the spending. For example: Leisure Centres in the Service budget includes support services such as HR and accountancy whilst in the Controllable Budget these support service costs are shown under the Head of Service that controls them.

The Controllable Budget is the fundamental focus of budgetary control within the authority.

It shows the individual variations included in the MTP allocated to each budget area and colour codes those schemes where further approval is required before they can commence.

Approval required by:

COMT and then Cabinet
Head of Service following consultation with MDs and Executive Councillors for Service and Finance.
COMT
Head of Service for any unshaded items

	Actual 2010 2011 £000	REVENUE						NET CAPITAL						
		Budget		Forecast		Budget		Forecast		Budget		MTP		
		2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	
BUDGET Controllable basis														
Managing Directors and Corporate Office														
Corporate Services														
Corporate Management														
TOTAL	266	158	141											
Management Units														
Director of Central Services														
TOTAL	173	184	173											
Management Units														
MD - Env. & Comm. Services														
TOTAL	170	178	173	187	187	187	187	187	187	187	187	187	187	187
Management units														
MD - Resources														
TOTAL	134	131	126	176	176	176	176	176	176	176	176	176	176	176
Former PPP														
Planning														
Economic Development														
MTP Variation														
Town Centre Partnerships - reduced funding														
TOTAL	163	153	148	110	90	90	90	90	90	90	90	90	90	90
#														
MTP Variation														
Town Centre Partnerships - reduced funding														
TOTAL														
Community initiatives														
TOTAL	-29	36	68	37	37	37	37	37	37	37	37	37	37	37
Corporate Services														
Corporate Management														
TOTAL	104	59	57	59	59	59	59	59	59	59	59	59	59	59
Non-Distributed Costs (pensions)														
TOTAL	231	218	188	223	223	223	223	223	223	223	223	223	223	223

BUDGET Controllable basis										REVENUE					NET CAPITAL												
										Actual	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP					
										2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020							
										£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000						
Management Units																											
Operations																											
MTP Variations																											
#	Operations Division Reorganisation											-54		-54	-54	-54	-54										
TOTAL										1,410	1,409	1,307	1,258	1,258	1,258	1,258	1,258	1,258									
Internal services																											
Grounds Maintenance																											
MTP Variations																											
991	Agency Worker Regulations (part)									1	6	6	6	6	6	6	6										
#	Reduced grounds maintenance standards										-150	-150	-150	-150	-150	-150	-150										
TOTAL										827	917	821	770	770	770	770	770	770									
Other internal services (vehicles & plant)																											
MTP Variations																											
886	Vehicle fleet replacements.																										
TOTAL										25	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	
Head of Planning Services										4,517	4,946	4,501	4,298	4,261	4,257	4,254	4,216	4,216									
Development control																											
MTP Variations																											
904	Community Infrastructure Levy - Preparations									97	-61	-130	-193	-229	-249	-249											
904A	Community Infrastructure Levy - Ongoing										25	50	50	50	50	50											
997	RAF Alconbury Development									-40	140																
999	Woolley Hill Wind Farm, Appeal Costs									60																	
TOTAL										-556	-948	-663	-993	-1,177	-1,240	-1,276	-1,296	-1,296									

BUDGET Controllable basis										REVENUE					NET CAPITAL													
										Actual	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP						
										2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020								
										£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000							
Planning policy and conservation																												
MTP Variations																												
903	Local Development Framework examinations										68	-90	-230	-225	-225	-225												
358	Ramsey Rural Renewal									-5		-2	-5	-5	-5													
	A14 Inquiry										25	175																
909	Great Fen Project - Governance arrangements											-20	-20	-20	-20													
TOTAL										141	410	387	505	495	157	162	162	162										
Economic Development																												
MTP Variations																												
401	Huntingdon Town Centre Development																											
224	Town Centre Developments									86																		
850	Huntingdon West Development (Housing Growth Fund)																											
998	St Neots Development									5	25																	
TOTAL										2	163	27	98	98	98	98	98	98										
Highways & Transportation																												
Transportation Strategy																												
MTP Variation																												
871	Safe Cycle Routes																											
351	St Neots Pedestrian Bridges																											
363	Ramsey Transport Strategy																											
977	Perry Cycle Scheme																											
TOTAL										76	95	96	98	98	98	98	98	98										
Public transport incl. concessionary fares																												
MTP Variations																												
818	Railway Stations - Improvements																											
TOTAL										598	10	17	10	10	10	10	10	10										

BUDGET Controllable basis										REVENUE					NET CAPITAL				
										Actual	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP	Budget
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Car parks (assets)																			
MTP Variations																			
461 Car Park Repairs																			
166 St Neots - Cambridge Road Car Park																			
TOTAL	46	45	45	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46
Environmental Improvements																			
MTP Variations																			
703 Heart of Oxmoor																			
TOTAL	130	42	4	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43
Management units																			
MTP Variations																			
831 Technical Services Restructuring																			
TOTAL	1,557	1,698	1,423	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419
H D C Offices																			
MTP Variations																			
890 Headquarters																			
986 Major repairs and replacements																			
# Rental of space in PFH																			
TOTAL	781	1,012	910	976	932	932	932	932	932	932	932	932	932	932	932	932	932	932	932
Internal Services																			
Pool Cars																			
TOTAL	17	19	16	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
TOTAL	2,777	2,971	2,588	2,609	2,542	2,536	2,531	2,492	2,492	2,492	2,492	2,492	2,492	2,492	2,492	2,492	2,492	2,492	2,492

72

71

231

1,053

-167

328

-1,989

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

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-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

-1,366

BUDGET Controllable basis										REVENUE					NET CAPITAL				
										Actual	Budget	Forecast	Budget	MTP	Budget	Forecast	Budget	MTP	Budget
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Head of Customer Services																			
Planning																			
Economic Development (NNDR relief)																			
TOTAL	44	29	23	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Housing Services																			
Housing benefits																			
MTP Variations																			
813 Reduction in Benefits Admin Grant (Part)																			
984 E Forms																			
996 Loss of Fraud Team Funding (Part)																			
TOTAL	-757	-592	-701	-571	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518	-518
Corporate Services																			
Local Taxation & Benefits																			
MTP Variations																			
996 Loss of Fraud Team Funding (Part)																			
813 Reduction in Benefits Admin Grant (Part)																			
982 Reduction in NNDR administration grant																			
994 Localisation of Council Tax Benefit (Reductions)																			
995 Localisation of Council Tax Benefit (Admin Subsidy)																			
TOTAL	-994	-942	-967	-948	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820	-820
Internal Services																			
Call Centre																			
MTP Variations																			
# Reduce call centre hours																			
981 Call Centre CRM Replacement																			
983 Automated Telephone Payments																			
TOTAL	575	641	578	600	522	522	522	522	522	522	522	522	522	522	522	522	522	522	522

BUDGET Controllable basis										NET CAPITAL								
Internal Services	Actual 2010 2011 £000	REVENUE					MTP					NET CAPITAL						
		Budget 2011 £000	Forecast 2011 £000	Budget 2012 £000	Budget 2013 £000	Budget 2014 £000	Budget 2015 £000	Budget 2016 £000	Budget 2017 £000	Budget 2018 £000	Budget 2019 £000	Forecast 2011 £000	Forecast 2012 £000	Budget 2013 £000	Budget 2014 £000	Budget 2015 £000	Budget 2016 £000	Budget 2017 £000
Customer Service Centres																		
MTP Variations																		
Yaxley Customer Service Centre Savings				14	14	14	14	14	14	14								
Ramsey Customer Service Centre Savings				8	8	8	8	8	8	8								
Close St Ives Customer Service Centre				-2	-9	-9	-9	-9	-9	-9								
Reduce hours at Huntingdon Customer Service Centre					-7	-14	-14	-14	-14	-14								
St Neots Customer Service Centre Savings				-25	-25	-25	-25	-25	-25	-25								
TOTAL	674	622	654	552	538	531	531	531	531	531								
Management Units																		
MTP Variations																		
Customer Services - Staff savings				-33	-48	-48	-48	-48	-48	-48								
Wireless Working (Benefits and Revenues)											24							
TOTAL	2,258	2,204	2,230	2,097	2,082	2,082	2,082	2,082	2,082	2,082	24							
	1,800	1,962	1,817	1,760	1,834	1,827	1,827	1,827	1,827	1,827	24	111						136
Head of Financial Services																		
Highways & Transportation																		
Environmental Improvements																		
MTP Variations																		
East of Sapley - Preliminary Costs																		
TOTAL	3		7															
Corporate Management																		
TOTAL	184	209	219	213	213	213	213	213	213	213								

BUDGET Controllable basis										NET CAPITAL								
Other expenditure	Actual 2010 2011 £000	REVENUE					MTP					NET CAPITAL						
		Budget 2011 £000	Forecast 2011 £000	Budget 2012 £000	Budget 2013 £000	Budget 2014 £000	Budget 2015 £000	Budget 2016 £000	Budget 2017 £000	Budget 2018 £000	Budget 2019 £000	Forecast 2011 £000	Forecast 2012 £000	Budget 2013 £000	Budget 2014 £000	Budget 2015 £000	Budget 2016 £000	Budget 2017 £000
Interest and borrowing costs																		
MTP Variations																		
Interest				-3	271	660	1,030	1,293	1,567	1,567								
TOTAL	-337	-93	-117	177	566	936	1,199	1,473	1,473	1,473								
Other expenditure																		
MTP Variations																		
Pensions Fixed Sum				236	479	718	758	758	758	758								
VAT Partial Exemption				3	6	6	6	6	6	6								
Doubtful Debts Provision				-10	-20	-30	-40	-40	-40	-40								
Variation in MRP				37	117	170	313	421	421	421								
TOTAL	251	722	1,379	1,644	1,960	2,242	2,415	2,523	2,523	2,523								
Area based grant																		
TOTAL	-95	-78																
Financial Services																		
MTP Variations																		
Procurement Support to ECDC				5	5	5	5	5	5	5								
Further Financial Services savings				-24	-24	-24	-24	-24	-24	-24								
TOTAL	1,141	1,189	1,142	1,125	1,125	1,125	1,125	1,125	1,125	1,125								
Insurance																		
TOTAL	373	395	220	405	405	405	405	405	405	405								
Financial services																		
TOTAL	82	90	58	87	87	87	87	87	87	87								
	1,602	2,434	2,908	3,651	4,356	5,008	5,444	5,826	5,826	5,826	182	203	147	53	34			96

BUDGET Controllable basis										REVENUE						NET CAPITAL					
										Actual	Budget	Forecast	Budget	MTP	MTP	Budget	Forecast	Budget	MTP	MTP	Budget
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Non-Allocated Items																					
Recharges to non-revenue accounts																					
MTP Variations																					
Revenue staff charged to capital																					
Rule change re Capital Overheads																					
TOTAL																					
Risk Provision																					
MTP Variations																					
Risk Provision																					
TOTAL																					
Other items																					
MTP Variations																					
Reorganisation - Senior managers																					
Pay & allowances Review																					
Central Services - Reorganisation (part)																					
Business Continuity Review																					
Cover for Staff Side Representatives																					
E-Marketplace																					
Capital Inflation																					
Revenue Inflation																					
Spending Adjustments still to be identified																					
Schemes brought forward																					
Schemes carried forward																					
2011/12 Outturn																					
Roundings																					
TOTAL																					
TOTAL BUDGET																					

Capital Programme

Bid No.	Scheme	FMS CODE	NET CAPITAL EXPENDITURE									
			REVISED		BUDGET		MTP					
			2011	2012	2013	2014	2015	2016	2017			
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Refuse and Recycling												
948	Provision for Bin Replacements	E304	50	33	38	48	340	75				
979	Wheeled Bins for New Properties	E304	107	143	143	139	79	65				
Public Conveniences												
1003	South Street, St Neots	E208	5	-15								
Environmental Health												
927	Air Quality Monitoring Equipment	D004		30								
Planning Policy and Conservation												
904	Community Infrastructure Levy - Preparations	P011	23	25								
Economic Development												
401	Huntingdon Town Centre Development	Q301	12									
224	Town Centre Developments	P004	210	80								
358	Ramsey Rural Renewal	P006		63								
509	Industrial Estate Repairs	Q104	8									
850	Huntingdon West Development (Housing Growth Fund)	Q418		902	2136	-700	-700	-700				
Community Initiatives												
423	Community Information Project	K502	11									
992	Ramsey Library Development	K503	40									
952	Loves Farm Community Centre	K504	37	-45								
Parks and Open Spaces												
854	Play Equipment & Safety Surface Renewal	L501	70	20	20	20	20	20				
Leisure Centres												
857	St Neots LC Development	L221					250					
896	St Ivo LC - Football Improvements	L122	173									
922	St Ivo LC Redevelopment	L143	200	3,080								
861	Future maintenance	L350	-197	612	422	422	422	535				
22	CCTV Improvements	L354	15									
957	Reception Automation	L269/L312	60									
956	Replacement Fitness Equipment	L266/L304		77	275							
1000	Ramsey Development	L270		560								
Community Safety												
865	CCTV - Camera replacements	K010	20	27	28	28	28	28				
Housing Services												
702	Mobile Home Park, Eynesbury		-73									
947	Mortgage Fall-out		-549									
Private Housing Support												
866	Disabled Facilities Grants	H504	1,314	1,298	1,276	1,276	1,276	1,108				
867	Repairs Assistance	H502	100	100	100	100	100	100				
932	Decent Homes - Thermal Efficiency and Category 1 H&S	H507				11	53					
869	Social Housing Grant	H506	133	237								
Housing Benefits												
984	E Forms	M308	52									

FORMAL 2012/13 COUNCIL TAX RESOLUTIONS

- a) That the Council note the Council Tax Base for the whole Council area and individual Towns and Parishes (Annex A) as approved by the Chief Officers' Management Team on the 5 December 2011 under delegated powers.
The tax base (T) which is the amount anticipated from a District Council Tax of £1 is **£60,125**
- b) That the following amounts be calculated by the Council for 2012/13 in accordance with the requirements of the Local Government Finance Act 1992 as amended by the Localism Act 2011 (the Act):
- (i) the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act
Gross revenue expenditure including benefits, Town/Parish Precepts **£86,444,605**
 - (ii) the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act
Revenue income including reimbursement of benefits, specific and general grants, use of reserves and any transfers from the collection fund. **£74,010,336**
 - (iii) the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above in accordance with Section 31A (4) of the Act
This is the "Council Tax Requirement" including Parish/Town Precepts (item i minus item ii). It is the cash sum to be funded from District, Town and Parish Council Taxes. **£12,434,269**
 - (iv) the Council Tax requirement for 2012/13 divided by the tax base (T) in accordance with Section 31B (1) of the Act
District plus average Town/Parish Council Tax (item iii divided by District taxbase) **£206.81**
 - (v) the aggregate of all "Special Items" referred to in Section 34(1) of the Act.
The total value of Parish/Town precepts included in i and iii above. **£4,707,605**
 - (vi) the Basic Amount of Council Tax for 2012/13 being item iv less item v divided by the tax base (T) in accordance with Section 34 (2) of the Act.
The District Council's Band D Tax for 2012/13. **£128.51**

Bid No.	Scheme	FMS CODE	NET CAPITAL EXPENDITURE						
			REVISED	BUDGET	MTP				
			2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2015 2016 £000	2016 2017 £000	
Transportation Strategy									
871	Safe Cycle Routes	T407	68						
351	St Neots Pedestrian Bridges	T419	501						
363	Ramsey Transport Strategy	T421	5						
977	Perry Cycle Scheme	T426	-36						
Public Transport									
818	Railway Stations - Improvements	T422	22	20					
625	Huntingdon Bus Station	T108	61						
Car Parks									
166	St Neots - Cambridge Road Car Park	T212		89					
461	Car Park Repairs	T213	86	60	60	31			
923	Extra Car Parking, Huntingdon Town Centre	T214	990	3,767	-1,000				
Environmental Improvements									
703	Heart of Oxmoor	Q401		-1,366					
920	East of Sapley - Preliminary Costs	E131		-15					
Environmental Strategy									
879	Environment Strategy Funding	E127	102	55	55	55			
880	Sustainable Homes Retrofit	E129			-415				
918	Building Efficiency Improvements (Salix Grant)	D010	74	58	77	95	71	72	
989	St Neots District Heating Scheme	D012		30					
Operations Division									
886	Vehicle fleet replacements.	N002	742	792	1,046	908	942	592	
Offices									
890	Headquarters	M015		-900	-830				
986	Major repairs and replacements					50			
IT related									
893	VoIP Telephony for Leisure Centres	M199	30						
970	Telephony and ICT Network Renewal					100	100		
892	Government Connect	M195	86						
976	ICT Replacements and Server Virtualisation	M196	450	322	57	57	57	277	
495	Corporate EDM	M135	42						
891	Business Systems	M163	159	220	195	195	195	195	
900	Working Smarter	M136	30	23					
Customer Services									
981	Call Centre CRM Replacement	M310	20	136					
983	Automated Telephone Payments	M309	39						
Other									
380	Replacement Printing Equip.	M003		70			208		
894	Replacement Equipment Document Centre	M025	3	70	29	11	45	5	
895	Multi-functional Devices	M024	10		80			80	
Technical									
	Capital Inflation		0	0	95	139	268	265	
	Revenue staff charged to capital		214	50	50	50	50	50	
	Schemes brought forward		0	400	500	500	500	500	
	Schemes carried forward		-400	-500	-500	-500	-500	-500	
	VAT Partial Exemption		203	162	53	34	96	0	
	TOTAL		5,322	10,770	3,990	2,969	3,900	2,867	

(vii) the basic amounts of Council Tax for 2012/13 for those parts of the District to which one or more special items (Parish/Town precepts) 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.

(viii) the amounts to be taken into account for 2012/13 in respect of categories of dwellings listed in particular 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.

(c) 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.

(d) That, having regard to the calculations above, the Council, in accordance with Section 30 (2) of the Act, hereby sets the figures shown in Table 2 as the amounts of Council Tax for 2012/13 for each of the categories of dwelling shown. This is the total Council Tax to be collected, incorporating the requirements of all of the relevant bodies, for each town or parish area.

ANNEX A

TAXBASE 2012/13

	£
Abbotsley	249
Abbots Ripton	127
Alconbury	561
Alconbury Weston	276
Alwalton	125
Barham & Woolley	26
Bluntisham	750
Brampton	1,820
Brington & Molesworth	136
Broughton	87
Buckden	1,170
Buckworth	50
Bury	610
Bythorn & Keyston	137
Catworth	144
Chesterton	59
Colne	360
Conington	73
Covington	43
Denton & Caldecote	25
Diddington	28
Earith	580
Easton	72
Ellington	233
Elton	294
Farcet	580
Fenstanton	1,170
Folksworth & Washingley	342
Glatton	132
Godmanchester	2,455
Grafham	237
Great & Little Gidding	122
Great Gransden	458
Great Paxton	370
Great Staughton	325
Haddon	25
Hail Weston	235
Hamerton & Steeple Gidding	53
Hemingford Abbots	333

Hemingford Grey	1,195
Hilton	452
Holme	239
Holywell-cum-Needingworth	985
Houghton & Wyton	805
Huntingdon	7,465
Kimbolton & Stonely	600
Kings Ripton	83
Leighton Bromswold	85
Little Paxton	1,340
Morborne	10
Offord Cluny & Offord D'Arcy	510
Old Hurst	98
Old Weston	90
Perry	262
Pidley-cum-Fenton	152
Ramsey	2,930
St Ives	5,840
St Neots	10,820
Sawtry	1,725
Sibson-cum-Stibbington	215
Somersham	1,395
Southoe & Midloe	158
Spaldwick	235
Stilton	795
Stow Longa	64
The Stukeleys	415
Tilbrook	111
Toseland	38
Upton & Coppingford	87
Upwood & The Raveleys	430
Warboys	1,375
Waresley-cum-Tetworth	146
Water Newton	40
Winwick	40
Wistow	216
Woodhurst	152
Woodwalton	85
Wyton-on-the-Hill	425
Yaxley	3,000
Yelling	145
DISTRICT COUNCIL TOTAL	60,125

TABLE 1	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Cambridgeshire County Council	719.10	838.95	958.80	1078.65	1318.35	1558.05	1797.75	2157.30
Cambridgeshire Police Authority	116.34	135.73	155.12	174.51	213.29	252.07	290.85	349.02
Huntingdonshire District Council	85.67	99.95	114.23	128.51	157.07	185.63	214.18	257.02
Cambridgeshire Fire Authority	39.54	46.13	52.72	59.31	72.49	85.67	98.85	118.62
PARISH COUNCILS :-								
Abbotsley	35.88	41.86	47.84	53.82	65.78	77.74	89.70	107.64
Abbots Ripton	49.87	58.18	66.49	74.80	91.42	108.04	124.67	149.60
Alconbury	46.54	54.30	62.05	69.81	85.32	100.84	116.35	139.62
Alconbury Weston	22.95	26.77	30.60	34.42	42.07	49.72	57.37	68.84
Alwalton	13.33	15.56	17.78	20.00	24.44	28.89	33.33	40.00
Barham & Woolley	15.39	17.95	20.52	23.08	28.21	33.34	38.47	46.16
Bluntisham	77.87	90.84	103.82	116.80	142.76	168.71	194.67	233.60
Brampton	65.80	76.77	87.73	98.70	120.63	142.57	164.50	197.40
Brington & Molesworth	18.38	21.44	24.51	27.57	33.70	39.82	45.95	55.14
Broughton	26.09	30.44	34.79	39.14	47.84	56.54	65.23	78.28
Buckden	43.53	50.79	58.04	65.30	79.81	94.32	108.83	130.60
Buckworth	33.44	39.01	44.59	50.16	61.31	72.45	83.60	100.32
Bury	30.05	35.06	40.07	45.08	55.10	65.12	75.13	90.16
Bythorn & Keyston	4.13	4.82	5.51	6.20	7.58	8.96	10.33	12.40
Catworth	35.19	41.05	46.92	52.78	64.51	76.24	87.97	105.56
Chesterton	11.30	13.18	15.07	16.95	20.72	24.48	28.25	33.90
Colne	37.04	43.21	49.39	55.56	67.91	80.25	92.60	111.12
Conington	19.63	22.91	26.18	29.45	35.99	42.54	49.08	58.90
Covington	21.71	25.32	28.94	32.56	39.80	47.03	54.27	65.12
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	44.83	52.30	59.77	67.24	82.18	97.12	112.07	134.48
Easton	32.41	37.81	43.21	48.61	59.41	70.21	81.02	97.22
Ellington	25.75	30.05	34.34	38.63	47.21	55.80	64.38	77.26
Elton	27.21	31.75	36.28	40.82	49.89	58.96	68.03	81.64
Farcet	66.67	77.78	88.89	100.00	122.22	144.44	166.67	200.00
Fenstanton	32.37	37.77	43.16	48.56	59.35	70.14	80.93	97.12
Folksworth & Washingley	48.73	56.86	64.98	73.10	89.34	105.59	121.83	146.20
Glatton	18.69	21.80	24.92	28.03	34.26	40.49	46.72	56.06
Godmanchester	38.99	45.48	51.98	58.48	71.48	84.47	97.47	116.96
Grafham	30.94	36.10	41.25	46.41	56.72	67.04	77.35	92.82
Great & Little Gidding	59.21	69.07	78.94	88.81	108.55	128.28	148.02	177.62
Great Gransden	31.29	36.51	41.72	46.94	57.37	67.80	78.23	93.88
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	44.33	51.71	59.10	66.49	81.27	96.04	110.82	132.98

TABLE 1 cont.	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Hamerton & Steeple Gidding	6.29	7.33	8.38	9.43	11.53	13.62	15.72	18.86
Hemingford Abbots	31.03	36.21	41.38	46.55	56.89	67.24	77.58	93.10
Hemingford Grey	46.28	53.99	61.71	69.42	84.85	100.27	115.70	138.84
Hilton	31.14	36.33	41.52	46.71	57.09	67.47	77.85	93.42
Holme	27.89	32.54	37.19	41.84	51.14	60.44	69.73	83.68
Holywell-cum-Needingworth	68.71	80.16	91.61	103.06	125.96	148.86	171.77	206.12
Houghton & Wyton	48.39	56.45	64.52	72.58	88.71	104.84	120.97	145.16
Huntingdon	73.41	85.64	97.88	110.11	134.58	159.05	183.52	220.22
Kimbolton & Stonely	56.82	66.29	75.76	85.23	104.17	123.11	142.05	170.46
Kings Ripton	32.13	37.48	42.84	48.19	58.90	69.61	80.32	96.38
Leighton Bromswold	34.90	40.72	46.53	52.35	63.98	75.62	87.25	104.70
Little Paxton	38.85	45.33	51.80	58.28	71.23	84.18	97.13	116.56
Morborne	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Offord Cluny & Offord D'Arcy	56.53	65.96	75.38	84.80	103.64	122.49	141.33	169.60
Old Hurst	32.65	38.10	43.54	48.98	59.86	70.75	81.63	97.96
Old Weston	22.22	25.92	29.63	33.33	40.74	48.14	55.55	66.66
Perry	30.53	35.62	40.71	45.80	55.98	66.16	76.33	91.60
Pidley-cum-Fenton	21.93	25.58	29.24	32.89	40.20	47.51	54.82	65.78
Ramsey	36.41	42.47	48.54	54.61	66.75	78.88	91.02	109.22
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	48.29	56.34	64.39	72.44	88.54	104.64	120.73	144.88
Sibson-cum-Stibbington	34.11	39.79	45.48	51.16	62.53	73.90	85.27	102.32
Somersham	64.99	75.83	86.66	97.49	119.15	140.82	162.48	194.98
Southoe & Midloe	50.63	59.07	67.51	75.95	92.83	109.71	126.58	151.90
Spaldwick	29.22	34.09	38.96	43.83	53.57	63.31	73.05	87.66
Stilton	44.03	51.36	58.70	66.04	80.72	95.39	110.07	132.08
Stow Longa	34.37	40.10	45.83	51.56	63.02	74.48	85.93	103.12
The Stukeleys	25.70	29.98	34.27	38.55	47.12	55.68	64.25	77.10
Tilbrook	18.02	21.02	24.03	27.03	33.04	39.04	45.05	54.06
Toseland	13.16	15.35	17.55	19.74	24.13	28.51	32.90	39.48
Upton & Coppingford	30.65	35.76	40.87	45.98	56.20	66.42	76.63	91.96
Upwood & the Raveleys	23.87	27.85	31.83	35.81	43.77	51.73	59.68	71.62
Warboys	40.49	47.23	53.98	60.73	74.23	87.72	101.22	121.46
Waresley-cum-Tetworth	15.07	17.58	20.09	22.60	27.62	32.64	37.67	45.20
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	30.87	36.01	41.16	46.30	56.59	66.88	77.17	92.60
Woodhurst	21.93	25.58	29.24	32.89	40.20	47.51	54.82	65.78
Woodwalton	30.00	35.00	40.00	45.00	55.00	65.00	75.00	90.00
Wyton-On-The-Hill	36.86	43.00	49.15	55.29	67.58	79.86	92.15	110.58
Yaxley	57.32	66.87	76.43	85.98	105.09	124.19	143.30	171.96
Yelling	9.19	10.73	12.26	13.79	16.85	19.92	22.98	27.58

TABLE 2	TOTAL CHARGES							
	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbotsley	996.53	1162.62	1328.71	1494.80	1826.98	2159.16	2491.33	2989.60
Abbots Ripton	1010.52	1178.94	1347.36	1515.78	1852.62	2189.46	2526.30	3031.56
Alconbury	1007.19	1175.06	1342.92	1510.79	1846.52	2182.26	2517.98	3021.58
Alconbury Weston	983.60	1147.53	1311.47	1475.40	1803.27	2131.14	2459.00	2950.80
Alwalton	973.98	1136.32	1298.65	1460.98	1785.64	2110.31	2434.96	2921.96
Barham & Woolley	976.04	1138.71	1301.39	1464.06	1789.41	2114.76	2440.10	2928.12
Bluntisham	1038.52	1211.60	1384.69	1557.78	1903.96	2250.13	2596.30	3115.56
Brampton	1026.45	1197.53	1368.60	1539.68	1881.83	2223.99	2566.13	3079.36
Brington & Molesworth	979.03	1142.20	1305.38	1468.55	1794.90	2121.24	2447.58	2937.10
Broughton	986.74	1151.20	1315.66	1480.12	1809.04	2137.96	2466.86	2960.24
Buckden	1004.18	1171.55	1338.91	1506.28	1841.01	2175.74	2510.46	3012.56
Buckworth	994.09	1159.77	1325.46	1491.14	1822.51	2153.87	2485.23	2982.28
Bury	990.70	1155.82	1320.94	1486.06	1816.30	2146.54	2476.76	2972.12
Bythorn & Keyston	964.78	1125.58	1286.38	1447.18	1768.78	2090.38	2411.96	2894.36
Catworth	995.84	1161.81	1327.79	1493.76	1825.71	2157.66	2489.60	2987.52
Chesterton	971.95	1133.94	1295.94	1457.93	1781.92	2105.90	2429.88	2915.86
Colne	997.69	1163.97	1330.26	1496.54	1829.11	2161.67	2494.23	2993.08
Conington	980.28	1143.67	1307.05	1470.43	1797.19	2123.96	2450.71	2940.86
Covington	982.36	1146.08	1309.81	1473.54	1801.00	2128.45	2455.90	2947.08
Denton & Caldecote	960.65	1120.76	1280.87	1440.98	1761.20	2081.42	2401.63	2881.96
Diddington	984.46	1148.53	1312.61	1476.69	1804.85	2133.00	2461.15	2953.38
Earith	1005.48	1173.06	1340.64	1508.22	1843.38	2178.54	2513.70	3016.44
Easton	993.06	1158.57	1324.08	1489.59	1820.61	2151.63	2482.65	2979.18
Ellington	986.40	1150.81	1315.21	1479.61	1808.41	2137.22	2466.01	2959.22
Elton	987.86	1152.51	1317.15	1481.80	1811.09	2140.38	2469.66	2963.60
Farcet	1027.32	1198.54	1369.76	1540.98	1883.42	2225.86	2568.30	3081.96
Fenstanton	993.02	1158.53	1324.03	1489.54	1820.55	2151.56	2482.56	2979.08
Folksworth & Washingley	1009.38	1177.62	1345.85	1514.08	1850.54	2187.01	2523.46	3028.16
Glatton	979.34	1142.56	1305.79	1469.01	1795.46	2121.91	2448.35	2938.02
Godmanchester	999.64	1166.24	1332.85	1499.46	1832.68	2165.89	2499.10	2998.92
Grafham	991.59	1156.86	1322.12	1487.39	1817.92	2148.46	2478.98	2974.78
Great & Little Gidding	1019.86	1189.83	1359.81	1529.79	1869.75	2209.70	2549.65	3059.58
Great Gransden	991.94	1157.27	1322.59	1487.92	1818.57	2149.22	2479.86	2975.84
Great Paxton	986.78	1151.24	1315.71	1480.17	1809.10	2138.03	2466.95	2960.34
Great Staughton	985.26	1149.48	1313.69	1477.90	1806.32	2134.75	2463.16	2955.80
Haddon	960.65	1120.76	1280.87	1440.98	1761.20	2081.42	2401.63	2881.96
Hail Weston	1004.98	1172.47	1339.97	1507.47	1842.47	2177.46	2512.45	3014.94
Hamerton & Steeple Gidding	966.94	1128.09	1289.25	1450.41	1772.73	2095.04	2417.35	2900.82
Hemingford Abbots	991.68	1156.97	1322.25	1487.53	1818.09	2148.66	2479.21	2975.06
Hemingford Grey	1006.93	1174.75	1342.58	1510.40	1846.05	2181.69	2517.33	3020.80
Hilton	991.79	1157.09	1322.39	1487.69	1818.29	2148.89	2479.48	2975.38

TABLE 2 cont.	TOTAL CHARGES							
	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holme	988.54	1153.30	1318.06	1482.82	1812.34	2141.86	2471.36	2965.64
Holywell-cum-Needlingworth	1029.36	1200.92	1372.48	1544.04	1887.16	2230.28	2573.40	3088.08
Houghton & Wyton	1009.04	1177.21	1345.39	1513.56	1849.91	2186.26	2522.60	3027.12
Huntingdon	1034.06	1206.40	1378.75	1551.09	1895.78	2240.47	2585.15	3102.18
Kimbolton & Stonely	1017.47	1187.05	1356.63	1526.21	1865.37	2204.53	2543.68	3052.42
Kings Ripton	992.78	1158.24	1323.71	1489.17	1820.10	2151.03	2481.95	2978.34
Leighton Bromswold	995.55	1161.48	1327.40	1493.33	1825.18	2157.04	2488.88	2986.66
Little Paxton	999.50	1166.09	1332.67	1499.26	1832.43	2165.60	2498.76	2998.52
Morborne	960.65	1120.76	1280.87	1440.98	1761.20	2081.42	2401.63	2881.96
Offord Cluny & Offord D'Arcy	1017.18	1186.72	1356.25	1525.78	1864.84	2203.91	2542.96	3051.56
Old Hurst	993.30	1158.86	1324.41	1489.96	1821.06	2152.17	2483.26	2979.92
Old Weston	982.87	1146.68	1310.50	1474.31	1801.94	2129.56	2457.18	2948.62
Perry	991.18	1156.38	1321.58	1486.78	1817.18	2147.58	2477.96	2973.56
Pidley-cum-Fenton	982.58	1146.34	1310.11	1473.87	1801.40	2128.93	2456.45	2947.74
Ramsey	997.06	1163.23	1329.41	1495.59	1827.95	2160.30	2492.65	2991.18
St.Ives	1030.82	1202.63	1374.43	1546.24	1889.85	2233.46	2577.06	3092.48
St.Neots	1016.80	1186.27	1355.74	1525.21	1864.15	2203.09	2542.01	3050.42
Sawtry	1008.94	1177.10	1345.26	1513.42	1849.74	2186.06	2522.36	3026.84
Sibson-cum-Stibbington	994.76	1160.55	1326.35	1492.14	1823.73	2155.32	2486.90	2984.28
Somersham	1025.64	1196.59	1367.53	1538.47	1880.35	2222.24	2564.11	3076.94
Southoe & Midloe	1011.28	1179.83	1348.38	1516.93	1854.03	2191.13	2528.21	3033.86
Spaldwick	989.87	1154.85	1319.83	1484.81	1814.77	2144.73	2474.68	2969.62
Stilton	1004.68	1172.12	1339.57	1507.02	1841.92	2176.81	2511.70	3014.04
Stow Longa	995.02	1160.86	1326.70	1492.54	1824.22	2155.90	2487.56	2985.08
The Stukeleys	986.35	1150.74	1315.14	1479.53	1808.32	2137.10	2465.88	2959.06
Tilbrook	978.67	1141.78	1304.90	1468.01	1794.24	2120.46	2446.68	2936.02
Toseland	973.81	1136.11	1298.42	1460.72	1785.33	2109.93	2434.53	2921.44
Upton & Coppingford	991.30	1156.52	1321.74	1486.96	1817.40	2147.84	2478.26	2973.92
Upwood & the Raveleys	984.52	1148.61	1312.70	1476.79	1804.97	2133.15	2461.31	2953.58
Warboys	1001.14	1167.99	1334.85	1501.71	1835.43	2169.14	2502.85	3003.42
Waresley-cum-Tetworth	975.72	1138.34	1300.96	1463.58	1788.82	2114.06	2439.30	2927.16
Water Newton	960.65	1120.76	1280.87	1440.98	1761.20	2081.42	2401.63	2881.96
Winwick	960.65	1120.76	1280.87	1440.98	1761.20	2081.42	2401.63	2881.96
Wistow	991.52	1156.77	1322.03	1487.28	1817.79	2148.30	2478.80	2974.56
Woodhurst	982.58	1146.34	1310.11	1473.87	1801.40	2128.93	2456.45	2947.74
Woodwalton	990.65	1155.76	1320.87	1485.98	1816.20	2146.42	2476.63	2971.96
Wyton-On-The-Hill	997.51	1163.76	1330.02	1496.27	1828.78	2161.28	2493.78	2992.54
Yaxley	1017.97	1187.63	1357.30	1526.96	1866.29	2205.61	2544.93	3053.92
Yelling	969.84	1131.49	1293.13	1454.77	1778.05	2101.34	2424.61	2909.54

Treasury Management Policy Statement

Definition

The Council defines its treasury management activities as:

- the management of the Council's investments, cash flows, banking, money market and capital market transactions.
- the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Risk management

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured.

Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Value for money

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Borrowing policy

The Council needs to balance a number of elements in its borrowing policy for funding capital expenditure:

- Utilising a mixture of borrowing periods to reduce the overall impact of changes in interest rates.
- Creating certainty by fixing borrowing for longer periods.
- Minimising the long term cost of any borrowing.
- Ensuring that short term costs are as low as possible.
- Using the Council's own reserves on a temporary basis

Clearly some of these elements can give contradictory answers and the decision on each borrowing decision will need to be based on balancing these elements, taking account of existing borrowing.

The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

Investment policy

All investment decisions need to follow a risk assessment which takes account of the need to protect the principal sums invested from loss, ensuring adequate liquidity so that funds are available to fund expenditure when needed, and the generation of investment income to support the provision of local authority services. Adequate weighting must be given to data reflecting the security of the investment.

Governance

The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

Treasury Management Strategy 2012/13

Treasury Management is:

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

This Strategy explains how Treasury Management will be carried out in Huntingdonshire. It meets the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice (2011) and the Government's Guidance on Local Government Investments (2010)

BACKGROUND

The bank base rate fell to 0.5% in March 2009 and has remained at that level ever since. The UK economy is continuing its weak recovery from the 2008/09 recession, with GDP growth forecast to be around just 1.0% in 2011 and likely to remain sluggish throughout much of 2012.

Government spending cuts, rising unemployment and uncertain export markets are conspiring to keep demand low, and a "double dip" recession cannot be ruled out. Consumer price inflation, which peaked at 5.2% in September 2011, is expected to fall sharply as one-off factors like 2010's VAT increase and fuel price rises fall out of the annual comparison.

In these circumstances, the Bank of England is unlikely to raise the bank rate for several months, and additional quantitative easing is seen by many as being more likely than rate increases in the near future. However, once a more robust recovery appears to be taking root, the Bank may prefer to gradually raise interest rates earlier, rather than waiting too late and needing to make a sharp correction.

The Eurozone sovereign debt crisis remains a major driver of market sentiment and with the UK seen a safe haven, gilt yields and hence PWLB rates have fallen markedly this year. Assuming that there is some resolution to the crisis, long-term rates are likely to climb back to more normal levels in 2012/13.

A second UK recession or a European sovereign default would see short and long term interest rates remaining lower for longer, while a faster economic recovery and a bold solution to the Eurozone crisis would likely see rates rise more quickly.

For the purpose of the Council's Medium Term Plan the following interest rates have been assumed but it is recognised that all assumptions about the speed with which rates will begin to rise is problematic.

	2012/13	2013/14	2014/15	2015/16	2016/17
	%	%	%	%	%
Temporary investments	1.10	1.90	2.00	2.50	2.50
PWLB 40 year borrowing (EOY)	4.65	4.85	5.10	5.30	5.50
Temporary borrowing	0.85	1.50	1.75	2.25	2.50

Against the background of low interest rates and reducing revenue and capital balances the Council has sought to maximise the returns from its investments whilst minimising the risks of investing with a borrower that is, or may become, unable to repay. It therefore adopted a strategy for 2011/12 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 2011/12 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

Investment Portfolio

The Council's position as at 31 December 2011 was:

INVESTMENTS	Principal Amount £m	Average Interest Rate %
Investments - maturing 2011/12	14	1.3
Investments - maturing later	10	4.4
Total	24	2.6
Short term Debt	0	0
Long term Debt	10	3.9
Total	10	3.9
Net Investments	14	1.7

Budget implications

The budget for net interest received in 2011/12 was £93K; as a result of slippage in the capital programme and underspendings in the revenue budget, the forecast outturn is £202K. The budget for net interest received in 2012/13 is £11K.

The Council's Financial Strategy

The table below shows the expected levels of reserves and the need for borrowing to fund capital expenditure over the MTP period.

If the Council's own reserves are used to temporarily finance capital expenditure there could be a need to borrow a further £14M by March 2013. There will be periods where this need will be off-set by the daily and weekly cash flow fluctuations whereby Council Tax and Government Grant is received in advance of precept payments being due to the County Council, Police Authority and Fire Authority.

MAY borrow figures are based on our agreement with our previous external auditors that it would be legitimate to borrow in advance to fund our 5 year published capital programme if market circumstances indicated that this was likely to be in the long term interests of the Council.

	2011/ 2012 £M	2012/ 2013 £M	2013/ 2014 £M	2014/ 2015 £M	2015/ 2016 £M	2016/ 2017 £M
SUMS AVAILABLE TO FUND CAPITAL EXPENDITURE						
Existing long term borrowing	10.0	10.0	10.0	10.0	10.0	10.0
<i>available long term</i>						
Revenue Reserves (EOY)	12.0	9.4	7.5	5.6	4.5	4.5
Provision for repaying loans (EOY)	0.9	1.8	2.9	4.2	5.8	7.6
Earmarked Reserves (EOY) ¹	3.6	3.6	3.6	3.6	3.6	3.6
<i>available on a year by year basis</i>	16.5	14.8	14.0	13.4	13.9	15.7
Cash Flow benefit average	9.6	9.6	9.6	9.6	9.6	9.6
<i>fluctuates from day to day</i>						
FUNDING REQUIRED						
Capital Expenditure						
Brought Forward	18.5	23.4	33.8	37.4	40.0	43.5
Capital Expenditure in Year	4.9	10.4	3.6	2.6	3.5	2.5
Carried Forward	23.4	33.8	37.4	40.0	43.5	46.0
Fixed Term Investment (EOY) ²	10.0	5.0				
Total Required Funding	33.4	38.8	37.4	40.0	43.5	46.0
NEED FOR FURTHER BORROWING						
<i>Excluding Cash flow benefit</i>						
MUST BORROW	6.9	14.0	13.4	16.6	19.6	20.3
MAY BORROW	36.0	41.0	38.4	41.3	44.3	47.5
<i>Including average Cash flow benefit</i>						
MUST BORROW	0.0	4.4	3.8	7.0	10.0	10.7

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.

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 – MUST borrow

The amount of capital borrowing up until March 2013 (i.e. up to an estimated £14M) will be dependent upon the actual levels of revenue spending which will determine the level of the Council's own reserves that can be used and the level of capital spending which will determine the total sum required. The period of borrowing will reflect the current and anticipated interest rate profile. If short term interest rates began to rise consideration would be given to whether long term rates were attractive enough to support long term borrowing. If rates remain low it is much more difficult to justify long term borrowing.

BORROWING – CAPITAL – MAY borrow

The MAY borrow limits assume that no use is made of reserves for funding and also that it has become attractive to fund the 5 year capital programme in advance. Deciding to go beyond the MUST borrow level would require longer term borrowing rates to be at levels that appeared to be attractive when compared with rates that were expected over the remainder of that period. It would also need to take account of the difference between the borrowing rates and the, currently, much lower investment rates that would be received pending the use of the money for funding capital from sufficiently secure counterparties. A risk assessment will be carried out before undertaking any advance borrowing.

For example, if long term rates fell to 3.5% we would seriously consider increasing borrowing whilst if long term rates were 5.5% only the MUST borrow limits would be followed.

Currently low short-term rates reduce the likelihood of advance borrowing as the revenue budget would have to 'take the hit' of the borrowing rates being higher than the temporary investment rate in the short to medium term.

However, history has shown that violent fluctuations can happen and so there needs to be the freedom to act if circumstances significantly change.

BORROWING - 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 use its revenue reserves and/or borrow short term for rates that are currently under 1%.

Any long term borrowing will tend to be from the Public Works Loans Board (PWL) which is a Government Agency providing funds to local authorities at interest rates linked to the cost of central government borrowing. Commercial bodies have become less involved since the financial crisis and their products were generally for shorter periods and often include embedded options. The most common was a LOBO, where the lender retains an option to increase the interest rate after a number of years and the borrower has the right to repay if the new rate is not acceptable.

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

- temporary borrowing for cash flow purposes (£20M)
- long-term borrowing to fund capital expenditure of £46M (up to the £36M "may borrow" limit plus the £10M already borrowed)
- an allowance for other long-term liabilities, such as finance leases (£5M).

A maximum of **£71M** is therefore recommended.

INVESTMENTS - CATEGORIES

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

Specified investments are expected to offer relatively high security and/or liquidity. They must be:

- in sterling (avoiding exchange rate fluctuations) and,
- due to be repaid within 12 months (minimising capital value fluctuations on gilts and CDs and minimising the period within which a counterparty might get into difficulty) and,
- not defined as capital expenditure in the capital finance regulations 2003 (e.g. equities and corporate bonds though there is current consultation on removing bonds from the capital constraint) and,
- with a body that the Council considers is of high credit quality or with the UK Government or a local authority. (minimising the counterparty risk), this includes Money Market Funds where the Council has set minimum criteria.

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

No investment that counts as Capital expenditure will be undertaken as it effectively transfers revenue funds into capital when the investment is repaid which has significant impacts on the Council's financial flexibility.

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

The Council may use the following non-specified investments:

- Time Deposits of longer than 12 months with banks and building societies
- UK government bonds, supranational bank bonds, loans to other local authorities over 12 months to maturity
- Corporate Bonds over 12 months to maturity, if returns are clearly better than time deposits, but such investments will only be made following a risk assessment and consultation on the proposed limits, procedures and credit ratings with the Treasury Management Advisory Group. Use would be limited to Bonds that could be held to maturity thus avoiding fluctuations in capital value.

INVESTMENTS – HIGH CREDIT QUALITY

The term 'high credit quality' is used in the CLG guidance to encourage local authorities to monitor other measures of an institution's 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. (Appendix A)
- The top 25 Building Societies by asset size irrespective of any credit rating they may hold subject to the comments below. Building societies have a much higher proportion of their funds covered by retail savings so are less at the risk of market volatility and their regulatory framework and insolvency regime means that the Council's deposits would be paid out before retail depositors. Experience in recent years includes a number of examples of the takeovers of weak societies by strong ones. However any Building Society with a rating of less than BBB will not be used and use will be suspended of Building Society with a "rating watch" warning pending consideration of further information of the potential impact.
- Reacting immediately to any "rating watch" warnings or informal comments from our advisors in relation to market concerns. Use of counterparties subject to such warnings/ advice will be suspended pending consideration of further information of the potential impact.
- Credit Default Swap prices obtained from our advisors.
- The credit rating of the country of the institution. This must be AA or above.

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, including any institutions that are linked in the same group
- By Country

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

INVESTMENTS – PERIODS

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

The Council will register with a selection of money market funds with AAA ratings which also allow same-day withdrawal of funds. These will be used as appropriate taking account of comparative security and yields.

INVESTMENTS - MANAGEMENT

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

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

Risk of counterparty failure can also be minimised by shortening the period of any time deposit. At the current time, partly reflecting the current interest rate structure, time deposits are generally kept below one month. The criteria also differentiates the duration of investments based on credit rating e.g. the maximum duration of investments with building societies with no rating will be 1 month.

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

POLICY ON USING FINANCIAL DERIVATIVES

Local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. lenders option/borrowers option (LOBO) loans).

The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. It is unlikely that the Council will utilise standalone financial derivatives.

Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy. The Council is only likely to make limited use of embedded derivatives e.g. LOBOs

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

ADVISORS

The Council appointed Sterling Consultancy Services as Treasury Management Advisors in January 2008 (following retendering they were reappointed in January 2011), 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.

MANAGEMENT

The Head of Financial Services and his staff will manage and monitor investments and borrowing. The Treasury Management Advisory Group (TMAG) consists of four members; they are kept informed of relevant issues and consulted on any significant issues.

The Council uses a cash flow model which is updated daily to forecast future cash flow movements to determine the maximum length for which any investment could be considered. The length of any investment would take account of actual and forecast interest rates over the loan period to ensure it optimises the Council's position. The Council is unlikely to invest for more than a year unless further advance borrowing is undertaken.

REPORTING AND SCRUTINY

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

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

TRAINING

The needs of the Council's treasury management staff for training are assessed every six months as part of the staff appraisal process and additionally when the responsibilities of individual staff change. As the result of the voluntary redundancy of a Senior Accountant in September 2011 and a reorganisation of the Accountancy Section, a Principal Accountant has been given the responsibility for day-to-day management of the treasury function. He has attended a number of courses provided by Sterling Consultancy Services

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

CHANGES TO THE STRATEGY

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

TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

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

The indicators are based on allowing the ability to borrow in advance if this becomes attractive. If it does not, the Council is likely to be significantly within many of the limits.

Definition of Credit Ratings

	Rating	Definition	Examples of counterparties
Short term (Fitch)	F1	Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.	Royal Bank of Scotland/ NatWest (F1) Coventry Building Society
	F2	Good intrinsic capacity for timely payment of financial commitments.	Co-operative Bank
	F3	The intrinsic capacity for timely payment of financial commitments is adequate.	Skipton Building Society
Long-term (Fitch)	AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	United Kingdom
	AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	HSBC Bank
	AA-		Standard Chartered Bank
	A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	Coventry Building Society
	A-		Leeds Building Society

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

In-House Fund Management (If No Further Advance Borrowing)

Duration of investments	No investment shall be longer than 5 years. Maximum duration for a Building Society with no rating is 1 month.	
Types of investments	Fixed term Deposits Deposits at call, two or seven day notice Corporate bonds Money market funds UK Government bonds and Supranational Bank bonds.	
Credit Ratings	<p>Building Societies All Building Societies with ratings of BBB or above. Building Societies with no ratings.</p> <p>Money Market Funds AAA credit rating Local Authorities or UK Government No rating required</p> <p>Non-Building Societies Short term rating F1 by Fitch or equivalent. Long-term rating of AA- by Fitch or equivalent if the investment is longer than 1 year.</p>	
Maximum limits per counterparty (group), country or non-specified category	<p>F1+ or have a legal position that guarantees repayment for the period of the investment £5M</p> <p>F1 £4M</p> <p>Building Society with assets over £2bn in top 25 (Currently 10) £5M</p> <p>Building Society with assets over £1bn if in top 25 (Currently 3) £4M</p> <p>Building Society with assets under £1bn in top 25 £3M</p> <p>Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society. £5M</p> <p>BUT total invested with counterparty/group shall not exceed £8M</p> <p>Money market fund AAA Credit rating £4M</p> <p>Limit for Non-specified investments</p> <ul style="list-style-type: none"> - £10M in time deposits more than one year - £5M in corporate bonds - £10M in any other types. - £15M in total <p>Country limits</p> <ul style="list-style-type: none"> - UK - unlimited - £5M in a country outside the EU - £10M in a country within the EU (excluding UK) - £20M in EU countries combined (excluding UK) <p>No investment will be made in country with a sovereign rating of less than AA.</p> <p>These limits will be applied when considering any new investment from 23 February 2012. Lower limits may be set during the course of the year or for later years to avoid too high a proportion of the Council's funds being with any counterparty.</p>	
Benchmark	LGC 7 day rate	

Investment Limits For Increases In Advance Borrowing

	Level of Borrowing in Anticipation		Rating Constraints
	from	to	
	£5M	£11M	
	£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 2012/13

1. Actual and Estimated Capital Expenditure

	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Gross	9.2	9.1	19.5	6.9	4.1
Net	7.5	4.9	10.4	3.6	2.6

2. The proportion of the budget financed from government grants and council tax that is spent on interest and the provision for debt repayment.

The negative figure in 2010/11 reflects that the Authority was a net investor and that the net interest earned exceeded the provision for the repayment of debt.

	2010/11 Actual	2011/12 Forecast	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
	-0.3%	1.9%	4.1%	6.1%	7.8%

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 from the previously approved MTP due to capital schemes (including their associated revenue implications).

The actual change in Council Tax will be significantly different due to revenue variations, spending adjustments and the use of revenue reserves.

	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Variation	-£3.41	+£3.80	-£1.92
Cumulative	-£3.41	+£0.39	-£1.53

4. The capital financing requirement.

This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP) with no allowance for funding in advance.

31/3/11 Actual £M	2011/12 Forecast £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M	2016/17 Estimate £M
18.2	22.5	32.0	34.5	35.8	37.7	38.4

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.

The Council will explain the degree of borrowing and investment in its half-year and annual reports together with the reason for the movements so that Members can be assured that there is no borrowing for revenue purposes other than in the short term.

5a. Gross and Net Debt

This indicator (a new requirement this year) is intended to highlight the level of advance borrowing by limiting the variation between gross debt (borrowing) and net debt (borrowing less investments). The more borrowing in advance the higher the gross debt but there is no change in net debt because the borrowed sums will be invested pending them being needed to finance capital expenditure. Thus net debt as a proportion of gross debt falls as borrowing in advance occurs.

Unfortunately the position is complicated by the significant variations that the Council has to contend with relating to day-to-day cash flow which can cause major fluctuations in this proportion.

Guidance has not been issued on the practical use of this indicator and so there seems little point in setting one this year.

To achieve the equivalent result all advance borrowing will be reported to the Treasury Management Advisory Group and highlighted in the mid-year and end of year reports.

6. The actual external long-term borrowing at 31 March 2011
£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 in advance to fund future capital expenditure.

	2011/12 Limit £M	2012/13 Limit £M	2013/14 Estimate £M	2014/15 Estimate £M
Short term	20	20	20	20
Long Term assuming maximum borrowing in advance	40	51	48	51
Other long-term liabilities (leases)	5	5	5	5
Total	65	76	73	76

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. The short term and long term element will be monitored separately.

	2012/13 Limit £M	2013/14 Limit £M	2014/15 Limit £M
Short term	15	15	15
Long term	41	38	41
Other long-term liabilities (leases)	5	5	5
Total	61	58	61

9. Adoption of the CIPFA Code

The Council has adopted the 20011 edition of the CIPFA Treasury Management Code of Practice.

Treasury Management Indicators

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

If the Council does not borrow in advance it is quite possible that all investments, except for the current fixed investment of £5M to December 2013, will be of less than a year's duration and hence count as "variable rate".

Conversely, if the Council does borrow in advance there could be periods where the Council's cash flow requires short term borrowing and so all investments are longer than one year.

Accordingly, to ensure the necessary flexibility the indicators all need to be 100% except for the 2012/13 variable rate which is reduced to 85% to reflect the £5M investment due for repayment in December 2013.

	2012/13	2013/14	2014/15
Upper limit on fixed rate exposure	100%	100%	100%
Upper limit on variable rate exposure	90%	100%	100%

11. Borrowing Repayment Profile

The proportion of borrowing in place during 2012/13 that will mature in successive periods. This indicator is set to control the Council's exposure to refinancing risk.

The Council has £10M long term borrowing but the uncertainty on whether any forward borrowing will take place and the potential for short term borrowing to be the most attractive option results in the limits set out below.

Funding capital schemes	Upper limit	Lower limit
Under 12 months	86%	0%
12 months and within 24 months	86%	0%
24 months and within 5 years	86%	0%
5 years and within 10 years	86%	0%
10 years and above	100%	14%

12. Investment Repayment Profile

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

The uncertainty about borrowing in advance results in higher limits than would otherwise be required.

	2012/13 £M	2013/14 £M	2014/15 £M
Limit on investments over 364 days as at 31 March each year.	32.0	25.0	24.7

Code of Financial Management

The draft code includes some minor changes to tidy up the wording, changes to job titles and some more significant changes outlined below:

- Interests (Para. 1.7)
Revision to the definition of interests and involvement of Monitoring Officer
- Budget Manager (1.12)
Use of the term Budget Manager throughout the document.
- Budget Manager extra responsibilities (1.12)
 - effective financial and resource management and the prevention of fraud and corruption
 - Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety
- Promptly Report (3.1)
Requirement to report any significant issues to COMT promptly.
- Controllable Budget (3.6)
Change of emphasis to focus on the controllable budget
- Bank Credit Rating (4.1)
Reference is now to an "appropriate" credit rating as there is now much more movement in ratings with only one high street bank (Barclays) now having a rating above "A".
- Money Laundering (4.2)
Limitation on cash that will be accepted
- Capital Definition (6.3)
Clarification of "de minimis" limits
- Valuations (6.7)
Revised need for periodic valuations due to IFRS

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 for making a recommendation to that body or person(s), shall consider a written report, approved by the Managing Director (Resources), 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.

Will approve changes to this Code.

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 approve the Council's final accounts.

Will consider reports from the external auditor.

Will recommend changes to this Code to the Council.

1.4 **The Cabinet:**

Will propose to the Council:

- the Financial Strategy
- the MTP
- the annual budget and council tax level
- a combined annual report including the Treasury Management Strategy, Treasury Management Policy and Prudential Indicators,

after considering the views of 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 Officers, the Cabinet or the Council making these available in accordance with this Code.

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 Managing Director (Resources) 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 to the Council's Monitoring Officer before any decision on the matter is made by the Council. The Monitoring Officer will advise the member or employee of any actions they should or must take.

For the purpose of this section an **interest** also includes any interest of a member of your family or a close associate or acquaintance. This shall be interpreted as anyone whom a reasonable member of the public might think you would be prepared to favour or disadvantage.

1.8 **The Head of Legal and Democratic Services, 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.

1.10 **The Managing Director (Resources), 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.

1.11 **The Head of Financial Services, as Deputy to the Chief Financial Officer**

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

1.12 **Budget Managers (Heads of Service and Chief Officers)**

The Council's management structure is based on Heads of Service, Chief Officers and the Corporate Office Manager taking responsibility for a service and its related budget. For the purpose of this Code they are referred to as Budget Managers. Whilst they retain ultimate responsibility they will often delegate appropriate tasks to their employees.

The Budget Manager responsible for a budget :

- will be responsible for effective financial and resource management and the prevention of fraud and corruption within the service
- will be responsible for informing the Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety
- 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. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, they will determine whether:
 - the post is kept vacant for a period before a decision is made,
 - the post can be deleted,
 - a restructuring should be proposed,
 - joint working with another body should be considered
 - the post should be filled at the end of a defined period,
 - it should be filled as soon as possible,
 - 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 objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

1.13 **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 as contained within a programme agreed annually by the Managing Director (Resources) after consultation with Budget Managers.

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 Budget Managers.

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 Budget Manager 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

Budget Managers will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services and promptly reporting any significant issues to the Chief Officers' Management Team.

The Chief Officers' Management Team will review each Budget Manager's financial performance on a quarterly basis.

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 Budget Managers.

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

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. This includes budget transfers in accordance with section 3.6 below, **or**
- is funded from savings. These must be defined, permanent and not already earmarked for the achievement of the Council's savings targets. This includes any savings identified in accordance with section 3.5 below.

If the Budget Manager 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 Budget Manager 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 Budget Manager 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. Once such approvals have been reported to Council 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 Managing Director (Resources) 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

Each Budget Manager will have responsibility for some or all of the following types of budget which are defined by the grey highlighted lines in the "Controllable Budget" Annex to the approved budget and MTP.

- **Service Revenue Budgets**
These budgets include the direct controllable costs of providing the particular service to the public and are shown in the controllable budget annex when the budget is approved. They do not include any revenue impact of capital funding or recharges from any Management Units or Overhead Budgets.
- **Capital Scheme Budgets**
These provide the funding to complete a defined capital project and may include provision for some recharges from Management Units and Overhead Budgets to cover project management and design fees where these are carried out internally.
- **Management Unit Budgets**
Management Unit budgets collect together the employment and ancillary costs of those employees who carry out or support the Council's services. In some cases, where the employees are only involved in providing a single service they may be included under the relevant Service Revenue budget.
- **Overhead Budgets**
Overhead budgets collect together the direct costs of certain overheads which support the delivery of services. e.g. depot and office costs.

- **Technical Budgets**

These include items such as borrowing and investment interest, unallocated contingencies and the Minimum Revenue Provision. They 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 Budget Manager 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 from a pay, NI or pension contributions budget unless permitted by Annexes A or B.
- Not from capital to revenue
- 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

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 relevant 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 Head of Financial Services following a request from a Budget Manager, 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 Budget Manager. The amount is further limited by the net underspending on that Budget Manager's relevant budget(s) in the current year.

3.8 **Price Base 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 Managing Director (Resources) is responsible for all Council banking arrangements and shall maintain (an) account(s) with (an) appropriate bank(s) with an appropriate credit rating. 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.

No cash payment in excess of £1,000 will be accepted.

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, which currently consists of four members, will act as an informal liaison group with the officers responsible for treasury management.

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

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

4.4 **Payments**

All payments 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
- by some other system specifically approved by the Head of Financial Services.

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 Budget Manager 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 Budget Manager, 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 Budget Manager 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 Budget Manager 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 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. IMD, vehicle management, legal, procurement.

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

- Plant and vehicles over £5k
- other individual items over £10k
- aggregations of similar articles amounting to £10k e.g. wheelie bins

6.4 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. IMD, vehicle management, legal, procurement.

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

6.5 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.

6.6 Leases

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

6.7 Valuations

In order to comply with accounting requirements assets will need to be revalued at regular intervals and whenever there is a significant change to their value due to extension, demolition or some other relevant reason. For most properties the regular revaluation will be every five years but for those technically deemed to be "investment" properties (e.g. industrial units) this must be every year.

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 that contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- Capital charges
- Minimum Revenue Provision
- Pension Liabilities (as opposed to pension contributions)
- Interest paid
- Interest received

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 Budget Manager 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 Budget Manager 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. Budget Managers will also need to liaise with HR to arrange recruitment advertising and ensure that the recruitment arrangements comply with the process agreed by the 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 Budget Manager can demonstrate 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. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.
9. If the Budget Manager 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. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.

ANNEX C

MAXIMISING INCOME FROM FEES AND CHARGES

The Budget Manager responsible for a budget shall:

- annually review 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.
- review fees and charges and introduce any resulting changes at least annually, after consultation with the relevant Executive Councillor(s) unless there is a formal requirement for the charges to be determined by Cabinet or a Panel. In doing so, they:
 - shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
 - 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 objectives.

- 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.
- may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council 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.
- 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.
- 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
£ (Euros)	£ 173,934 (€200,000)	£ 173,934 (€200,000)	£ 4,348,350 (€5,000,000)

(Thresholds as at 1 Jan 12)

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 -
 - Details of each contract expected to be advertised in the following year;
 - 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
£ (Euros)	£ 653,253 (€750,000)	£ 653,253 (€750,000)	£ 4,348,350 (€5,000,000)

(Thresholds as at 1 Jan 12)

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, Government Procurement Service)
 - 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
- (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 Head of Legal & Democratic 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 1 written estimate or offer (e-marketplace, email, web or paper) shall be sought and recorded except where Heads of Service consider that there is no reasonable possibility that this could result in a saving to the Council.
£5,001 to £50,000	At least 3 written 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 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 Head of Legal & Democratic Services may obtain a single tender or quotation 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 <ul style="list-style-type: none"> • 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 quote/tender option is used, the Head of Service shall: <ul style="list-style-type: none"> • seek approval of the Head of Legal & Democratic 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 Head of Legal & Democratic Services and prior to proceeding with the procurement, a written procurement strategy that shall be approved by the Managing Director (Resources) 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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). The Internal Audit & Risk Manager shall be notified of the time and place appointed for the opening.

9.5 All tenders or quotations upon opening shall be recorded in writing on either a tender opening record or quotation record in the Contracts Register, as is appropriate. The format of the opening record shall have been previously agreed with the Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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, Head of Legal & Democratic Services and Head of Financial Services;

- be conducted in accordance with guidance issued by the Head of Legal & Democratic 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 if appropriate Head of Legal & Democratic Services 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, Government Procurement Service) 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; and
 - (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. POST-TENDER DEBRIEFS

13. For all contracts greater than £5k Heads of Service shall maintain records of selection and evaluation scoring and where requested by participating suppliers, provide a suitable post-tender debrief. For contracts greater than £50k, the advice of the Procurement Manager shall be sought on the format and scope of the debrief.

14. RETENTION OF DOCUMENTS

- 14.1 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.

14.2 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
 - All selection and evaluation scoring and 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.

15. FREEDOM OF INFORMATION ACT 2000 (FOIA)

15.1 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.

16. CONSULTANTS

16.1 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.

17. PROCUREMENT TRAINING

- 17.1 The Procurement Manger shall create, maintain and arrange the delivery of training for Officers undertaking procurement duties.
- 17.2 Heads of Service shall ensure that all Officers routinely undertaking purchasing or procurement duties have undertaken appropriate training.
- 17.3 Head of HR and Payroll Services shall arrange to record the details of staff that have completed suitable procurement training.



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