

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET
22 FEBRUARY 2007

REPORT OF CORPORATE
MANAGEMENT TEAM

COUNCIL DECISION

LEADER

REVIEW OF THE MEDIUM TERM FINANCIAL PLAN AND BUDGET 2007/08

1. Summary

To introduce Members to the final budget analysis and facilitate decisions on a range of related matters.

2. Recommendations

1. That in accordance with the Local Government Act 2003, Members note that the Section 151 Officer confirms that the following recommendations:-

- a) represent a robust budget which has been prepared in line with best practice,
- b) provide adequate working balances at 3% of general fund and net operating expenditure of HRA, and
- c) that the controlled reserves and provisions are adequate for their purpose.

General Fund Budget

- 2. Approve a 2007/08 budget for Stockton-on-Tees Borough Council of £131,375,973.
- 3. Approve a 2007/08 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£463,652) of £131,839,625
- 4. Approve the following high priority additions to the Medium Term Financial Plan:-

		2007/08 £	2008/09 £	2009/10 £	
(1)	Building Schools for the Future	250,000	750,000	1,000,000	
(2)	Employment issues	2,800,000	0	0	2007/08 only
(3)	Access to Services Phases 1 & 2	190,000	254,000	289,000	ongoing
(4)	Legal Conveyancing Staff	30,000	30,000	30,000	ongoing
(5)	Stockton/Darlington Initiative	150,000	0	0	2007/08 only
(6)	Children's-Posts	140,000	140,000	140,000	ongoing

(7)	Children's-Placements	240,000	240,000	240,000	ongoing
(8)	Children's-services/contracts	420,000	420,000	420,000	ongoing
(9)	Adult's-Posts	130,000	130,000	130,000	ongoing
(10)	Adult's-Placements	200,000	200,000	200,000	ongoing
(11)	Adult's-contracts	70,000	70,000	70,000	ongoing
(12)	Stockton International Riverside Festival	60,000	60,000	60,000	ongoing
(13)	Public Transport support	300,000	300,000	300,000	ongoing
(14)	Energy charges-Street Lighting & administrative buildings	175,000	175,000	175,000	ongoing
(15)	Memorial Inspections	200,000	100,000	100,000	£100,000 ongoing
(16)	Planning Service Improvements	230,000	230,000	230,000	ongoing
(17)	Housing Benefits	60,000	60,000	60,000	ongoing
(18)	Parks & Countryside refurbishments/facilities	200,000	200,000	200,000	ongoing
(19)	Town Centre Manager	60,000	60,000	60,000	ongoing
	TOTAL	5,905,000	3,419,000	3,704,000	

5. Approve the following Other Priority Pressures totalling £1,043,000 Revenue and £163,000 Capital.

		2007/08 £	Revenue	Capital
(1)	PCSO's	250	250	-
(2)	Support for Independent living	150	150	-
(3)	Youth Bus	200	120	80
(4)	Specialist Care Pack	150	150	-
(5)	Homeless/Domestic	220	220	-
(6)	Arlington/Castlegate	153	153	-
(7)	GIS/IT	83	-	83
	TOTAL	1206	1043	163

6. That the Medium Term Financial Plan be revised to reflect the budget decisions set out above, and the Council approves resource allocations for 2007/08 and indicative resource allocations for 2008/09 and 2009/10 as set out below:-

	2007/08 £	2008/09 £	2009/10 £
CESC	75,104,619	77,599,971	80,425,461
DNS	43,494,664	43,410,335	43,984,920
Resources	16,814,796	14,755,951	15,921,404
TOTAL	135,414,079	135,766,256	140,331,785
Less use of balances	4,038,106	0	0
Budget Requirement	131,375,973	135,766,256	140,331,785

7. Cabinet continue to receive reports on the management of the Medium Term Financial Plan.

Taxation

SBC

8. The Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 3.9% to a level of £1,098.77 at Band D (£732.51 Band A).
9. Members approve applications for local discretionary Council Tax reductions be assessed on a case-by-case basis, and approved in exceptional circumstances only, using the framework described in Appendix F of the report, and that no specific classes of discount be set.

Fire, Police & Parish

10. The Council note the Fire Precept of £3,189,805 which equates to a Council Tax of £55.95 at Band D (£37.30 at Band A).
11. The Council note the Police Precept of £X,XXX,XXX equating to a Council Tax of £XXX.XX at Band D (£XXX.XX at Band A).
12. The Council set the precept for the Town Council of Billingham in its inaugural year at £80,000.
13. The Council note the Parish precepts as set out in paragraph 20, page 17 of the budget report.
14. The Council Tax for Stockton-on-Tees Borough Council, including Parish, Fire and Police Precepts be increased by X.XX% to a level of £X,XXX.XX at Band D (£XXX.XX Band A)

Capital

15. Members approve the Medium Term Capital Plan (including 2008/09 & 2009/10) attached at Appendix I which includes the following:-
 - a) utilisation of capital allocations received direct from the Government to services:-

	2007/08 £'000
Transport	2,979
Housing	13,909
Education	7,466
Social Services	694
TOTAL	25,048

- b) use of Council resources to fund the following high Priority schemes subject to the receipt of anticipated capital resources becoming available in 2008/09 & 2009/10:-

	2007/08 £'000	2008/09 £'000	2009/10 £'000	Total £'000
Priority Schemes				
Stockton Middlesbrough Initiative	150	1,725	0	1,875
Access to Services-Thornaby (includes £240k refurbishment of Library)	549	0	0	549
Access to Services-Other	425	424	299	1,148
Preston Hall	150	0	1,000	1,150
ICT Room	250	0	0	250
ICT Infrastructure/Storage	250	0	0	250
Thornaby Town Hall	330	0	0	330
Stockton Parks	500	0	0	500
Additional Highway Works	500	500	0	1,000
Splash	600	-	-	600
Total Priority Schemes	3,704	2,649	1,299	7,652
Community Schemes				
Cemeteries	150	150	-	300
Environmental Improvements	400	400	-	800
CSDPA Adaptations & Equipment	250	250	-	500
Alleygating (SBC Funding)	121	121	-	242
Total Community Schemes	921	921	-	1,842
Repairs & Maintenance Schemes	400	400	-	800
Total Council Resources	5,025	3,970	1,299	10,294

c) Slippage

Approval of cost variations of £(2,151,000) in 2006/07 and the carry forward of slippage £(2,021,000), and re-profiled ringfenced resources of £100,000 into 2007/08.

16. The environmental improvements allocation be allocated to Wards based on Ward Population, resulting in the allocation outlined at Appendix G.
17. Members approve that where funding allocations are required to specific schemes within a defined programme, this will be delegated to the Corporate Director in conjunction with the relevant Cabinet member.
18. Members approve the proposed Stock Rationalisation Programme at Appendix J of 180 properties in 2007/08.

HRA

19. The Housing Revenue Account position as set out in Appendix K to the budget report be noted.

Treasury Management/Prudential Code

20. Council approve the Treasury Management, Investment Strategy and Prudential Indicators for 2007/08 – 2009/10 as set out in Appendix L to the budget report.

Council Tax – Statutory Requirements

21. Members note the statutory requirements for Council Tax as shown in Appendix E.

3. **Reasons for the Recommendations/Decision(s)**

To allow final decisions on financial/taxation policy to be taken prior to the statutory deadline of 11 March 2007 and to allow the continued development of the Authority and its partnerships through effective management of the Authority and its resources

4. **Members Interests**

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

AGENDA ITEM

REPORT TO CABINET

22 FEBRUARY 2007

REPORT OF CORPORATE MANAGEMENT TEAM

COUNCIL DECISION

REVIEW OF THE MEDIUM TERM FINANCIAL PLAN AND BUDGET 2007/08

SUMMARY

To introduce Members to the final analysis of the Council's financial position, to facilitate final decisions at Council (28/2/07) on budgets, resource allocations and capital. In addition, the report requires Members to approve a Treasury Management Strategy for 2007/08.

RECOMMENDATIONS

1. That in accordance with the Local Government Act 2003, Members note that the Section 151 Officer confirms that the following recommendations:-
 - a) represent a robust budget which has been prepared in line with best practice,
 - b) provide adequate working balances at 3% of general fund and net operating expenditure of HRA, and
 - c) that the controlled reserves and provisions are adequate for their purpose.

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Council Tax – Statutory Requirements

21. Members note the statutory requirements for Council Tax as shown in Appendix E.

DETAIL

1. The Council is required by law to set a balanced budget and tax level prior to 11 March of each financial year.
2. The Council currently manages its finances within a 3-year “rolling” programme matching Council Plan priorities to funding across the medium term. A headroom or development fund facility allows for consideration of emerging issues in the shorter term. The annual budget cycle determines the most appropriate use of available resources as well as setting the Council Tax for the Borough.
3. The report covers a range of issues:
 - Medium Term Financial Plan/Budget – including allocation of headroom
 - Capital
 - Setting Tax
 - Treasury Management/Prudential Code

FINANCIAL AND LEGAL IMPLICATIONS

4. The report requires decisions to achieve a balanced budget and an appropriate tax level.

RISK ASSESSMENT

5. The update of the Medium Term Financial Plan is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COMMUNITY STRATEGY IMPLICATIONS

6. The report supports the Community Strategy and Council Plan.

CONSULTATION INCLUDING WARD/COUNCILLORS

7. In order to facilitate the budget setting process seminars and a number of drop-in sessions have been organised for Members. The budget position has also been discussed at Stockton Renaissance, with the Business Forum and the views of the MORI survey taken into account.

Julie Danks
Corporate Director of Resources

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**MEDIUM TERM FINANCIAL PLAN
AND BUDGET
2007/08**

DETAIL

Background to the Revenue Position

1. As mentioned in the report to Cabinet on 4 January 2007 the Provisional Settlement announced on 28 November 2006 matched exactly the amount of grant notified in the indicative figures encompassed in the 2006/07 multi-year announcement. Despite concerns raised by local authorities and lobbying bodies in the consultation period, the Government in its Final Settlement statement on 18 January 2007 did not classify any of these concerns as exceptional circumstances, and the figures remained the same again. This means Stockton will receive £67.707 million in Formula Grant for 2007/08.
2. Due to the fact there has been no change this figure aligns with the grant figure used when the council set an indicative Council Tax increase of 3.9% for 2007/08 on 1 March 2006. For a Band D equivalent household this equates to an annual increase of £41.24, a weekly rise of 79p. (At Band A, the largest proportion of properties in Stockton, this is £27.49 a year and 53p per week).
3. In setting an increase of 3.9% a balanced budget was produced, whilst at the same time funding the following pressures:

Concessionary Fares
Complex Learning Disabilities
Recycling
Street Lighting
Museum Services
Employment Issues
Democratic Services

In achieving a balanced budget services are expected to make £4.6m efficiencies.

Current Revenue Position

4. In the intervening period since the indicative budget was set, services have been investigating methods of generating additional headroom. Efficiencies of over £600,000 have been established which are over and above the £4.6m already built into the medium term financial plan. In addition, opportunities to maximise the Treasury Management account have been taken and balances over the Council's target of 3% have been made available. The projected position on balances as at the end of 2006/07 is given in the table below:

	Forecast Position @ 31/3/07 £000's	% of General Fund Expenditure %	Assumed Usage £000's
Corporate Working Capital Net (MS) / MC	(10,729)	(4.7)	(3,275)
	(3,477)	(1.6)	(2,213)
Net Working Balances	(14,206)	(6.3)	(5,488)

The above has resulted in additional headroom of £6.948m in 2007/08. An analysis of the source of these funds is shown at **Appendix A**. After the utilisation of working balances in **Appendix A** the retained balances will be 3%.

5. Services have continued to manage resources diligently. The current MS/MC position is given below:

MTFP (MS / MC) – December 2006 Outturn

	Approved Position at 31/03/2007 (MS)/MC's £'000's	Projected Outturn Position at 31/03/2007 (MS)/MC's £'000's	Projected Outturn Position at 31/03/2008 (MS)/MC's £'000's	Projected Outturn Position at 31/03/2009 (MS)/MC's £'000's	Projected Outturn Position at 31/03/2010 (MS)/MC's £'000's
CESC	(760)	(1,401)	0	0	0
D & NS	(1,490)	(1,751)	(1,213)	0	0
RESOURCES	(121)	(147)	(44)	(35)	0
TES	38	65	0	0	0
LAW & DEMOCRACY	0	0	0	0	0
POLICY & COMMUNICATIONS	(167)	(243)	(72)	0	0
TOTAL	(2,500)	(3,477)	(1,329)	(35)	0

Key movements since the last reported position are as follows:

Children, Education and Social Care

The Service Grouping is currently projecting a £1,401,000 Managed Surplus at the end of the year. The major variations identified since the September budgetary control exercise are:

- Surestart (additional underspend of £186,000). Now expected to be £340,000 for the full year. This grant is available to implement the new childcare legislation and there are inevitable delays in fully recruiting to all the posts. The additional underspend is as a result of further vacancies and will be carried forward to cover staff and the running of the Neighbourhood Nurseries between April and July 2007;
- Specialist Services – Fostering (underspend of £154,000). Culminating from the delay in the review of the adoption allowance programme which will now be implemented in 2007/08;
- Specialist Services – Residential (underspend of £381,000). Specialist placements will now be funded from other contributions. This is a volatile budget with various funding sources, which supports specialist placements for children with special needs;

During 2007/08 the £1,401,000 Managed Surplus is ring-fenced to the Youth Offending Service (£237,000) in accordance with the requirements of the specific grant allocation. The remaining element (£1,164,000) will be utilised, subject to the appropriate approval, to fund the procurement and implementation of the Integrated Children's System (£217,000) and as a subsidy towards Neighbourhood Nursery provision following the cessation of DfES grant and to cover transitional costs (£340,000). It is intended that any remaining balance

will be utilized as part of the budget setting process recognising the full year effect of complex care packages and increasing demands.

Development & Neighbourhood Services

The managed surplus for Development and Neighbourhood Services is £1,751,000. The major variations identified since the last report are as follows:

- Heating, Ventilation and Electrical (additional income £122,000) – increase in income due to additional contract works within the Electrical Domestic and Project areas arising from an increase in work requests;
- Community Protection Management (underspend of £103,000) – a number of contributions to schemes have reduced or are no longer be required, due in some degree to the generation of efficiencies within service;
- Planning (additional income £118,000) – there has been a number of major Development Control planning applications received over the last 3 months.

The Managed Surplus (£1,751,000) will be utilised, subject to the appropriate approval, to fund staffing, general and more specific inflationary pressures within the current Medium Term Financial Plan, including:

- Planning (£590,000)
- Regeneration (£350,000)
- Housing Services (£180,000)
- Community Protection (£200,000)
- Engineers (£275,000) and
- Remaining service areas (£156,000)

Members are reminded that this flexible approach to financing assists services in maintaining their medium term financial positions and in the delivery of substantial efficiencies across the board.

Priorities

6. The priorities for funding map the strategic priorities outlined in the Council Plan and as such reflect a 3-year rolling programme. Within year, however, pressures and issues arise and the service planning and financial planning annual cycles allow for consideration of these in terms of setting objectives and allocating additional resources.
7. During the period since the last budget cycle, a number of such pressures have arisen and these have been divided into “high priority” pressures and “other” pressures. Many of the “high priority” pressures are familiar to Members because they have either been reported to Cabinet during the year or have been considered by Scrutiny Committees. In the main they reflect statutory requirements or unavoidable costs although there are some which fit in neither category but are considered still to be of “high priority” in terms of demands and expectations of service delivery. The cost of these pressures amount to £5.905m and they are detailed at **Appendix B**.
8. Should the “high priority” be funded, a balance of £1.043m would be available for one-off or short-term funding. The “other” pressures are detailed at **Appendix C**.

9. In addition to these pressures, a report to Cabinet on 5 October 2006 outlined temporary changes to roles and responsibilities affecting a number of Heads of Service. The report referred to the very successful organisational change programmes that had been undertaken under the banner of Planning for the Future. The Council has seen some considerable successes in the last year not least of which maintaining a 4* CPA rating together with a Direction of Travel score of "Improving Strongly", one of only 10% of councils in the country to achieve this. Much of this is attributable to the Programme and it is intended to cascade this process further down the organisation in the coming year. It is anticipated that further changes to senior management team responsibilities will result. Consideration of market forces and retention issues may also be deemed necessary. Although the Council Plan includes a specific objective in relation to this organisational development programme, it is considered, at this stage, that it will be budget neutral. No reference has therefore been made to it in the priority lists.
10. Initial consideration to the pressures was given at a Members Seminar on 23 January 2007. Officer contact details have been provided for all priorities to assist Members understanding of the issues. Further discussion has also taken place at Drop-In sessions during the early part of February. Members have also been given the opportunity to feed back preferences for funding allocations via e-mail. An analysis of the outcome of consultation is given at **Appendix D**.
11. In determining its choice against the available headroom of £1.043m Cabinet's original selections are as follows:

	£000's	£000's
<u>Corporate</u> PCSO's		250 *
<u>CESC</u> Support for Independent Living	150	
Youth Bus	200	
Specialist Care Packages	<u>150</u>	500
<u>D&NS</u> Homeless/Domestic Violence	224	
Arlington/Castlegate Quay	153	
GIS/IT	<u>83</u>	460
Total		1210

These exceed the funds available by £167,000. Within the Youth Bus bid there is however the acquisition and adaptation of the bus that amounts to £80,000 that can be offset against capital resources. Similarly the hardware and software purchase for GIS/IT can be classified as capital expenditure. It is proposed this happens, leaving a shortfall of £4,000 and it is recommended the Homeless/Domestic Violence bid is reduced by this amount.

* subject to final approval by the Police Committee on 23 February 2007.

Robustness of Budget

12. The Local Government Act 2003 places a requirement on the Section 151 Officer to report on the robustness of the budget and the adequacy of the proposed financial reserves. Members are required to take account of this when determining the Council's budget requirement for 2007/08.
13. Stockton has adopted a three-part approach to this. Firstly, Heads of Service and the appropriate Finance Manager have to certify that their budgets:
- Represent a true and fair view of the service grouping (service) budget for the year.
 - Are both accurate and complete.
 - Include all liabilities of the service grouping/service.
 - Include all sums due to the service grouping/service.
 - Have been prepared in accordance with guidelines provided by the Corporate Director of Resources.
 - Balance to the resource allocations notified by the Corporate Director of Resources taking account of any MS/MCs.
 - And, that the budgets and financial projections have been scrutinised in conjunction with the appropriate Head of Service.
14. Secondly, through the Council's approach to risk management, whereby service groupings explore and manage the Council's exposure to risk; and finally through a rigorous approach to budget monitoring where budget challenge clinics have been introduced to improve the quality and accuracy of financial projections. In addition, regular performance improvement clinics are held involving the Chief Executive, Corporate Director of Resources and the appropriate Corporate Director of Service to review the financial position and the performance of the service grouping.
15. Regarding the appropriate level of reserves and balances, the Council maintains working balances at 3% of both the General Fund and the net operating expenditure of the HRA.

TAXATION

Stockton Precept

16. Stockton's current tax level for 2006/07 at Band A (the biggest percentage of its properties) is £705.02 (£13.56 per week). The impact of a 3.9% increase is shown below:

	Band A	Band D
2006/07	705.02	1057.53
2007/08	732.51	1098.77

Police Precept

17. *To follow*

Fire Authority

18. The Fire Authority has determined a precept of £3,189,805, £37.30 at Band A (£55.95 at Band D) which equates to a 4.5% increase in Council Tax based on a Band A figure of £35.70 for 2006/07 (£53.55 at Band D)

Parishes

19. During 2007/08 the Town Council of Billingham will come into being. Due to the fact that Elections for the Council cannot take place until May 2007, it is the responsibility of Stockton Council to set the precept for the inaugural year. After due consideration the Council has decided to allocate a sum of £80,000 to allow for set up and running costs. From 2008/09 onwards the Elected Members of Billingham Town Council will determine this amount. The precept for 2007/08 is equal to £5.21 per annum for a Band A property (10p per week)

20. Details of the already existing Parish precepts are given below:

Parish	2006/07	2007/08	Increase £	%
Aislaby & Newsham	0	0	0	0.00
Carlton	4,500	4,315	(185)	(4.11)
Castleavington / Kirklevington	12,660	14,400	1,740	13.74
Egglescliffe	50,016	45,017	(4,999)	(9.99)
Elton	940	1,320	380	40.43
Grindon *	4,000	6,700	2,700	67.50
Hilton	1,400	1,400	0	0.00
Ingleby Barwick	97,000	103,000	6,000	6.19
Long Newton	5,000	6,000	1,000	20.00
Maltby	2,000	2,000	0	0.00
Preston	5,500	5,500	0	0.00
Redmarshall	1,000	2,000	1,000	100.00
Stillington & Whitton	6,000	6,250	250	4.17
Thornaby	98,284	99,300	1,016	1.03
Wolviston *	15,500	9,500	(6,000)	(38.71)
Yarm	60,300	76,950	16,650	27.61
Billingham *	0	80,000	80,000	0.00
Totals	364,100	463,652	99,552	27.34

*Boundaries changed for 2007/08

Overall Tax Position

21. Stockton Borough Council is required to collect tax on behalf of 4 independent organisations:

The Council
Police
Fire
Parishes

22. The overall position assuming Stockton Borough Council sets its budget requirement at £131,375,973 is given below:

Tax 2007/08			
	Current 2006/07 (Band A) £	£	%
Police			
Fire	35.70	37.30	4.5
Stockton BC	705.02	732.51	3.9

Formal Tax Recommendations

23. The Council must approve precept/tax in line with statutory guidelines. These are contained at **Appendix E**.

Local Discretionary Council Tax Reduction Scheme

24. Section 76 of the Local Government Act 2003 inserted a new Section 13A into the Local Government Finance Act 1992 to give billing authorities discretion to reduce the amount of Council Tax payable for situations that are not covered by national discounts or exemptions.
25. The full cost of any Section 13A reductions is met by local Council Tax payers and cannot be shared with major precepting authorities.
26. Councils can determine “classes” of cases or dwellings where discount will be awarded, for example properties that have been left empty due to flooding. Individual applications can also be considered on a case-by-case basis.
27. It is necessary to establish arrangements for dealing with applications and reaching decisions about awarding reductions. This process has been included in the most recent Scheme of Delegation, with decisions being delegated to the Corporate Director of Resources in consultation with the appropriate Cabinet Member(s). Decisions will be made by assessing applications against a framework agreed by Council.
28. It is recommended that applications for reduction in Council Tax be assessed on a case-by-case basis and only approved in exceptional circumstances. It is also recommended that no special classes of case or dwellings be set. The proposed framework for assessing applications is outlined at **Appendix F**.
29. Given that reduction of Council Tax under this scheme will be the exception rather than the norm, it is anticipated that the costs of granting relief can be met from the corporate provision that currently exists to fund applications for discretionary business rate relief.

CAPITAL

30. The Council's Capital plans are funded from Capital Allocations from the Government, specific grants, external funding and Council resources.

Capital Allocations from Government

The following table indicates the Capital resources which have been allocated:

	2007/08
Transport	2,979
Housing	13,909
Education	7,466
Social Services	694
Total	25,048

Council Resources

Members will recall that the Budget Report in 2006/07 and subsequent MTFP reports have identified resources that were being retained to fund high priority schemes. The Council currently has resources available of £5.7m and expects to generate additional resources of £5m over the medium term. This will allow £10.7m to be allocated to schemes. Schemes which have been identified as high priority are as follows:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	Total £'000
High Priority Schemes				
Stockton Middlesbrough Initiative	150	1,725	0	1,875
Access to Services-Thornaby (includes £240k refurbishment of Library)	549	0	0	549
Access to Services-Other	425	424	299	1,148
Preston Hall	150	0	1,000	1,150
ICT Room	250	0	0	250
ICT Infrastructure/Storage	250	0	0	250
Thornaby Town Hall	330	0	0	330
Stockton Parks	500	0	0	500
Additional Highway Works	500	500	0	1,000
Splash	600	-	-	600
Total Priority Schemes	3,704	2,649	1,299	7,652

31. In addition to the above, there were a number of community schemes and resource for repair and maintenance schemes which were agreed in principle for 2007/08 and 2008/09, it is proposed that the reserves for 2007/08 be released:

- Cemeteries £150,000
- Environmental Improvements £400,000
- CSD/A Adaptations £250,000
- Alleygates £121,000
- Repairs and Maintenance £400,000

32. Members Advisory Panel have proposed that the environmental improvements budget be allocated to Wards based on Ward population. The budget allocation per Ward is shown attached at **Appendix G**.

A protocol has also been agreed by MAP for the use and management of this allocation and this will be circulated to all Members.

33. The current capital budget amounts to £54,029 million. Movement against this budget for 2006/07 includes cost variations of £(2,151,000), slippage of £(2,021,000) and the re-profiled use of ring-fenced resources of £100,000. Further information to support these variances are available at **Appendix H**.

It is suggested that, subject to the receipt and approval of the allocation of funding and the approval of slippage from 2006/07, that the 3-year capital plan attached at **Appendix I** be approved subject to capital receipts and future years government allocations being received. The capital plan will be subject to regular review and updates will incorporate the latest position on Government allocations.

Where funding allocations are required to specific schemes within a defined programme, this will be delegated to the Corporate Director in conjunction with the relevant Cabinet Member.

Stock Rationalisation Programme 2007/08

In order to achieve the Government's Decent Standards Works to properties deadline of 2010, the council has a rationalisation/demolition programme. The 2007/08 stock rationalisation programme has been taken from the Building Cost Model prepared by Tristar Homes Limited which proposes demolish 180 properties as shown at **Appendix J**. This approval will enable the council to maximise its receipt of subsidy for the Communities & Local Government (CLG).

HOUSING REVENUE ACCOUNT

33. The Authority is currently required to make a provision for a 3% working balance (£1,000,000) at the end of each financial year. At the end of 2007/08 the working balance is shown as £1,094,724 (see attached **Appendix K**). A provision has been set aside to cover the costs of a stock condition survey and additional revenue contributions have been allowed for to cover pressures within the Housing capital programme.

TREASURY MANAGEMENT / PRUDENTIAL CODE

34. The Treasury Management Strategy for 2007/08 is attached at **Appendix L**. The Strategy details a number of initiatives to be undertaken during the year as well as Prudential borrowing indicators, which under the Code of Practice require approval by Council.

Available Resources 2007/08 £'000

Extended Management Team Efficiencies	605
Working Balances Contribution not needed	300
Interest Received on Investments	605
Reduction in Interest paid etc	427
Increased Council Taxbase	600
Increased Collection Fund Surplus	730
Business Growth Incentive Scheme	800
Working Balances (above 3%)	2,881
RESOURCES AVAILABLE	6,948

REVENUE PRESSURE

SECTION 1 HIGH PRIORITY

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
Corporate	Building Schools for the Future	Funding required to develop strategy for redevelopment of schools in line with the Building Schools for the Future Programme	Failure to obtain Government support and associated funding.	250	750	1,000	Ann Baxter
Corporate	Employment Issues	The Council is required to implement the Single Status Agreement by March 2007. It also faces considerable Equal Pay/Value claims currently. Although some resource is available experience from other councils is that this will not be enough	Failure to complete the Single Status Agreement with subsequent Government and employee relation issues as well as the real risk of a significant number of Equal Pay/Value claims.	2,800			Julie Danks
Corporate	Access to Services-Phase 1 Corporate Telephone Contact Centre & Thornaby Multi-Service Centre. Access to Services-Phase 2 Stockton Multi-Service Centre.	Staffing costs-management of service and customer service officer career grades Staffing costs-management of service	Authority will not be able to implement the Cabinet approved strategy to provide residents and customers easy access to services	190	254	289	Debbie Hurwood
Corporate	Legal Conveyancing Staff – Recruitment & retention pressures. Legal Contract & Procurement work e.g. CESC commissioning, Building Schools for the Future, Housing Stock Transfer, EU Procurement & partnerships	Increase in salaries to market level in order to fill vacant posts New Assistant Solicitor post offset by deletion of Trainee Solicitor post	Work would have to be outsourced at significantly higher cost.	30	30	30	Julie Grant
Corporate	Stockton/Darlington Initiative	Funding for the development of proposals for the Stockton/Darlington partnership. The partnership is an innovative shared services programme which will deliver significant efficiency savings over the medium term.	Delays or failure to develop the partnership will directly impact on the ability to deliver efficiency savings.	150	0	0	Garry Cummings

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£' 000	2009/10 £'000	Contact Officer Details
CEC C&YP	Social Worker posts	Creation of new posts & introduction of Level G posts for each team	Adverse impact on inspection / performance judgements. Delays in assessments. Safeguarding risks to children in need.	90	90	90	Jane Tel. 527053
CEC C&YP	Workforce Development	Increase staffing capacity to enable development and implementation of Children's Workforce Strategy	Failure to implement requirements of the Children Act. Inadequate capacity to deliver new integrated services. Workforce not appropriately skilled to meet needs of children, young people and their families.	50	50	50	Julia Morrison Tel. 527041
CEC C&YP	Level 3 Foster Carers	Recruit additional Foster Carers at Level 3.	Children placed inappropriately in residential care. Placement stability impaired with adverse impact on performance indicators.	70	70	70	Jane Tel. 527053
CEC C&YP	Independent Foster Carers	Increase Independent Fostering Agency placements.	Inappropriate placements for vulnerable children. Placement stability impaired. Increase in higher cost residential provision.	70	70	70	Jane Tel. 527053
CEC C&YP	Residential Placements	Cost of specialist residential placements for complex needs cases.	Needs of most vulnerable children not met. Risk of placement breakdown.	70	70	70	Jane Tel. 527053
CEC C&YP	Supported Lodgings	Increase supported lodgings payments for looked after children.	Risk of homelessness. Young people living in unsuitable accommodation.	30	30	30	Jane Tel. 527053
CEC C&YP	Contact Assistants	Respond to an increase in number of hours granted by the courts.	Inefficient use of Social Worker resource.	50	50	50	Jane Tel. 527053

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
CEC C&YP	Homeless Young People	Improve services to support young people who become homeless.	Increase in homelessness amongst young people. Adverse JAR outcome and impact on CPA rating.	50	50	50	Peter Seller Tel. 527043
CEC C&YP	Special Guardianship Support	Increase support to carers via SLA with After Adoption Agency.	Failure to comply with new regulatory requirements.	25	25	25	Peter Seller Tel. 527043
CEC C&YP	Domiciliary Care Contract	Maintain access to support service for families with disabled children.	Children and families at risk of exclusion from mainstream services. Pressure on specialist services due to lack of preventative support.	140	140	140	Peter Seller Tel. 527043
CEC C&YP	Home / School Transport	Ensure safe, reliable transport for increased number of school pupils eligible for home / school transport.	Failure to comply with statutory requirements.	60	60	60	Tony Beckwith Tel. 527052
CEC C&YP	Preventative Services / Integrated Service Areas	Establishment of integrated teams serving local areas.	Failure to implement requirements of the Children Act. Inadequate capacity to deliver new integrated services. Families in need have poor access to local preventative support services.	95	95	95	Peter Seller Tel. 527043
CEC Adults and C&YP	Complaints	Implement new Independent Person requirements.	Failure to comply with new statutory requirements.	50	50	50	Tony Beckwith Tel. 527052
CEC Adults	Protection of Vulnerable Adults (POVA)	Ensure compliance with national regulatory standards and local multi-agency protocols for protection of vulnerable adults.	Failure to comply with regulatory requirements. Vulnerable adults at greater risk of abuse.	30	30	30	Mari Rose Tel. 527045
CEC Adults	Commissioning Posts (Supporting People / Drugs / Continuing Care)	Additional capacity in Adult Strategy Team for commissioning of services and monitoring of contracts.	Poor quality services, not matched to needs. Gaps in service provision for targeted groups. Adverse inspection judgements with impact on star rating.	50	50	50	Ruth Hill Tel 527055

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
CEC Adults	Learning Disability Placements	Increase access to Supported Living and Extra Care placements.	Inappropriate placements of people with learning disability. Greater reliance on more costly out of borough residential placements. Adverse impact on inspection / performance judgements.	50	50	50	Ruth Hill Tel 527055
CEC Adults	Older People's Placements	Ensure appropriate balance of residential / supported living / domiciliary care provision.	Inappropriate match of provision to need. Over reliance on residential provision. Adverse impact on inspection / performance judgements.	150	150	150	Ruth Hill Tel 527055
CEC Adults	Carers	Develop a wider range of services, including respite care, to support carers.	Increased demand on residential provision / specialist support / acute services. Adverse impact on inspection / performance judgements.	70	70	70	Ruth Hill Tel 527055
CEC Culture	Stockton International Riverside Festival	The only event for which we have an international reputation	Loss of likely £212k match funding.	60	60	60	Reuben Kench Tel. 527039

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
D&NS	Public Transport Support	Transport issues including government legislation allowing free travel on busses for elderly, blind & disabled.	Statutory obligation	300	300	300	M Robinson
D&NS	Energy Charges	Increased energy charges from utility companies affecting street lighting and admin buildings	Effects performance BVPIs, resident satisfaction and safety.	175	175	175	M Robinson
D&NS	Memorial Inspections	Inspection, assessment, repairs and make safe of memorial headstones and monuments in the Borough. Requires a dedicated memorial inspector and associated costs, e.g. training, vehicle, specialist equipment.	Statutory Obligation. Health and Safety Issues	200	100	100	J McCann
D&NS	Planning Service Improvements	<p>Planning Service Improvements, details include:</p> <p>8 additional full time planning posts required to cope with service pressures and performance issues</p> <p>Recruitment and advertising expenses to address continued staff shortages</p> <p>Address significant filing issues within the Planning Department</p> <p>Creation of 2 temporary posts to address back scanning of planning files</p> <p>Maintenance budget for IT planning systems (CAPS/IDOX)</p>	<p>Planning Service Improvements, risks include:</p> <p>Effective performance (BVPIs) and planning performance levels contribute to CPA Assessment Low Customer Satisfaction</p> <p>Effective performance (BVPIs) and planning performance levels contribute to CPA Assessment Low Customer Satisfaction</p> <p>Customer Satisfaction levels and efficiency of the Admin office</p> <p>Links to PARSOL best practice and objective 4 in PIP</p> <p>Planning workflow relies completely on its IT systems. Funding will ensure uninterrupted service delivery and continual improvement in this area</p>	230	230	230	C Straughan

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
		Increased postage and advert costs for increased numbers of planning applications being received	Failure to properly consult and advertise will be in breach of legislation. It will potentially leave the Council open to challenge and judicial review. Poor Customer Satisfaction levels. Impacts on performance levels (BVPIS)				
D&NS	Housing Benefit Salaries	Administration salary costs within Housing Benefit. Previously shortfalls have been met by surpluses however, this is not sustainable.	Unable to implement new legislation - e.g. Local Housing Allowance. Impact on BVPI performance and CPA rating	60	60	60	J Allport
D&NS	Parks and Countryside Refurbishments/Facilities	<p>Parks and Countryside Refurbishments/Facilities, detail includes:</p> <p>Maintenance costs for recently refurbished Ropner Park, includes Play Area, Pavilion, Bandstand, Lake, fences and Gates</p> <p>Maintenance costs for Great North Park, 3K from NRF not sufficient to maintain park</p> <p>Provision of Badger Bus for free transport into country parks and nature reserves in deprived urban area. Previously funded by surpluses which is not sustainable</p> <p>Maintenance costs for touch screen interactive facility at Wynyard Park</p> <p>Significant investment required for countryside parks infrastructure, associated maintenance budget is required to maintain sites</p>	<p>Parks and Countryside Refurbishments/Facilities, risk includes:</p> <p>Failure to protect the 3.5m worth of investment. Non achievement of Green Flag award</p> <p>Non achievement of Green Flag Award. Decrease in public satisfaction levels.</p> <p>Links into the Sports & Leisure Strategy, including accessibility for all.</p> <p>Retention of Green Flag award would be dubious if visitor facility was not maintained.</p> <p>Retention of Green Flag awards would be dubious if sites were not maintained.</p>	200	200	200	J McCann

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
		Replacement costs for Parks and Countryside Vehicle	Workings of Parks and Countryside sites severally hampered if transport not available				
D&NS	Town Centre Manager	Salary, accommodation and events costs for Town Centre manager	Ineffective management of town centres. Impacts SIP performance - an economy that is attractive to investment and promotes business growth	60	60	60	Thompson

SECTION 2 OTHER PRIORITY PRESSURES

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
Corp- orate	PCSO's	Contribution to Policing-pressure due to announcement for more police officers (50% contribution from SBC)	Service delivery	250	0	0	M. Batty

Priority	Service Group	Scheme	Description	Consequences of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
1	CESC Adults	Support for Independent Living	Develop a broader range of preventative services to support older people living at home.	Unable to deliver on national and local priorities for providing more choice and independence for older people. Adverse impact on performance indicators and inspection judgements / star ratings.	150			Ruth Hill Tel 527055
2	CESC C&YP	Youth Bus	Provision of new mobile facility for engaging young people in localities in a range of positive activities.	Failure to engage with young people in targeted areas. Requirements of national 'Youth Matters' agenda not fully met. Difficulties delivering on aspects of community safety plan.	200			Jane Humphreys Tel. 527053
3	CESC Adults	Specialist Care Packages	Develop more specialist domiciliary care packages for those with complex care needs.	Increased pressure on acute services and specialist residential provision. Adverse impact on performance indicators and inspection judgements / star ratings.	150			Ruth Hill Tel 527055
4	CESC C&YP	Parenting Strategy	Pump priming to enable implementation of strategy for the design and delivery of parenting support services.	Failure to implement requirements of new national guidance. Focus on preventative strategies within overall Every Child Matters framework will be diminished. Inadequate access to support services for parents experiencing difficulties.	30			Peter Seller Tel. 527043
5	CESC Adults	Learning Disability Residential Placements	Costs of specialist residential placements, and management of transitions, for complex needs cases.	Needs of vulnerable adults not met. Risk of placement breakdown.	200			Ruth Hill Tel 527055
6	CESC C&YP	Anti-Bullying strategy	Implement system to enable more effective monitoring of incidents of bullying.	Failure to meet aims of anti-bullying strategy. Not able to monitor and evaluate effectively the impact of work to reduce bullying. Poor response to issue identified as a high priority by young people	20			Julia Morrison Tel. 527041

Priority	Service Group	Scheme	Description	Consequences of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
				themselves.				
7	CESC C&YP	Locality Based Youth Facilities	Development of local youth service facilities.	Requirements of national 'Youth Matters' agenda not fully met. Delays in implementing Scrutiny Review recommendations.	200			Jane Humphreys Tel. 527053

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
D&NS	Homeless/Domestic Violence	Homeless/Domestic Violence, details include: To deliver a proactive homelessness service through a toolkit of proactive services. Need to change to a proactive service has been triggered through direct intervention of the DCLG Homeless Directorate NRF Funding for Domestic Violence Service expires in 2008. Caseload continues to rise, including self referrals	Homeless/Domestic Violence, risks include: Impact on BVPI Performance. Will reduce costs for temporary accommodation services Performance issues as contributes to the Community Safety Plan (objective 5) and a number of BVPIs	70	102	52 (domestic Violence only)	J Allport/ M. Batty
D&NS	Arlington – Castlegate Quay	£20k one off costs for Arlington Park. Subsidy payments to British Waterways ends Oct 06, require 40K to continue service at current level.	Both elements contribute to the physical activity agenda. Initial funding for the skate park was awarded on the assumption that the service would be mainstreamed.	60	43	50	S Daniels
D&NS	IT/GIS	Upgrade of equipment and GIS software, software company will no longer support the Council's version. Licence no's and costs increased due to address look up facility.	Should software fail data would be lost. Potential service disruption.	25	28	30	S Daniels
D&NS	Bereavement Services	Bereavement Services - impact on general fund as a result of reducing income (decrease in burials of 20% compared to the same period last year)	Impacts general fund	60	100	110	S Daniels
D&NS	Stockton Middlesbrough Initiative	SBC Contribution to the Tees Valley Stockton Middlesbrough Initiative - costs for marketing and changing perceptions delivery agenda	Impact on SIP related performance. Risk to the future economy/growth of the Borough	50	50	50	I Thompson

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09 £'000	2009/10 £'000	Contact Officer Details
D&NS	Traffic Signals	Maintenance of traffic signals has risen due to the increase in the number of installations (e.g. North Shore), existing budget requires revision	Failure to properly maintain traffic signals will lead to congestion/safety issues.	35	35	35	M Robinson
D&NS	Out of Hours Noise	Provision of a flexible out of hours service. The provision of this service was one of the recommendations made at Cabinet on 10 August 2006	Inability to handle ASB incidents quickly and efficiently. Response to urgent complaints such as intruder alarms not possible without this service.	45	45	45	M Batty
D&NS	Stray Dogs 24/7	Transfer of service from Police to Local Authority (under the Clean Neighbourhood and Environment Act 2005) for the reception of stray dogs. Costs are for vaccination and kennelling for stray dog numbers collected annually (approx 300-350 dogs).	Statutory Obligation	25	50	50	M Batty
D&NS	Events Budget	Delivery of Events Programme. Cut of £68k taken as possible saving, however all or nothing approach needed as majority of costs relate to staffing expenditure. In addition 5K maintenance budget required for equipment.	At worst cancellation of an events programme for Stockton, at best limited provision i.e. Fireworks and Christmas event only, whether this is feasible operationally is doubtful.	73	73	73	S Daniels
D&NS	Technical Support Fees	Technical Support Fees, details include Provision of Architectural, Engineering, Transport and Landscaping services to other service areas within the Council. Service areas do not have any budgets to pay for this type of work Provision of professional fees for major regeneration projects, e.g. Billingham Town Centre refurbishment. Service areas do not have any budgets to pay for this type of work	Technical Support Fees, risk include Potential impact on performance and service delivery of other service areas Potential impact on performance and major plans/improvements	313	313	263	M Robinson / I Thompson

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
		An increased workload on planning applications is increasing the input required from Highways which incorporates expertise that needs to be bought in due to the highly specialised nature of the work Costs associated with restructure within Integrated Transport and Policy Service	Potential impact on performance (BVPIs) and CPA rating Will effect SIP and delivery of key actions				
D&NS	Securing Empty Properties	Secure empty properties of undetermined and unresponsive owners. Funding from the National Arson Control Forum will expire at the end on 2006/07	Possible impact on anti social behaviour incidents	15	15	15	M Batty
D&NS	Wild Horses	Costs for a specialist contractor to impound horses. Original allocation for a 3-year period (2001-2004). Take up has been slow, effective deterrent in place. Spend now is for standing charge/retainer fee.	If service was discontinued difficult to predict if the problem would re-emerge.	15	15	15	M Batty
D&NS	Stock Condition Survey	Commission of a stock condition survey for Private Sector Stock. Carried out once every 5 years and is used for capital bids i.e. identifying the most appropriate area for funding to be utilised.	Impacts on BVPI performance levels and CPA rating. Risk of poor planning for future capital improvements works	100	0	0	J Allport
D&NS	Arboriculture Contract	Maintain arboriculture service, current contractor is struggling financially to fulfil contractual obligation. May need to re-tender	Potential major impact on service delivery for tree maintenance	50	50	50	J McCann
D&NS	Mobile Skate Park	NRF Funding /Youth Service contribution for mobile skate park ended in August 2006.	Politically high profile and contributes to the physical activity agenda. Potential for an increase in ASB incidents	51	53	55	S Daniels
D&NS	Grounds Maintenance	Extension of grass cutting service - 2 cuts extra per year	Reduction in satisfaction levels. Risk of failing to develop the service to react to changing weather conditions, having a detrimental effect on the perception of the area	80	80	80	J McCann

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
D&NS	Planning – Other	<p>Planning – Other details include</p> <p>Procurement of consultants to undertake specific studies / projects for Planning Services, where expertise and knowledge is not available in-house</p> <p>Funding required for the management of Public Inquiries, will include legal representatives e.g. barrister and any potential costs awarded</p> <p>Employment of a planner / technician (1 year only) to address time lines for the production of strategies and policies within the planning service.</p>	<p>Planning – Other risks include</p> <p>To appoint in-house would be costly and would not demonstrate value for money, as service is not required on a full time basis. Contributes to BVPIs and CPA</p> <p>Potential risk of service budget being in a deficit position and Public inquiries not being managed effectively.</p> <p>Performance issues – BVPIs and SIP</p>	147	120	0	C Straughan
D&NS	Tourism Promotion / Information	Current staffing levels cannot be sustained within existing budgets. May lead to Tourism Information Centre being removed from the national network and subsequent loss of support from One North East.	Reduced service to residents and visitors of the Borough. Negative impact on performance – SIP and BVPIs	15	16	16	I Thompson
D&NS	CCTV in parks	Redevelopment of the Borough parks requires increased surveillance CCTV. Parks include Village Park, Victoria Park, Ropner Park. Good monitoring of the play areas is essential in preventing ASB issues.	Links to Every Child Matters initiative Prevention of AASB incidents	20	22	24	J McCann
D&NS	Cycle Training / Road Safety	Practical pedestrian / cycling training initiatives support the stretch target agreed for reducing casualties. Currently no budget for this work.	Effective performance BVPIs, resident satisfaction and safety	50	50	50	M Robinson
D&NS	Loss of Income on Temp Accommodation	Loss of income from temporary accommodation scheme will need to be met from mainstream budgets. This will be a year on year pressure unless budget is revised to reflect the anticipated reduction in income levels.	Impacts on BVPI performance and also puts pressure on service delivery if costs are met from within existing budgets.	17.5	17.5	17.5	J Allport

Service Group	Scheme		Consequence of Not Proceeding	2007/08 £'000	2008/09£ '000	2009/10 £'000	Contact Officer Details
D&NS	Demolition of insecure properties	Funding demolition costs for derelict and vandalised properties where owners cannot be traced.	Increased in ASB incidents if not addressed. Environmental eye sore	30	30	30	M Robinson
D&NS	SSVT – Sheltered Schemes	To ensure sufficient housing for our elderly residents is available and meets the Government's Decent Homes Standard by 2010	Supply and demand issues for housing our elderly residents. Non achievement of the Decent Homes Standard	50	0	0	J Allport
D&NS	Adopted Land	Following the creation of the Leisure Trust (Tees Active) associated land was not transferred over. As an un-adopted highway, maintaining this land is being carried out by Direct Services with no budget to support the work.	Statutory obligation Health and Safety issues, potential increase in insurance claims Decline in resident satisfaction	30	32	33	J McCann
D&NS	Christmas Lights	Repair, replace and storage of Christmas decorations	Resident expectations not met	90	93	96	J McCann
D&NS	Ropner Park Nursery	Redevelopment of Ropner Nursery Facility	Effective performance levels (BVPIs)	300	100	103	J McCann

Summary of Section 2 Other Priority Schemes- Results of Group Activity
(from Member's Seminar 23rd January 2007)

Schemes Supported by Group 1

Service Group	Scheme	3 Years Funding £'000s
D&NS	Arlington- Castlegate Quay	193
Corporate	PCSO's	250
D&NS	Homeless/ Domestic Violence	224
CESC C&YP	Youth Bus	200
CESC Adults	Support for Independent Living	150
Total Amount for Supported Schemes		1017

Schemes Supported by Group 2

Service Group	Scheme	3 Years Funding £'000s
Corporate	PCSO's	250
CESC C&YP	Youth Bus	200
CESC C&YP	Locality Based Youth Facilities	200
D&NS	Homeless/ Domestic Violence	224
D&NS	Arlington-Castlegate Quay	193
D&NS	Out of Hours Noise	135
D&NS	Wild Horses	45
CESC Adults	Support for Independent Living	150
Total Amount for Supported Schemes		1397

Schemes Supported by Group 3

Service Group	Scheme	3 Years Funding £'000s
CESC C&YP	Youth Bus	200
CESC Adults	Support for Independent Living	150
D&NS	SSVT- Sheltered Schemes	50
D&NS	Traffic Signals	105
D&NS	Mobile Skate Park	159
D&NS	Grounds Maintenance	240
D&NS	CCTV in Parks	66
D&NS	Out of Hours Noise	135
Total Amount for Supported Schemes		1105

COUNCIL TAX RECOMMENDATIONS

- A. Members are invited to **Note** that :
1. The Council calculated as its Council Tax Base for the year, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the Regulations) made under Section 33(5) of the Local Government Finance Act 1992 (the Act) , and reported the following to the meeting of the Leader and Deputy Leader held on 5th December 2006.
 - a) the amount calculated by the Council in accordance with regulation 3 of the Regulations, as its Council Tax Base for the year : **57,011.70**
 - b) the amounts, calculated by the Council in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its areas to which one or more special items relate.

Part of the Council's Area	Tax Base
Aislaby & Newsham	96.04
Carlton	291.94
Castleavington / Kirklevington	494.21
Egglecliffe	2,989.59
Elton	135.44
Grindon	1,183.45
Hilton	217.27
Ingleby Barwick	6,153.91
Long Newton	332.91
Maltby	151.90
Preston	584.37
Redmarshall	146.61
Stillington & Whitton	325.95
Thornaby	6,330.60
Wolviston	320.66
Yarm	3,230.57
Billingham	10,228.55

2. The amounts for the year that were approved by the Council on **28th February 2007** in accordance with Section 32 of the Act :
 - a) The aggregate amount that the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act : **£????????**
 - b) The aggregate amount that the Council estimates

Tax Base approved under the Scheme of Delegation on the 5th December 2006.

The Council's total expenditure for the year including Parish Precepts.

The total income to be

for the items set out in Section 32(3) (a) to (c) of the Act : **£??????????**

raised by the Council in the year plus movement on revenue balances.

c) The amount by which the aggregate at 2 a) above exceeds the aggregate at 2 b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year : **£??????????**

The Council's Budget Requirement for the year.

B. Members are **Recommended** to approve the following amounts now calculated by the Council for the year in accordance with Sections 32 to 36 of the Act :

3. The aggregate of the sums that the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant and surplus on the Collection Fund : **£68,733,227**

Government contribution towards General Fund expenditure, adjusted for Collection Fund balances

4. The basic amount of Council Tax for the year, being the amount at 2.c) above less the amount at 3. Above, divided by the amount at 1.a) above, calculated in accordance with Section 33(1) of the Act : **£1,106.91**

The average Tax at Band D, including the Parish precepts.

5. The aggregate amount of all special items referred to in Section 34(1) of the Act : **£463,652**

The total of all Parish precepts.

6. The basic amount of Council Tax for those parts of the area to which no special items relate: **£1,098.77**

Stockton-on-Tees Borough's Basic Tax

C. Members are invited to **Note**

7. Parish Precepts are:

Part of the Council's Area	2007/2008 Band D Precept Equivalent	
	£	£
Aislaby & Newsham	0	0.00
Carlton	4,315	14.78
Castleavington / Kirklevington	14,400	29.14
Egglescliffe	45,017	15.06
Elton	1,320	9.75
Grindon	6,700	5.66
Hilton	1,400	6.44
Ingleby Barwick	103,000	16.74
Long Newton	6,000	18.02
Maltby	2,000	13.17
Preston	5,500	9.41
Redmarshall	2,000	13.64

Stillington & Whitton	6,250	19.17
Thornaby	99,300	15.69
Wolviston	9,500	29.63
Yarm	76,950	23.82
Billingham	80,000	7.82
	<u>463,652</u>	

7. Cleveland Police Authority has stated the sum of **£???????** in a precept issued to the Council in accordance with Section 40 of the Act; this translates into the following sums for each Council Tax Band :

Cleveland Police Authority Tax.

Band	Sum £
A	0
B	0
C	0
D	0
E	0
F	0
G	0
H	0

8. Cleveland Fire Authority has stated the sum of **£3,189,805** in a precept issued to the Council in accordance with Section 40 of the Act: this translates into the following sums for each Council Tax Band:

Cleveland Fire Authority Tax

Band	Sum £
A	37.30
B	43.52
C	49.72
D	55.95
E	68.38
F	80.82
G	93.25
H	111.90

- D. Members are **Recommended** to set amounts of Council Tax for the year, being the aggregate of items 6, 7 and 8 above in accordance with Section 32(2) of the Act, for each category of dwelling in each area as shown as shown at **Appendix E(1),E(2),E(3)**.

Total Council Tax bill levels, including Borough, Police Authority , Fire Authority and Parish elements

Appendix E (1)

**Council Tax - Parish Demands
2007/2008**

Item	Parish	Band							
		A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Carlton	9.85	11.50	13.14	14.78	18.06	21.35	24.63	29.56
3	Castleavington / Kirklevington	19.43	22.66	25.90	29.14	35.62	42.09	48.57	58.28
4	Egglescliffe	10.04	11.71	13.39	15.06	18.41	21.75	25.10	30.12
5	Elton	6.50	7.58	8.67	9.75	11.92	14.08	16.25	19.50
6	Grindon	3.77	4.40	5.03	5.66	6.92	8.18	9.43	11.32
7	Hilton	4.29	5.01	5.72	6.44	7.87	9.30	10.73	12.88
8	Ingleby Barwick	11.16	13.02	14.88	16.74	20.46	24.18	27.90	33.48
9	Long Newton	12.01	14.02	16.02	18.02	22.02	26.03	30.03	36.04
10	Maltby	8.78	10.24	11.71	13.17	16.10	19.02	21.95	26.34
11	Preston	6.27	7.32	8.36	9.41	11.50	13.59	15.68	18.82
12	Redmarshall	9.09	10.61	12.12	13.64	16.67	19.70	22.73	27.28
13	Stillington & Whitton	12.78	14.91	17.04	19.17	23.43	27.69	31.95	38.34
14	Thornaby	10.46	12.20	13.95	15.69	19.18	22.66	26.15	31.38
15	Wolviston	19.75	23.05	26.34	29.63	36.21	42.80	49.38	59.26
16	Yarm	15.88	18.53	21.17	23.82	29.11	34.41	39.70	47.64
17	Billingham	5.21	6.08	6.95	7.82	9.56	11.30	13.03	15.64

Appendix E (2)

**Council Tax - Borough and Parish Demands
2007/2008**

Item	Parish	Band							
		A	B	C	D	E	F	G	H
	Factor	6	7	8	9	11	13	15	18
		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	732.51	854.60	976.68	1,098.77	1,342.94	1,587.11	1,831.28	2,197.54
2	Carlton	742.36	866.10	989.82	1,113.55	1,361.00	1,608.46	1,855.91	2,227.10
3	Castleavington / Kirklevington	751.94	877.26	1,002.58	1,127.91	1,378.56	1,629.20	1,879.85	2,255.82
4	Egglescliffe	742.55	866.31	990.07	1,113.83	1,361.35	1,608.86	1,856.38	2,227.66
5	Elton	739.01	862.18	985.35	1,108.52	1,354.86	1,601.19	1,847.53	2,217.04
6	Grindon	736.28	859.00	981.71	1,104.43	1,349.86	1,595.29	1,840.71	2,208.86
7	Hilton	736.80	859.61	982.40	1,105.21	1,350.81	1,596.41	1,842.01	2,210.42
8	Ingleby Barwick	743.67	867.62	991.56	1,115.51	1,363.40	1,611.29	1,859.18	2,231.02
9	Long Newton	744.52	868.62	992.70	1,116.79	1,364.96	1,613.14	1,861.31	2,233.58
10	Maltby	741.29	864.84	988.39	1,111.94	1,359.04	1,606.13	1,853.23	2,223.88
11	Preston	738.78	861.92	985.04	1,108.18	1,354.44	1,600.70	1,846.96	2,216.36
12	Redmarshall	741.60	865.21	988.80	1,112.41	1,359.61	1,606.81	1,854.01	2,224.82
13	Stillington & Whitton	745.29	869.51	993.72	1,117.94	1,366.37	1,614.80	1,863.23	2,235.88
14	Thornaby	742.97	866.80	990.63	1,114.46	1,362.12	1,609.77	1,857.43	2,228.92
15	Wolviston	752.26	877.65	1,003.02	1,128.40	1,379.15	1,629.91	1,880.66	2,256.80
16	Yarm	748.39	873.13	997.85	1,122.59	1,372.05	1,621.52	1,870.98	2,245.18
17	Billingham	737.72	860.68	983.63	1,106.59	1,352.50	1,598.41	1,844.31	2,213.18
18	Areas without Parish Councils	732.51	854.60	976.68	1,098.77	1,342.94	1,587.11	1,831.28	2,197.54

Appendix E (3)

**Council Tax - Total Demand (Borough, Parishes, Police and Fire)
2007/2008**

Item	Parish	Band							
		A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	769.81	898.12	1,026.41	1,154.72	1,411.32	1,667.93	1,924.53	2,309.44
2	Carlton	779.66	909.62	1,039.55	1,169.50	1,429.38	1,689.28	1,949.16	2,339.00
3	Castleavington / Kirklevington	789.24	920.78	1,052.31	1,183.86	1,446.94	1,710.02	1,973.10	2,367.72
4	Egglescliffe	779.85	909.83	1,039.80	1,169.78	1,429.73	1,689.68	1,949.63	2,339.56
5	Elton	776.31	905.70	1,035.08	1,164.47	1,423.24	1,682.01	1,940.78	2,328.94
6	Grindon	773.58	902.52	1,031.44	1,160.38	1,418.24	1,676.11	1,933.96	2,320.76
7	Hilton	774.10	903.13	1,032.13	1,161.16	1,419.19	1,677.23	1,935.26	2,322.32
8	Ingleby Barwick	780.97	911.14	1,041.29	1,171.46	1,431.78	1,692.11	1,952.43	2,342.92
9	Long Newton	781.82	912.14	1,042.43	1,172.74	1,433.34	1,693.96	1,954.56	2,345.48
10	Maltby	778.59	908.36	1,038.12	1,167.89	1,427.42	1,686.95	1,946.48	2,335.78
11	Preston	776.08	905.44	1,034.77	1,164.13	1,422.82	1,681.52	1,940.21	2,328.26
12	Redmarshall	778.90	908.73	1,038.53	1,168.36	1,427.99	1,687.63	1,947.26	2,336.72
13	Stillington & Whitton	782.59	913.03	1,043.45	1,173.89	1,434.75	1,695.62	1,956.48	2,347.78
14	Thornaby	780.27	910.32	1,040.36	1,170.41	1,430.50	1,690.59	1,950.68	2,340.82
15	Wolviston	789.56	921.17	1,052.75	1,184.35	1,447.53	1,710.73	1,973.91	2,368.70
16	Yarm	785.69	916.65	1,047.58	1,178.54	1,440.43	1,702.34	1,964.23	2,357.08
17	Billingham	775.02	904.20	1,033.36	1,162.54	1,420.88	1,679.23	1,937.56	2,325.08
18	Areas without Parish Councils	769.81	898.12	1,026.41	1,154.72	1,411.32	1,667.93	1,924.53	2,309.44
	Police Precept included - all areas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Fire Precept Included - all areas	37.30	43.52	49.73	55.95	68.38	80.82	93.25	111.90

PROPOSED FRAMEWORK FOR ASSESSING APPLICATIONS FOR LOCAL DISCRETIONARY COUNCIL TAX DISCOUNTS

1. Applications will only be considered where:
 - a) The Council Tax payer would sustain hardship if the Authority did not grant discount; and
 - b) It would be reasonable for discount to be granted having regard to the interests of all Council Tax payers.
2. Council Tax payers will be requested to provide the following information in support of their application:
 - Details of the circumstances leading up to the application;
 - Details of their financial circumstances;
 - The period over which discount is requested;
 - If the property is unoccupied, why it is unoccupied and what plans (if any) are in place to re-occupy or dispose of the property;
 - Any other information they wish to provide in support of the application

The above list is not exhaustive

3. There is no firm legislative definition of hardship, however the following factors will be taken into consideration and inform the decision making process:
 - The Council Tax payer should be able to satisfy the billing authority that they are not able to meet their full Council Tax liability or part of their liability;
 - The Council Tax payer should demonstrate that all reasonable steps have been taken to meet their full Council Tax liability, including applications for benefit and other sources of income;
 - Whether the Council Tax payer's current circumstances are likely to improve in the following 12 months;
 - Whether the Council Tax payer has assets / owns property;
 - The source of the Council Tax payer's income i.e. are they in employment or do they have no other funding except for that available through public funds;
 - Whether enforced payment of the full Council Tax liability would leave insufficient money available for basic needs such as food or medical prescriptions;
 - Whether any previous awards have been granted;
 - The cost of granting the relief.

Reduction or remission of Council Tax under this scheme will be the exception rather than the norm. There will also be close links between the administration of this scheme with the Council's Corporate Debt Policy. Other ways of reducing the Council Tax payers charge (such as Council Tax Benefit, discounts, exemptions) or maximisation of income will be considered first.

Division by Ward and Ward Population

WARD	POPULATION	COUNCILLOR		Per 100k based on ward pop	400K
BILLINGHAM CENTRAL	7,040	N Teasdale B Woodhouse	Lab Lab	£3,787.39	£15,150
BILLINGHAM EAST	7,100	A Cunningham M Stoker	Lab Lab	£3,819.67	£15,2820
BILLINGHAM NORTH	9,390	L Apedaile K Dewison C Leckonby	Lib Dem Ind Lib Dem	£5,051.65	£20,210
BILLINGHAM SOUTH	6,880	J O'Donnell M Smith	Lab Lab	£3,701.31	£14,800
BILLINGHAM WEST	6,310	M B Womphrey M E Womphrey	Con Con	£3,394.66	£13,580

WARD	POPULATION	COUNCILLOR		Per 100k based on ward pop	400K
BISHOPSGARH & ELM TREE	6,460	S Fletcher MBE J M Roberts	Lib Dem Lib Dem	£3,475.36	£13,900
EAGLESCLIFFE	10,400	M F Cherrett J A Fletcher M Rigg	Lib Dem Lib Dem Lib Dem	£5,595.01	£22,380
FAIRFIELD	6,710	M Perry W Woodhead	Con Con	£3,609.86	£14,440
GRANGEFIELD	6,630	E Johnson J Wade	Lab Con	£3,566.82	£14,270
HARDWICK	7,350	E A Nesbitt W H Noble	Lab Lab	£3,954.16	£15,820
HARTBURN	7,060	K A Lupton T Laing	Con Con	£3,798.15	£15,190
INGLEBY BARWICK EAST	7,860	K C Faulks D C Harrington A M Larkin	IBIS IBIS IBIS	£4,228.53	£16,910

WARD	POPULATION	COUNCILLOR		Per 100k based on ward pop	400K
INGLEBY BARWICK WEST	8,720	K Dixon L Narroway R Patterson	IBIS IBIS IBIS	£4,691.20	£18,760
MANDALE & VICTORIA	9,900	A J Norton A Trainer S F Walmsley	Lab TIA TIA	£5,326.02	£21,300
NEWTOWN	7,170	P W Baker R Gibson OBE	Lab Lab	£3,857.33	£15,430
NORTHERN PARISHES	2,500	S W D Parry	Con	£1,344.95	£5,380
NORTON NORTH	6,750	M Frankland K F Nelson	Lab Lab	£3,631.38	£14,530
NORTON SOUTH	7,780	R Cook S I'A Nelson	Lab Lab	£4,185.50	£16,740
NORTON WEST	6,400	P A Cains D Cains JP	Lab Lab	£3,443.08	£13,770
PARKFIELD & OXBRIDGE	6,810	C Coombs R Rix	Lab Lab	£3,663.65	£14,650
ROSEWORTH	7,540	B Inman K Leonard	Lab Lab	£4,056.38	£16,230

WARD	POPULATION	COUNCILLOR		Per 100k based on ward pop	400K
STAINSBY HILL	6,860	D T Brown J M Lynch	Lab Lab	£3,690.55	£14,760
STOCKTON TOWN CENTRE	6,220	D W Coleman P Kirton	Lab Lab	£3,346.24	£13,380
VILLAGE	6,440	I J Dalgarno B Robinson	TIA Lab	£3,464.60	£13,860
WESTERN PARISHES	3,290	F G Salt	Con	£1,769.96	£7,080
YARM	10,310	J Beaumont B Jones A Sherris	Con Con Con	£5,546.59	£22,190
TOTAL	185,880			£100,000.00	£400,000.00

Appendix H

The Capital budget for 2006/07 is outlined in the following table:

	Approved Budget £000's	Outturn £000's	Variance £000's
Children, Education and Social Care	8,693	8,737	44
Development & Neighbourhood Services	45,166	41,050	(4,116)
Resources	170	170	0
Total Programme	54,029	49,957	(4,072)

This movement includes cost variations of £(2,151,000), slippage of £(2,021,000) and a re-profiling of the use of ring-fenced resources £100,000. The major reasons for the movements are as follows:

Ring-fenced Resources

£000's

Children, Education and Social Care

NDS Modernisation – although there has been a delayed start to the schemes, expenditure will be higher than expected by the end of 2006/07. The expenditure will be funded from grant, borrowing and corporate resources. 196

Slippage

Children, Education and Social Care

Adults;

Parkside Community Mental Health Resource facility - tenders for this scheme have recently been received. Work will begin in 2007/08 and will be funded from borrowing. (102)

Development and Neighbourhood Services

Integrated transport schemes – Rescheduled programme of expenditure to 2007/08, to be funded from developer contributions. (230)

Thornaby Town Centre Regeneration – Delays in developer acquiring all of the properties, transfer now expected to take place in Sept 2007, that will be funded from corporate resources. (919)

Repayment of DLG Grant – delay in sale of land formerly funded from grant. Capital receipts have been earmarked to fund the repayment. (151)

Market Redevelopment – Delays in the tenders being drawn up have resulted in the scheme being delayed until 2007/08, expenditure to be funded from corporate resources. (169)

Cost Variations

Housing General Fund

Housing Regeneration – Reassessment of the programme has reduced the repurchase of homes in Hardwick, Mandale and Parkfield. A revised programme has been carried out to determine the 2007/08 programme and will be funded through future developer contributions. (2,531)

Tri-star Homes delegated

Rescheduling of the decent standards programme has allowed additional heating schemes to be undertaken in 2006/07. Funded from Major Repairs Allowance and borrowing. 533

Void refurbishment programme - Due to a reduction in the Priors/Melsonby refurbishment programme, additional void refurbishment works are being carried out in 2006/07 and financed from capital receipts. 400

Demolition and disturbance costs have been lower than planned on the stock rationalisation programme. This programme is financed from capital receipts. (610)

Kennedy Gardens lift scheme – The tendered costs of the scheme were lower than originally budgeted. A restated programme will be approved for 2007/08, funded from Major Repairs Allowance. (295)

Development and Neighbourhood Services

Kick-Start – grant funding has been received, and will be used to improve bus services between Ingleby Barwick, the town centre and James Cook hospital. 507

Appendix I

Capital Programme 2007/2008	Total Expenditure		
Schemes	2007/2008	2008/2009	2009/2010
Regeneration			
Stockton Middlesbrough Initiative			
Stockton Middlesbrough Initiative	1,525,000	6,875,000	
Saltholme International Nature Reserve	250,000		
Northshore Footbridge	5,618,555	5,514,445	
Stockton Town Centre Redevelopment Ph 1 - Prior Year Approval	12,500		
Miscellaneous			
Mill Lane School - Prior Year Approval	2,683		
Holy Trinity Church - Prior Year Approval	442,631		
CSG - Street Scene - Prior Year Approval	170,000		
CSG - Open Green Spaces - Prior year Approval	60,000		
Town Centre Compensation Claims - Prior Year Approval	95,000		
Thornaby Town Centre Sale	919,201		
Market Redevelopment	169,000		
Thornaby Town Hall - roof repairs	330,000		
	9,594,570	12,389,445	0
Housing Renewal			
Housing General Fund			
Private Sector Renewal	886,000	886,000	886,000
Disabled Facilities Grant - Private	1,107,000	1,107,000	1,107,000
Hardwick Regeneration	4,882,000	2,955,700	142,800
Mandale Regeneration	1,360,200	1,707,300	1,752,000
Parkfield Regeneration	4,625,900		
Concierge	500,000		
	13,361,100	6,656,000	3,887,800
Housing Revenue Account			
Disabled Facilities Grant - Public	900,000	900,000	900,000
HECA	57,000	57,500	58,000
Parkfield Regeneration	559,000		
Total Retained	1,516,000	957,500	958,000
Decent Standard Works	7,061,000	4,530,100	4,878,100
Decent Standard Heating	2,239,900	1,361,800	2,456,000
Stock Rationalisation	1,826,200	1,586,000	845,900
Others	3,843,300	956,900	1,587,100
Void Refurbishment	430,000	420,000	400,000
Total Delegated to Tristar	15,400,400	8,854,800	10,167,100
Total HRA	16,916,400	9,812,300	11,125,100
	30,277,500	16,468,300	15,012,900

School Improvement/ Children's Services			
Children Services			
Modernisation:	4,474,097		
Schools Access Initiative	299,106		
Devolved Formula Capital	4,187,647		
Abbey Hill (Targeted Capital)	421,000	293,000	
Roseworth/Redbrook (Targeted Capital)	2,907,475	835,825	
Planned Maintenance (RCCO)	985,352		
LA Disabled Access (RCCO)	25,000		
Grounds Maintenance (RCCO)	20,000		
Small Minor Works (RCCO)	100,000		
School Travel Plans - Prior Year Approval	28,560		
Norton Secondary - Prior Year Approval	20,000		
Fredrick Natrass Children's Centre	1,000,000		
Barley Fields Children's Centre	530,000		
New Life Children's Centre	500,000		
Footsteps Children's Centre Externals	35,000		
Elm Tree Children's Centre	383,000		
Youth Matters Next Steps - Prior Years Approval	113,769		
	16,030,006	1,128,825	0
Adult Services			
Parkside	106,000		
Day Services Review	208,000		
Improving Care Home Environment	350,000		
	16,694,006	1,128,825	0
Access to Services Strategy			
Access to Services- Thornaby (Includes 240k refurbishment of Library)	425,300	424,300	299,300
Access to Services - Other	549,000		
Customer Relationship Management - Prior Year Approval	64,537		
	1,038,837	424,300	299,300
Accomodation/Asset Review			
Computer Room	250,000		
ICT Infrastructure / Storage	250,000		
	500,000	0	0
Sport, Culture & Lifelong Learning			
Splash	2,400,000	2,400,000	
Preston Park and Hall	150,000		1,000,000
Preston Hall Winter Garden	205,223		
	2,755,223	2,400,000	1,000,000
Parks & Countryside			
Harold Wilson Centre - Prior Year Approval	170,000		
Great North Park / Tilery Park / Primrose Hill Park - Prior Year Approval	15,000		
John Whitehead Park - Prior Year Approval	160,000		
Stockton Parks	500,000		
	845,000	0	0

Engineers			
Integrated Transport Block Allocation	2,236,900	1,962,000	2,152,000
Structural Maintenance Block Allocation	1,087,000		
Miscellaneous			
Vehicle Fleet Renewal Fund - Prior Year Approval	202,878	180,626	
Thornaby Gateway Spitfire Project - Prior Year Approval	30,000		
CSG - Community Safety - Prior Year Approval	167,000		
Bowesfield Preston Footpath Works - Prior Year Approval	16,250		
Repayment Of DLG - Prior Year Approval	151,059		
Additional Highway Works- Improve Satisfaction	500,000	500,000	
Public Footpath - Egglecliffe - Prior Year Approval	27,000		
	4,418,087	2,642,626	2,152,000
Community Schemes			
Cemeteries	200,000	150,000	
Environmental Improvements	463,000	400,000	
CSDPA	300,000	250,000	
Alleygates	246,000	121,000	
	1,209,000	921,000	0
Repairs & Maintenance			
General Repairs and Maintenance	400,000	400,000	
Thornaby Pavilion Boilerplant Replacement - Prior Year Approval	87,000		
	487,000	400,000	0
Total Proposed 2007/8 Capital Programme	67,819,223	36,774,496	18,464,200
Financed By:	2007/08	2008/09	2009/10
Government Support 0708	25,048,097	9,437,225	9,680,200
Government Support Bf 0607	4,464,413	-	-
Other Grants	14,805,445	10,164,445	-
Council resources 0708	5,025,300	3,970,300	1,299,300
Earmarked Housing Receipts	4,542,100	3,458,900	3,589,900
Prudential Borrowing	1,800,000	2,400,000	-
Council resources Bf 0607	2,084,710	-	-
Contributions	7,832,431	5,163,000	1,894,800
Rcco	2,216,727	2,180,626	2,000,000
Total	67,819,223	36,774,496	18,464,200

**PROPOSED STOCK RATIONALISATION PROGRAMME
2007/2008**

MANDALE	
93 - 107 Northumberland Road (odds)	8
26 - 32 Pearl Road (evens)	4
39 - 55 Pearl Road (odds)	9
66 - 70 Northumberland Road (evens)	3
29 - 33 Garnet Road (odds)	3
46 - 66 Garnet Road (evens)	11
1 - 13 Diamond Road (odds)	7
57 - 63 Pearl Road (odds)	4
42 - 44 Pearl Road (evens)	2
Total	51

HARDWICK	
1 - 6 Whessoe Walk	6
4 - 30 Waskerley Close (evens)	14
1 - 23 Waskerley Close (odds)	12
7 - 16 Whessoe Walk	10
19 - 21 Waldrige Road (odds)	2
2 - 22 Wardley Close (evens)	11
4 - 13 Embleton Walk	10
11 - 33 Easington Road (odds)	12
Total	77

PARKFIELD	
17 -18 Webster Close	2
3 - 8 Lawson Walk	6
10 - 11 Lawson Walk	2
16 Lawson Walk	1
18 - 19 Lawson Walk	2
1 - 9 Webster Close	9
19 - 21 Webster Close	3
2 - 12 Ward Close	6
1 - 2 Lawson Walk	2
12 Webster Close	1
14 - 16 Webster Close	3
Total	37

THORNABY TOWN CENTRE	
31 - 45 Appleby House	15
Total	15

2007/2008 PROGRAMME	180
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HOUSING REVENUE ACCOUNT		
Description	2006/7	2007/8
	£	£
<u>INCOME</u>		
GROSS RENT INCOME - DWELLINGS	(29,579,383)	(30,372,324)
INCREASED PROVISION FOR BADS DEBTS	260,000	350,000
- NON DWELLINGS		
RENT	(459,094)	(478,159)
- NON DWELLINGS	(397,644)	(396,965)
SHOPS AND LAND		
CHARGES FOR SERVICES	(722,446)	(738,024)
CONTRIBUTIONS TO EXPENDITURE	(410,513)	(410,735)
ALMO SUBSIDY	(5,040,000)	(5,040,000)
ALMO CAPITAL COST	3,735,546	3,709,389
TOTAL INCOME	(32,613,534)	(33,376,818)
<u>EXPENDITURE</u>		
MANAGEMENT FEE - TRISTAR	6,465,000	6,763,679
RETAINED MANAGEMENT - GENERAL	994,352	1,069,282
INSURANCE RECHARGES	(38,000)	(38,000)
SHELTERED ACCOMMODATION	720,676	257,039
MAINTENANCE - TRISTAR	6,891,000	6,484,842
- DISREPAIR	50,000	50,000
RETAINED MAINTENANCE	466,843	1,137,191
CONCIERGE	1,555,130	1,570,643
RENT REBATES LIMITATION	(200,804)	-
SUBSIDY PAYABLE	9,798,533	9,459,414
CAPITAL CHARGES - INTEREST	4,306,805	4,282,849
- LEASING	214,770	214,770
- DEPRECIATION	67,000	67,000
GARAGES		
- RCCO DECENT	1,000,000	2,000,000
STANDARD		
DEBT MANAGEMENT COSTS	118,189	62,592
AMORTISED PREMIUMS/DISCOUNTS	119,122	111,241
INTEREST RECEIVABLE	(12,844)	(9,258)
INTEREST ON BALANCES	-	50,000
TOTAL EXPENDITURE	32,515,772	33,533,284
SURPLUS/DEFICIT	(97,762)	156,466
BALANCE AT 1ST APRIL	(1,153,428)	(1,251,190)
BALANCE AT 31ST MARCH	(1,251,190)	(1,094,724)

PRUDENTIAL CODE AND TREASURY MANAGEMENT STRATEGY

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. This report revises the indicators for 2006/07, 2007/08 and 2008/09, and introduces new indicators for 2009/10. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the Treasury Management Strategy for 2007/08 is included in this report to complement the indicators. The production of a Treasury Management Strategy is a requirement of the CIPFA Code of Practice on Treasury Management. Compliance with this Code is a requirement of the Prudential Code.

The Council's Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. The total capital expenditure is partially funded by resources such as capital receipts, capital grants etc. Any remaining expenditure that cannot be immediately funded from other resources will form a borrowing need.
4. A certain level of capital expenditure will be grant supported by the Government; anything above this level will be unsupported and will need to be financed from the Council's own resources. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been required.
5. The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some of estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.
6. The Council is recommended to approve the summary capital expenditure projections below, service details are shown at Annex A1. This forms the first prudential indicator:

	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Capital Expenditure					
Non-HRA	46,931	28,648	50,903	26,962	7,339
HRA	17,966	21,451	16,916	9,812	11,125
Total spend	64,897	50,099	67,819	36,774	18,464
Financed by:					
Capital receipts	6,969	10,740	13,452	9,829	3,590
Capital grants	31,151	27,298	35,798	12,569	3,725
Capital reserves	8,935	2,446	7,832	5,163	1,894
Revenue	3,475	2,540	2,217	2,180	2,000

Net financing need (borrowing) for the year	14,367	7,075	8,520	7,033	7,255
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The Council's Borrowing Need (the Capital Financing Requirement)

7. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need.
8. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments. There is no such requirement for Housing capital spend.
9. The Council is recommended to approve the CFR projections below:

	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Capital Financing Requirement					
CFR – Non Housing	123,990	123,945	125,799	126,327	127,319
CFR - Housing	134,788	135,998	137,208	138,418	139,628
Total CFR	258,778	259,943	263,007	264,745	266,947
Movement in CFR	8,380	1,165	3,064	1,738	2,202

Movement in CFR represented by					
Net financing need for the year (above)	14,367	7,075	8,520	7,033	7,255
MRP/VRP and other financing movements	(5,987)	(5,910)	(5,456)	(5,295)	(5,053)
Movement in CFR	8,380	1,165	3,064	1,738	2,202

Limits to Borrowing Activity

10. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
11. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2007/08 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Gross Borrowing	262,895	263,007	264,745	266,947
Investments	91,801	79,265	75,627	77,112
Net Borrowing	171,094	183,742	189,118	189,835
CFR	259,943	263,007	264,745	266,947

12. The Corporate Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.
13. A further two prudential indicators control or anticipate the overall level of borrowing. These are:
14. **The Authorised Limit for External Debt** – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
15. **The Operational Boundary for External Debt** – This indicator is based on the expected maximum external debt during the course of the year; it is not a limit. Actual borrowing could vary around this boundary for short periods during the year. It acts as a monitoring indicator to ensure the Authorised Limit is not breached.
16. The Council is recommended to approve the following Authorised Limit and Operational Boundary:

Authorised limit	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Borrowing	295,800	311,000	322,800	329,800
Other long term liabilities	0	0	0	0
Total	295,800	311,000	322,800	329,900
Operational Boundary	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Borrowing	272,000	287,200	299,000	306,000
Other long term liabilities	0	0	0	0
Total	272,000	287,200	299,000	306,000

Affordability Prudential Indicators

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

Net Budget Requirement, and for the Housing Revenue Account the gross income to the account.

	2005/06 Actual %	2006/07 Revised %	2007/08 Estimate %	2008/09 Estimate %	2009/10 Estimate %
Non-HRA	4.5	3.9	3.7	3.7	3.6
HRA	23.6	22.6	21.8	21.5	20.7

19. The estimates of financing costs include current commitments and the proposals in this budget report.

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

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

	Proposed Budget 2007/08 £	Forward Projection 2008/09 £	Forward Projection 2009/10 £
Council Tax - Band D	0.35	1.03	1.68

22. **Estimates of the incremental impact of capital investment decisions on Housing Rent levels** – Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels. The current indicator only covers supported borrowing which is fully funded through Housing Subsidy. Any unsupported borrowing taken out by the Council in the future may impact on rent levels, however, rent increases are controlled by government guidelines and allowable rent increases have been built into the Medium Term Financial Plan.

23. **Incremental impact of capital investment decisions Housing Rent levels**

	Proposed Budget 2007/08 £	Forward Projection 2008/09 £	Forward Projection 2009/10 £
Weekly Housing Rent levels	0	0	0

TREASURY MANAGEMENT STRATEGY 2007/08 – 2009/10

1. The treasury management service is an important part of the overall financial management of the Council's affairs. Whilst the prudential indicators above consider the affordability and impact of capital expenditure decisions the treasury service considers the effective funding of these decisions. Together they form

part of the process which ensures the Council meets the balanced budget requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included in this strategy which require approval.

2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management and a Treasury Management Policy Statement on 6th March 2002. This adoption meets the requirements of the first of the treasury prudential indicators.
3. The Council is required to approve an annual strategy outlining the expected treasury activity for the forthcoming three years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year.
4. This strategy covers:
 - The Council's debt and investment projections;
 - The expected movement in interest rates;
 - The Council's borrowing and investment strategies;
 - Treasury performance indicators;
 - Specific limits on treasury activities;

Debt and Investment Projections 2007/08 – 2009/10

5. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years. It also highlights the expected change in investment balances.

	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimate £'000	2008/0 Estimate £'000	2009/10 Estimate £'000
External Debt					
Debt at 1 April	256,622	264,344	262,895	263,007	264,746
Maturing Debt	-12,063	-7,481	-12,652	0	0
New Debt taken/to be taken out	19,785	6,032	12,764	1,739	2,201
Debt at 31 March	264,344	262,895	263,007	264,746	266,947
Annual change in debt	7,722	(1,449)	112	1,739	2,201
(under)/over borrowed	5,566	2,952	0	0	0
Investments					
Total Investments at 31 March	89,695	91,801	79,265	75,627	77,112
Investment change	8,308	2,106	(12,536)	(3,638)	1,485

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

	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Revenue Budgets					
Interest on Borrowing	15,726	15,651	15,292	15,335	15,333
Related HRA Charge	(8,115)	(8,042)	(7,937)	(8,007)	(8,022)
Net general Fund Borrowing Cost	7,611	7,609	7,355	7,328	7,311
Investment income	3,765	4,500	3,880	3,500	3,120

Expected Movement in Interest Rates

7. The Treasury Management function is greatly affected by movement in interest rates. The Prudential Code is constructed on the basis of affordability, part of which is related to borrowing costs and investment returns. The Council employs Butlers as Treasury consultants to advise on the treasury strategy, to provide economic data and interest rate forecasts, to assist planning and reduce the impact of unforeseen adverse movements in rates.
8. The expected movement in interest rates are as follows:-

	Base Rate %
2006/07	4.8
2007/08	5.3
2008/09	5.0
2009/10	4.8

9. Interest rate uncertainty is set to persist in the year ahead. The threat of higher inflation is considered a real danger for the UK economy in the near term, not least the possibility that an annual increase in RPI of close to 4.5% in January 2007 could translate to a buoyant pay round.

Borrowing Strategy 2007/08 – 2009/10

10. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
11. Long-term fixed interest rates are expected to rise modestly and base rates are expected to peak at 5¼%. The Corporate Director of Resources, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that longer term fixed rates will be considered if borrowing levels remain relatively low. This may include borrowing in advance of future years requirements.

12. With the likelihood of increasing interest rates debt restructuring is likely to take place later in the financial year or in future years, although the Corporate Director of Resources and treasury consultants will monitor prevailing rates for any opportunities during the year.

13. The expected borrowing requirement over the medium term is:-

	2007/08 Estimated £'000	2008/09 Estimated £'000	2009/10 Estimated £'000
Movement in CFR	3,064	1,739	2,201
Maturing Debt	12,652	0	0
Borrowed in Advance	(2,952)	0	0
Total Borrowing need	12,764	1,739	2,201

Investment Counterparty and Liquidity Framework

14. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

15. The Corporate Director of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are.

- **Banks** – the Council will use banks which have at least the following Fitch or equivalent ratings:
- **Short Term – F1**
- **Long Term – A-**
- **Individual / Financial Strength – B** (Fitch / Moody's only)
- **Support – 5** (Fitch only)
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the Council will use all Societies with assets in excess of £1 billion or use all Societies which meet the ratings for banks outlined above.
- **Money Market Funds** – limit £3m
- **UK Government** (including the Debt Management Office)-limit £12.5m

- **Local Authorities and Police Authorities**-limit £3m

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

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
Upper Limit Category	F1+/AA-/B	P-1/Aa3	A-1+/AA-	£12.5m	3 years
Middle Limit Category	F1/A-/B	P-1/A3	A-1/A-	£10.0m	2 years
Lower Limit Category	Unrated Building Societies with assets in excess of £2 billion			£5m	364 days
Lower Limit Category 2	Unrated Building Societies with assets in excess of £1 billion			£3m	364 days
Other Institution Limits					
Uk Government	-	-	-	£12.5m	-
Money Market Funds	-	-	-	£3m	364 days
Local Authorities	-	-	-	£3m	364 days

(The Upper and Middle Limit categories will include banks and building societies. The Lower Limit Category will normally just be used for unrated subsidiaries and unrated building societies. The Other Institution Limit will be for other local authorities, the DMADF, Money Market Funds. These are all considered high quality names – although not always rated).

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

Investment Strategy 2007/08 – 2009/10

22. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of peaking at 5¼% in early 2007. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts. It is likely that investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise. The Corporate Director of Resources, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

Treasury Management Prudential Indicators and Limits on Activity

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

- Upper limits on variable interest rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- Total principal funds invested for greater than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. Following the rises in interest rates towards the end of 2006/07, rates are expected to plateau and then gradually fall. The investment strategy will be to lock into higher rates as rates fall. It is recommended that the sums invested over 364 days be extended to a maximum of £25 million pounds subject to liquidity, and in accordance with the counter-party limits shown above.

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

	2007/08	2008/09	2009/10
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	25%	25%	25%
Maturity Structure of fixed interest rate borrowing 2007/08			
	Lower	Upper	
Under 12 months	0%	15%	
12 months to 2 years	0%	15%	
2 years to 5 years	0%	45%	
5 years to 10 years	0%	75%	
10 years and above	0%	90%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£m 25	£m 25	£m 25

Performance Indicators

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

26. The following indicators will be reported in the annual report on treasury management activity for 2006/07:-

- Debt – Borrowing - Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – Internal returns above the 7 day LIBID rate

Service Capital Programme

	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimate £'000	2008/09 Estimate £'000	2009/10 Estimate £'000
Children Services	17,547	7,960	16,030	1,129	0
Adult Services	780	525	964	250	0
Housing General Fund	10,791	9,057	13,361	6,656	3,888
Development & Neighbourhood	14,859	10,538	15,409	16,103	2,152
Leisure & Cultural	2,647	398	3,600	2,400	1,000
Resources	307	170	1,539	424	299
Total Non-HRA	46,931	28,648	50,903	26,962	7,339
HRA	17,966	21,451	16,916	9,812	11,125
Total Capital Expenditure	64,897	50,099	67,819	36,774	18,464

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

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

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires the Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 6th March 2002 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Director of Resources has produced its treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

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

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

The investment policy proposed for the Council is as follows:

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

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

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity) – limit £12.5m
2. Supranational bonds of less than one year's duration- limit £0
3. A local authority-limit £3m
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency-limit £3m
5. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society)limit £12.5m or £10.0m.

Category 4 covers investments in a money market funds. Currently the Council has approved the use of only one fund, Standard Life. This is a triple A rated fund (the highest security rating possible) and it is proposed that investment in this fund continues subject to the limit shown.

Category 5 covers bodies with a minimum rating of F1/A-/B as rated by Fitch (or the equivalent as rated by Standard and Poor's, Moody's) rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:-

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
Upper Limit Category	F1+/AA-/B	P-1/Aa3	A-1+/AA-	£12.5m	3 years
Middle Limit Category	F1/A-/B	P-1/A3	A-1/A-	£10.0m	2 years

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

	Non Specified Investment Category	Limit (£ or %)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>£0</p> <p>£0</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£0
c.	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which have the following</p>	

	<p>criteria:-</p> <p>Building Societies with an asset base in excess of £2 billion (restricted to 364 days)</p> <p>Building Societies with an asset base in excess of £1 billion (restricted to 364 days)</p>	<p>£5m</p> <p>£3m</p>
d.	<p>Any bank or building society that has the following rating:-</p> <p>Upper Limit Category (restricted to 3 years)</p> <p>Lower Limit Category (restricted to 2 years)</p> <p>for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	<p>£12.5m</p> <p>£10.0m</p>
e.	<p>Any non rated subsidiary of a credit rated institution included in the specified investment category.</p>	<p>£0</p>
f.	<p>Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.</p>	<p>£0</p>

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

OUTSTANDING LONG TERM DEBT

31-Mar-2007

Loan	Lender	Start	Maturity	Outstanding Debt	
12months and under					
491498 PWLB		02-May-2006	02-May-2007	12,652,061.00	
				<u>12,652,061.00</u>	4.8
2years to 5 years					
474968 PWLB		12-Dec-1994	31-Jul-2010	2,668,968.00	
476715 PWLB		01-Jan-2004	30-Sep-2010	1,016,583.46	
467501 PWLB		01-Jan-2004	31-Dec-2010	225,603.86	
457260 PWLB		01-Jan-2004	31-Mar-2011	752,012.85	
475145 PWLB		01-Jan-2004	30-Jun-2011	752,012.85	
				<u>5,415,181.02</u>	2.1
5years to 10years					
475160 PWLB		01-Jan-2004	30-Jun-2012	752,012.85	
468402 PWLB		01-Jan-2004	30-Sep-2012	376,006.43	
464122 PWLB		14-Mar-1988	31-Jan-2013	4,000,000.00	
470212 PWLB		01-Jan-2004	31-Mar-2013	752,012.85	
468403 PWLB		01-Jan-2004	30-Sep-2013	351,811.59	
467056 PWLB		10-Jul-1989	31-Jul-2014	4,000,000.00	
10/12/2004 Bayerische		01-Jan-2004	10-Dec-2014	8,000,000.00	
467065 PWLB		01-Jan-2004	31-Mar-2015	902,415.42	
467832 PWLB		18-Dec-1989	31-Jul-2015	2,954,845.78	
467057 PWLB		10-Jul-1989	31-Jul-2015	4,000,000.00	
476058 PWLB		01-Jan-2004	31-Dec-2015	752,012.85	
466492 PWLB		01-Jan-2004	31-Mar-2016	601,610.28	
467058 PWLB		10-Jul-1989	31-Jul-2016	4,000,000.00	
471705 PWLB		01-Jan-2004	30-Sep-2016	135,362.31	
471706 PWLB		01-Jan-2004	30-Sep-2016	278,244.75	
466493 PWLB		01-Jan-2004	31-Mar-2017	451,207.71	
				<u>32,307,542.82</u>	12.3
10years and above					
480866 PWLB		01-Jan-2004	30-Jun-2017	752,012.85	
463966 PWLB		08-Feb-1988	31-Jan-2018	6,000,000.00	
464618 PWLB		01-Jan-2004	31-Mar-2018	752,012.85	
467059 PWLB		10-Jul-1989	31-Jul-2018	4,000,000.00	
467066 PWLB		01-Jan-2004	31-Mar-2019	397,952.59	
467574 PWLB		10-Oct-1989	31-Jul-2019	2,000,000.00	
42 Bank New York		04-Feb-1986	04-Feb-2021	2,000,000.00	
467526 PWLB		01-Jan-2004	31-Mar-2021	239,035.09	
484303 PWLB		01-Jan-2004	30-Jun-2021	50,717.14	
484304 PWLB		01-Jan-2004	30-Jun-2021	526,409.00	
479996 PWLB		01-Jan-2004	31-Dec-2021	451,207.71	
486732 PWLB		01-Jan-2004	31-Dec-2021	752,012.85	
484268 PWLB		09-May-2000	30-Apr-2022	3,000,000.00	
485580 PWLB		03-Jul-2001	30-May-2022	3,600,000.00	

479482 PWLB	01-Jan-2004	30-Jun-2022	752,012.85	
49 Barclays	01-Jan-2004	03-Nov-2022	4,000,000.00	
484653 PWLB	01-Jan-2004	31-Dec-2022	300,805.14	
484702 PWLB	10-Nov-2000	31-Oct-2023	1,700,000.00	
484442 PWLB	28-Jun-2000	31-May-2024	3,000,000.00	
486806 PWLB	25-Jul-2002	30-Jun-2024	5,000,000.00	
480389 PWLB	01-Jan-2004	31-Mar-2025	451,207.71	
43 Depfa	26-Jun-2001	26-Jun-2026	5,000,000.00	
485674 PWLB	01-Jan-2004	30-Jun-2026	451,207.71	
478327 PWLB	01-Jan-2004	31-Dec-2026	752,012.85	
486677 PWLB	01-Jan-2004	31-Dec-2026	451,207.71	
483177 PWLB	21-Oct-1999	31-Mar-2027	7,270,334.00	
487699 PWLB	31-Mar-2003	31-Oct-2027	4,000,000.00	
488178 PWLB	20-Oct-2003	31-May-2028	5,000,000.00	
465102 PWLB	18-Aug-1988	31-Jul-2028	5,000,000.00	
473557 PWLB	01-Jan-2004	30-Sep-2028	300,805.14	
481266 PWLB	01-Jan-2004	31-Dec-2028	451,207.71	
402348 PWLB	15-Sep-1969	31-Jul-2029	16,387.11	
402349 PWLB	15-Sep-1969	31-Jul-2029	10,020.77	
482574 PWLB	01-Jan-2004	31-Dec-2029	752,012.85	
488786 PWLB	03-Jun-2004	30-Apr-2030	5,000,000.00	
488392 PWLB	29-Jan-2004	30-Sep-2030	5,000,000.00	
488659 PWLB	31-Mar-2004	31-Oct-2031	6,100,000.00	
488659a PWLB	31-Mar-2004	31-Oct-2031	6,400,000.00	
488338 PWLB	05-Jan-2004	31-Jul-2032	10,000,000.00	
488205 PWLB	28-Oct-2003	30-Jun-2033	5,000,000.00	
466016 PWLB	24-Jan-1989	31-Jul-2033	1,117,375.41	
489873 PWLB	06-May-2005	31-Mar-2034	5,000,000.00	
490451 PWLB	30-Aug-2005	31-Mar-2035	5,000,000.00	
490746 PWLB	21-Nov-2005	30-Sep-2035	5,000,000.00	
44 Dexia	17-Jul-2002	17-Jul-2042	5,000,000.00	
45 Barclays	10-Dec-2002	09-Dec-2042	6,000,000.00	
46 Dexia	12-Dec-2005	12-Dec-2042	6,000,000.00	
491576 PWLB	19-May-2006	31-Mar-2047	4,000,000.00	
491577 PWLB	19-May-2006	31-Mar-2048	3,250,000.00	
491100 PWLB	23-Jan-2006	31-Mar-2051	8,000,000.00	
491888 PWLB	19-Jul-2006	30-Sep-2051	5,000,000.00	
491980 PWLB	24-Aug-2006	30-Sep-2051	5,000,000.00	
491979 PWLB	24-Aug-2006	31-Jan-2052	5,000,000.00	
491981 PWLB	24-Aug-2006	31-Mar-2052	5,000,000.00	
491889 PWLB	19-Jul-2006	30-Sep-2052	5,000,000.00	
491982 PWLB	24-Aug-2006	30-Sep-2052	5,000,000.00	
491983 PWLB	24-Aug-2006	31-Mar-2053	2,472,602.00	
491890 PWLB	19-Jul-2006	30-Sep-2053	4,000,000.00	
492196 PWLB	28-Sep-2006	30-Sep-2053	3,000,000.00	
492197 PWLB	28-Sep-2006	31-Mar-2054	3,000,000.00	
47 Barclays	16-Sep-2004	16-Sep-2054	15,000,000.00	
			<u>212,520,559.04</u>	80.8
		TOTAL	<u>262,895,343.88</u>	100

INVESTMENT COUNTERPARTY LIMITS

COUNTERPARTY	Money £m	Time
Bank of England (guaranteed by HM Government equivalent to a sovereign triple A rating) Debt Management Account Deposit Facility	12.5	3 years
Clearing Banks with an F1+ rating		
Abbey National	12.5	3 years
Alliance & Leicester	12.5	3 years
Barclays Bank	12.5	3 years
H B O S	12.5	3 years
HSBC Holdings	12.5	3 years
Lloyds TSB Group	12.5	3 years
Royal Bank of Scotland	12.5	3 years
Clearing Banks F1 rating		
Bradford and Bingley	10	2 years
Close Brothers Ltd	10	2 years
Co-operative Bank	10	2 years
Northern Rock	10	2 years
Lehman Bros Holdings Plc	10	2 years
NM Rothschild & Sons	10	2 years
Schroders Plc	10	2 years
Building Societies with an F1+ rating		
Nationwide	12.5	3 years
Building Societies with an F1 rating		
Britannia	10	2 years
Portman	10	2 years
Yorkshire	10	2 years
Coventry	10	2 years
Chelsea	10	2 years
Skipton	10	2 years
Leeds	10	2 years
West Bromwich	10	2 years
Derbyshire	10	2 years
Cheshire	10	2 years
Principality	10	2 years
Newcastle	10	2 years
Norwich & Peterborough	10	2 years
Dunfermline	10	2 years
Building Societies with an asset base of £2 billion		
Nottingham	5	364 days
Stroud & Swindon	5	364 days
Building Societies with an asset base of £1 billion		
Scarborough	3	364 days
Progressive	3	364 days
Kent Reliance	3	364 days
Local Authorities		
Money Market Funds	3	364 days