

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

21 FEBRUARY 2008

REPORT OF CORPORATE MANAGEMENT TEAM

COUNCIL DECISION

Lead Cabinet Member – Councillor Kenneth Lupton, Leader

REVIEW OF THE MEDIUM TERM FINANCIAL PLAN AND BUDGET 2008/09

1. Summary

This is the final report in the process of determining the Medium Term Financial Plan (MTFP) for 2008/09 onwards. It incorporates the level of Council Tax increase and utilisation of available resources over the three year period commencing 1 April 2008.

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 2008/09 budget for Stockton-on-Tees Borough Council of £140,545,187.
3. Approve a 2008/09 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£562,225) of £141,107,412.
4. Approve the rebasing of the budget, and the revised method of allocating annual increases.
5. Approve the allocation of £1m per year, ongoing from 2010/11, to the Building Schools for the Future project.
6. Approve the proposed transitional utilisation of the Working Neighbourhoods Fund in 2008/09, and the subsequent use of headroom for Stockton Council managed schemes falling out of Neighbourhood Renewal Funding, from 2009/10 onwards.
7. Approve the funding of the unavoidable pressures from Children, Education and Social Care.
8. Approve the funding of a reserve to accommodate changes to Members Allowances. Variations to the reserved amount being dealt with via the mechanisms of the Medium Term Financial Plan.

9. Approve the funding of the ongoing pressures nominated by Law & Democracy and Resources.
10. Approve the nominated list of schemes, detailed in paragraph 15, proposed to utilize the balance of available ongoing headroom.
11. Approve the revenue pressures nominated that will reduce one-off headroom by £1.959 million.
12. Approve the capital schemes nominated that will reduce one-off headroom and capital by £2.642 million.
13. Approve the reserving of the remaining £0.619m to pump-prime investment in future capital schemes.

Taxation

SBC

14. The Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 4.5% to a level of £1,148.21 at Band D (£765.47 Band A).

Fire, Police & Parish

15. The Council note the Fire Precept of £3,367,763 which equates to a Council Tax of £58.69 at Band D (£39.13 at Band A).
16. The Council note the Parish precepts as set out in paragraph 26, page 17 of the budget report.
17. Legislation requires the Council to approve the aggregate tax for the Borough. The Council has been notified that the Police Authority will now not be meeting to set their budget, precept and Council Tax until 28 February. Consequently an item will be placed on the agenda of the Council meeting on 5 March to set the aggregate Council Tax.

Capital

18. Approve the utilization of capital allocations received from the Government, as set out in paragraph 30 (a), page 18 of the report.
19. Approve cost variations of £(51,000) and the carry forward of slippage into 2008/09 of £(5,311,000).
20. Approve the Medium Term Capital Plan as set out in Appendix H of the report.

Housing Revenue Account

21. The Housing Revenue Account as set out in Appendix J to the budget report be approved.

Treasury Management/Prudential Code

22. Council approve the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2008/09 – 2010/11 as set out in Appendix K to the budget report.

Council Tax - Statutory Requirements

23. Members note the statutory requirements for Council Tax as shown in Appendix G to the budget report.
24. As previously mentioned in the report this excludes the Precept and Council Tax in respect of Cleveland Police Authority. The aggregate tax for the Borough will be reported to the Council meeting held on 5 March for approval.
25. Members approve the proposed Stock Rationalisation Programme at Appendix L of 132 properties in 2008/09.

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 (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must 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 (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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RECOMMENDATIONS

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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 supports a HRA with surpluses in line with Council targets. It also proposes revisions to the Medium Term Financial Plan to reflect a number of high priority pressures.
5. In line with the Local Government Act 2003, the report recommends the approach to a robust, balanced budget. The timescales identified in the report are within the requirements laid down in Section 30 of the Local Government Finance Act 1992.

RISK ASSESSMENT

6. 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

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

EQUALITIES IMPACT ASSESSMENT

8. An assessment has been undertaken. This resulted in a successful score of 65 and an associated action plan. Details of all documentation can be accessed by contacting the Head of Finance, Paul Saunders.

CONSULTATION INCLUDING WARD/COUNCILLORS

9. In order to facilitate the budget setting process seminars and a number of discussion 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 Viewpoint Panel taken into account.

Julie Danks
Corporate Director of Resources

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Background Papers

Ward(s) and Ward Councillors

Property

**MEDIUM TERM FINANCIAL PLAN
AND BUDGET
2008/09**

BACKGROUND

Provisional Settlement

1. The Government announced the Provisional Grant figures for Stockton on 6 December 2007. The increases were above the national average being:

Year	SBC Increase	National Average
2008/09	4.5%	3.5%
2009/10	3.2%	2.8%
2010/11	2.8%	2.6%

As mentioned in the Cabinet Report 17 January 2008, this was offset by the amount Stockton had to return to the Government to fund minimum increases for other Councils and; a reduction in the total funding available through the Local Authority Business Growth Incentive.

Final Settlement

2. The Government on 24 January 2008 announced the details in relation to the Final Settlement. These were marginally less than those announced in the Provisional Settlement reported to Cabinet on 17 January 2008. The major reason being a data calculation error by the Government on Stockton's allowance for capital financing to support the Single Housing Investment Scheme.
3. The final grant increases are shown in the table below:

Year	% Increase	£million Cash Increase
2008/09	4.1	2.928
2009/10	3.1	2.304
2010/11	2.7	2.081

The amount returned to the Government to fund other councils reducing from £8.4 million over the next three years (as reported in January) to £8.2 million.

4. Stockton's final position compared to the other Tees Valley authorities is given in the table below. It can be seen that Stockton received the lowest percentage increase:

	2008/09
Stockton	4.1%
Middlesbrough	4.3%
Darlington	4.7%
Redcar & Cleveland	5.2%
Hartlepool	5.6%

CURRENT POSITION

5. The table below shows an analysis of the current predicted position on balances at the end of the financial year 2007/08. A number of efficiencies have been made during the year, over and above that already included within the medium term financial plan. The contribution to working capital in year has been mainly generated from within the Council's Treasury Management Account and balances over the Council's target of 3% have now been made available.

	Forecast Position @ 31/3/07	% of General Fund Expenditure	Assumed Usage in budget setting £000's
	£000's	%	
Corporate Working Capital	(14,992)	(6.0)	(7,435)
Net (MS) / MC	(3,846)	(1.5)	(2,296)
Net Working Balances	(18,838)	(7.5)	(9,731)

The assumed usage of corporate working capital was included in the report to Cabinet on 17 January 2008. After this utilisation, the level of retained balances will be at 3% or £7.557 million.

MTFP (MS / MC) – December 2007 Outturn

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

	Approved Position at 31/03/2008	Projected Outturn Position at 31/03/2008	Projected Outturn Position at 31/03/2009	Projected Outturn Position at 31/03/2010	Projected Outturn Position at 31/03/2011
	(MS)/MC's £'000's	(MS)/MC's £'000's	(MS)/MC's £'000's	(MS)/MC's £'000's	(MS)/MC's £'000's
CESC	(883)	(1,057)	(411)	(165)	0
D & NS	(2,325)	(2,227)	(1,079)	(441)	0
RESOURCES	(42)	(212)	(18)	(15)	(26)
TES	0	0	0	0	0
LAW & DEMOCRACY	(84)	(87)	0	0	0
POLICY & COMMUNICATIONS	(195)	(263)	0	0	0
TOTAL	(3,529)	(3,846)	(1,508)	(621)	(26)

Key movements since the last reported position are as follows:

Children, Education and Social Care

The Service Grouping is currently projecting a £1,057,000 Managed Surplus at the end of the year. The major variations identified since the September budgetary control exercise was undertaken are:

- Elderly Agency - (£287,000 overspend) mainly due to further detailed analysis of the reassessment of high band nursing care clients to Continuing Healthcare, following changes at a national level to the Free Nursing Care banding and Continuing Health Care criteria.
- Adults Learning Disability Agency – (£111,000 overspend) resulting from an increase in the number of packages of care
- Fieldwork Services - (£66,000 underspend) – Staff vacancies and fewer Manchester ruling cases (where families can receive support towards for care costs) than anticipated.
- Social Care Repairs and Maintenance Schemes - (£167,000 underspend) – underspend due to scheme slippage that will now be earmarked as a managed surplus to cover planned maintenance works in the 2008/09 financial year.

- Specialist Service – Leaving Care - (£75,000 underspend). Vacant posts and a greater than anticipated contribution towards the cost of housing.
- Youth Service - (£108,000 underspend) a higher than anticipated level of grant / lettings income and reduced premises costs due to the vacation of buildings.
- Advisory Service - (£77,000 underspend) arising from staff vacancies and savings on the consultancy budget.
- Behaviour Learning Service – (£88,000 underspend) staff vacancies and savings on premises arising from a reduction in NNDR costs.

The Managed Surplus (£1,057,000) will be utilised over the medium term, to fund in particular, the procurement and implementation of the Integrated Children’s System and the building schools for the future programme.

Development & Neighbourhood Services

The managed surplus for Development and Neighbourhood Services is £2,227,000. The major variations identified since the last report are as follows:

- Technical Services (overspend of £100,000) – mainly relating to an under recovery of Technical Officers Recharges due to a number of vacant posts (£60,000) and a higher than anticipated increase within car parking for utility, security and insurance charges (£40,000).
- Community Protection (underspend of £151,000) – arisen from a re-profiling of PCSO contributions during 2007/08, that will now required in 2008/09 and resources have been ring-fenced to cover this expenditure (£183,000). This has been offset by additional charges relating to animal welfare casework legal costs, estimated at £40,000. In addition, costs estimated at £10,000 are being incurred due to the requirement to carryout survey work relating to Travellers sites.
- Heating, Ventilation and Electrical (additional income £85,000) – increase in income due to additional contract works within the Electrical Domestic and Project areas arising from an increase in work requests;
- Waste Disposal (underspend of £70,000) – lower than expected tonnages at the incinerator and through landfill have generated further savings.
- Highways (overspend of £150,000) – additional highway zonal repair works being carried out by the service.

The Managed Surplus (£2,227,000) 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 (£320,000), including costs associated with the Local Development Framework.
- Regeneration (£410,000), including markets improvements and a contribution to costs associated with the cultural quarter.
- Direct Services (£630,000), including contributions to capital schemes, events, marketing school meals and carry forward of a ringfenced Headroom bid for the Castlegate Quay.
- Community Protection (£150,000), carry forward of the ringfenced headroom bid associated with PCSO’s.
- Engineers (£170,000), potential inflation pressures on street lighting electricity.
- Remaining service areas (£547,000)

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.

Consultation

7. During the last few months there has been consultation with, the public, businesses and Renaissance on the budget setting process. Eight Viewpoint Focus Groups were held in January, and both Viewpoint and the Business Forum have completed questionnaires on spending priorities. The top three categories for each respondee are detailed below.

Adult Viewpoint

1. Reducing anti-social behaviour
2. Caring for adults in their homes
3. Improving Town Centres

Youth Viewpoint

1. Reducing anti-social behaviour
2. Recycling
3. Improving Town Centres
3. Childrens Homes

Business Forum

1. Providing bus travel for schools, the elderly and those with special needs
2. Neighbourhood and community centres
3. Promotion of the Borough for tourism

HEADROOM AND PRESSURES

8. The Cabinet report on 17 January 2008 highlighted proposed changes to the operation of the Council's medium term financial planning framework. Firstly, it is proposed that those budgets facing difficulties, having operated within the tight regime for 10 years, be rebased requiring an injection of funds as follows:

	<u>£000</u>
Children, Education and Social Care	350
Development and Neighbourhood Services	265
Policy, Performance and Communications	200

Secondly, it is proposed that annual increase in resources be amended so that 'Social Care' services receive a 4% increase each year, with the remaining services receiving 2%. In addition, the Care For Your Area service will continue to receive its growth element over the period of this MTFP. This is to be reviewed at the end of this 3-year period.

9. It was suggested in the report that the £1 million that had been introduced into the budget for the Building Schools for the Future up to 2009/10, shall be continued from 2010/11 onwards.
10. The report then gave an indication of available headroom, should a council tax increase of 4.5% be applied to all three years. In line with past practice a number of options for council tax increases were circulated to Members and discussed at the Seminar on 28 January 2008. In addition an assessment of the resulting headroom, and associated pressures, was provided. At the Seminar, and consequent Member Discussion Sessions, there was the opportunity for Members to raise questions on the content of the pressure bids. The following paragraphs contain proposals, on both council tax increases, and the utilisation of the associated headroom, consequent to the consultation that has taken place.
11. Despite receiving the lowest percentage grant increases in the Tees Valley, Stockton will be proposing council tax increases that are well below the Government capping level, and, progressively reduce over the three years yet still allow the Council to continue to invest in its

services. This will contribute to the Council continuing to improve service delivery in an environment where it is already classified as Excellent. The proposed increases and headroom figures are:

Year	Council Tax Increase	Headroom £m
2008/09	4.5%	2.701
2009/10	4.3%	3.500
2010/11	3.9%	4.213

A 4.5% increase is equivalent to £49.44 per property per annum at Band D (95p per week). At Band A this equates to £32.96 per annum (63p per week).

12. The position regarding the implementation of the new Working Neighbourhoods Fund (WNF), and the cessation of the Neighbourhood Renewal Fund (NRF), was at the time of the Cabinet report being investigated. This has resulted in a proposal for a transition year whereby all schemes would be funded via WNF in 2008/09. In reality a number of the schemes would meet the new “worklessness” criteria in any event. Attached at **Appendix A** is a list of all schemes currently funded within NRF together with an analysis of whether they would meet the new ‘worklessness’ criteria or not. This analysis shows that within the current arrangements approximately 50% of schemes would meet the new criteria, the remaining 50% would fall within the transitional arrangements. We are making representations to the Government Office North East stating we believe this is an acceptable mix in the transition year. Following the transition year it is proposed that those schemes internally managed by Stockton Council are mainstreamed into the Council’s budgets. This would be a call on headroom from 2009/10 onwards of £1.072 million a year (the Neighbourhood Element grant funding for Enforcement that is disappearing being included in this sum). Details are provided in the table below. Discussions with providers of schemes currently funded via NRF will ensue in the coming months.

Schemes to be Funded from 2009/10 Onwards		£000
1.	Enforcement Team	565
2.	LSP Management	235
3.	Kerbside Recycling	200
4.	Preventions Team	72
		1,072

13. The Children, Education and Social Care service grouping faces an increase in unavoidable costs associated with people who require packages of care. Added to this from 2008/09 comes an increase in public law fees for the Children Act and adoption proceedings. In addition there are resource requirements arising from the Integration of Services that are deemed to be unavoidable if we are to deliver our commitments on this initiative. It is proposed therefore that these pressures are prioritised as the next commitment against available headroom. Further details on each pressure can be found at **Appendix B**. These in total amount to £1.098 million in 2008/09 (a slight reduction when compared to the information presented to Members at the Seminar on 28 January 2008).
14. A further report on Members Allowance will be presented to the Cabinet in February to consider options. Due to the timeframe of any recommendations then going to Cabinet and Council, it will not be possible to include an exact amount in the budget setting process. It is therefore proposed that funds are reserved in the budget to accommodate the pressure once a decision has been reached. The proposed sum to be reserved for 2008/09 is £160,000, a slight reduction when compared to the information presented at the Members Seminar. Any downward variation will be dealt with via a contribution to balances in 2008/09. Any consequent changes will be accommodated within the Medium Term Financial Plan. In terms of the remaining pressures, as is usually the case, the requirements from Law and Democracy and Resources are smaller than other service groupings. It is suggested within Law and Democracy that the appointments of a CAPS Administrator and Senior Legal

Assistant are approved to maintain standards. Within the Resources service grouping it is felt that a restructure of the Human Resources service is required to help it provide the levels of service and improvement needed to move forward on issues such as organisational development and sickness management. There are further details on these pressures at **Appendix C** and if this proposal was accepted they would total £208,000 in 2008/09, again a slight reduction on the Members Seminar information.

15. If the above proposals are accepted there then is a residual amount of headroom available to be allocated. This residual amount is lower in 2009/10 as Stockton begins to fund the schemes transferring from WNF. It is therefore proposed that £600,000 of funds from the 'one-off' resources available to Stockton is utilised to bolster this year. A summary of the position is provided below:

	4.50%	4.30%	3.90%
	2008/09	2009/10	2010/11
	(£m)	(£m)	(£m)
Headroom	2.701	3.500	4.213
NRF	0*	-1.072	-1.072
CESC	-1.098	-1.141	-1.186
L&D/Res	-0.208	-0.212	-0.216
Members Allowances	-0.160	-0.220	-0.275
Headroom at 4.5%/4.3%/3.9%	1.235	0.855	1.464
Injection of One-Off Headroom		0.600	
Headroom at 4.5%/4.3%/3.9%	1.235	1.455	1.464

*NRF Schemes to be funded out of WNF in 2008/09

There are a number of pressures competing against the remaining headroom, full details are provided at **Appendix D**. The proposed allocation of headroom is given in the table below:

Proposed utilisation of available headroom			
Development & Neighbourhood Services			
Neighbourhood Enforcement	0.145	0.148	0.151
Housing Benefit	0.175	0.190	0.200
Environmental Health	0.205	0.210	0.220
Forum	0.135	0.135	0.135
SMI	0.080	0.085	0.087
Cemeteries	0.030	0.031	0.032
Voluntary Sector	0.040	0.042	0.044
SHIP	0.030	0.033	0.036
Traffic Signals	0.080	0.082	0.084
Mainstream of reduced NMP			
Parkfield/Mill Lane	0.000	0.080	0.100
Out of Hours Noise	0.100	0.102	0.104
Total DNS	1.020	1.138	1.193
Children, Education & Social Care			
Carers	0.050	0.052	0.054
Complex & Additional Needs	0.050	0.052	0.054
Safeguarding Children Board	0.030	0.031	0.032
Substance Misuse	0.050	0.052	0.054
Total CESC	0.180	0.187	0.194

Law Democracy			
Electoral Services	0.079	0.081	0.082
Total Proposed Pressures	1.279	1.406	1.469
Remaining Balance	-0.044	0.049	-0.005

This proposal takes advantage of the flexibility of the 3 year plan. The minor in-year variances balancing out over the 3 years. This means the majority of pressures in Appendix D are funded. The three schemes that are not funded are, Street Lighting Energy, Grounds Maintenance and Leisure Manager.

16. In addition to the ongoing headroom for the period of the MTFP, the report on 17 January indicated there will be 'one-off' resources of £5.24 million. If the application of the £600,000 above is approved this would leave a balance of £4.64 million. A number of pressures have been submitted that are considered suitable for fixed sum, three year funding. These are:

Pressure	£000 08/09	£000 09/10	£000 10/11	Total
1. Public Transport Information	100	102	104	306
2. Christmas Festival	150	200	200	550
3. Carbon Management	150	0	0	150
4. Housing Stock Options	0	400	400	800
5. Christmas Lights	50	51	52	153
	450	753	756	1,959

If approved this would leave a residual amount of £2.681 million. These pressures are detailed further at **Appendix E**.

17. At this point it is worthwhile giving consideration to the position regarding capital expenditure and resources. Attached at **Appendix F** is an evaluation of the Council's current Capital Plan. It can be seen that available resources exceed committed expenditure by £580,000. It can also be seen from the mid section of the plan that some schemes have only been funded up until the end of 2008/09. These are namely:

	£000
Cemeteries	150
Environmental Improvements	400
Chronically Sick and Disabled Persons Act	250
Alleygating	121
Repairs and Maintenance	<u>400</u>
	1,321

It is proposed that these schemes continue until the end of the current MTFP. The two years extra funding required will amount to an additional £2.642 million. This is £2.062 million in excess of the amount available from capital. It is therefore proposed this is funded from the £2.681 million remaining in one-off resources, reducing this to a balance of £0.619 million.

18. Subject to the above proposals being endorsed there would be remaining one-off headroom of £0.619 million. The Council's vision is ambitious both in terms of physical regeneration and service provision. It is therefore proposed that this remaining balance is used to contribute to the achievement of the vision through pump-priming or invest to save initiatives.

ROBUSTNESS OF BUDGET

19. 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 2008/09.
20. 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.
21. 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.
22. 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

23. Stockton's current tax level for 2007/08 at Band A (the biggest percentage of its properties) is £732.51 (£14.07 per week). The impact of a 4.5% increase is shown below:

	Band A	Band D
2007/08	732.51	1098.77
2008/09	765.47	1148.21

Police Precept

24. The Council has been notified that the Police Authority will not be meeting to set their council tax until 28 February 2008. As a result an item will be placed on the agenda of the Council meeting on 5 March to set the aggregate council tax for the Borough. This is in line with legislation and is necessary for council tax billing purposes.

Fire Authority

25. The Fire Authority has determined a precept of £3,367,763, £39.13 at Band A (£58.69 at Band D) which equates to a 4.9% increase in Council Tax based on a Band A figure of £37.30 for 2007/08 (£55.95 at Band D).

	Band A	Band D
2007/08	37.30	55.95
2008/09	39.13	58.69

Parishes

26. Details of the Parish precepts are given below:

Parish	2007/08	2008/09	Increase £	%
Aislaby & Newsham	0	0	0	0.00
Carlton	4,315	4,350	35	0.81
Castleavington & Kirklevington	14,400	15,400	1,000	6.94
Egglescliffe & Eaglescliffe	45,017	79,164	34,147	75.85
Elton	1,320	860	(460)	(34.85)
Grindon	6,700	6,700	0	0.00
Hilton	1,400	1,400	0	0.00
Ingleby Barwick	103,000	120,725	17,725	17.21
Long Newton	6,000	6,000	0	0.00
Maltby	2,000	2,000	0	0.00
Preston	5,500	5,500	0	0.00
Redmarshall	2,000	3,000	1,000	50.00
Stillington & Whitton	6,250	6,500	250	4.00
Thornaby	99,300	139,700	40,400	40.68
Wolviston	9,500	9,785	285	3.00
Yarm	76,950	78,000	1,050	1.36
Billingham	80,000	83,141	3,141	3.93
Totals	463,652	562,225	98,573	21.26

Overall Tax Position

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

The Council
Police
Fire
Parishes

28. The position assuming Stockton Borough Council sets its budget requirement at £140,545,187 is given below;

Tax 2008/09			
	Current 200708 (Band A) £	Proposed 2008/09 (Band A) £	Increase %
Police			
Fire	37.30	39.13	4.9
Stockton BC	732.51	765.47	4.5

Formal Tax Recommendations

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

CAPITAL

30. Members approve the Medium Term Capital Plan (including 2009/10 and 2010/11) attached at **Appendix H** which includes the following:

- a) Utilisation of capital allocations received direct from the Government to services:

	08/09	09/10	10/11
Social Services	206,000	206,000	206,000
Transport	3,354,993	3,578,808	3,886,340
Education	8,206,185	8,451,347	8,108,610
Housing *	14,302,468	14,194,600	14,173,100
Waste Infrastructure	333,000	333,000	123,000
	26,402,646	26,676,755	26,497,050

- b) Use of the Council's own resources as detailed in paragraph 17.
- c) The current capital budget equates to £74.126 million. Movement against this budget includes cost variations of £(51,000) and slippage to 2008/09 of £(5,311,000). Further information to support these variances is included in **Appendix I**.
31. In order to achieve the Government's Decent Standards Works to properties deadline of 2010, the Council has a rationalisation programme. The 2008/09 stock rationalisation programme has been taken from the Building Cost Model prepared by Tristar Homes Limited, which proposes demolishing 132 properties as shown in **Appendix L**. This approval will enable the Council to maximise its receipt of subsidy from Communities and Local Government (CLG).

HOUSING REVENUE ACCOUNT

32. 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 £1,044,837 (see attached **Appendix J**). As part of the medium term financial plan, a specific provision has been set aside to cover the revenue costs of borrowing for the housing capital programme.

TREASURY MANAGEMENT/PRUDENTIAL CODE

33. Council approve the Treasury Management, Investment Strategy and Prudential Indicators for 2009/09 – 2010/11 as set out in **Appendix K** to the budget report.

Working Neighbourhood Fund 2008/09 Allocation

WNF	2008/09 Proposed Funding
	£
Allowable Schemes under WNF Criteria	
Employment and Enterprise	
- Guidance and Support	178,350
- Access to Apprenticeships	27,850
- Fit for Employment	52,275
- Business in the Community	68,163
- BME	72,263
- Objective 2 Priority 4	22,550
- SOL	180,810
- Get into Retail	15,375
Worklessness	
- Community Steps	71,179
- Ground Level	35,795
- VCS led Worklessness package	133,250
- Train to Work	44,578
Central	
-Information, advice and guidance	59,706
	962,144
Transitional Funding - Internal Pressures	
LSP Management	235,000
Kerbside Recycling	200,000
Enforcement Team	427,000
Other Crime and Community Safety Issues	
- Preventions Team	72,000
	934,000
Transitional Funding - Remaining Pressures	
Crime and Community Safety	
Licencing hours	3,075
Corner House Youth Project	46,125
Police Hours	67,000
Domestic Violence	26,000
Mentoring of Ex Offenders	44,000
Switch	27,060
Alleygates	5,125
Children and young People	
Community Sports Leaders	28,536
Twister Arts	79,960
Say's Who	20,811
Health Champions	10,250
Wise, Wonderful and Wealth	31,634
Drug Awareness Training	3,075
SMASH	10,250
Environment	

Dog Fouling Enforcement	15,375
NEAT Team	26,560
Housing	
Specialist Advice Service	41,467
Raising the Standards	13,657
Health	
Boys and Young Mens Worker	60,000
Sexual Health and Relationship	70,000
Central	
Norton Grange Youth Activities	22,550
Eastern	
Making Young People Matter	59,194
Other	
Voluntary and Community Sector Support Fund	123,000
CEN and BME Works	128,125
	962,829
Total	2,858,973
WNF Received	3,909,650
Total WNF Available	1,050,677

Notes:

1. The above proposed level of funding is based on 2007/08 allocations inflated by 2.5% for cost of living.
2. The report to CMT on 17th December quoted an indicative 10% reduction in funding which had been identified in previous NRF rounds for continuing projects. It was raised that this 10% reduction would be mainstreamed and funded from within existing MTFP's. The above values have not been deflated and if it is approved this would increase the amount of WNF available
3. Cross Cutting initiatives, including Norton Community Resource Centre and the Clarences are not included in the above. If these schemes received an investment (2007/08 allocation inflated for cost of living), a further £20,500 of the above available resources would be utilised.
4. The majority of projects allowable under WNF criteria, are from the existing Employment, Enterprise and Worklessness thematic packages. This would seem in keeping with the national guidance on Working Neighbourhood Funds which provides resources to tackle worklessness and low levels of skills and enterprise in deprived areas.

CESC - Unavoidable								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
CESC	1	Integrated Services (Adults)	Integration of adult social care and community nursing services on a locality basis to provide improved access to services.	Failure to meet statutory/national policy requirements. Serious risk to CPA/ inspection ratings. Failure to complete Level 1 projects. Unable to deliver on key local priority for improving the accessibility of services. Lack of development of preventative and targeted early intervention services, resulting in increased long-term pressure on specialist and acute services. Unable to respond to increasing demand from changing demography.	190	197	205	Further MTFP funding needed
CESC	2	Integrated Services (Children & Young People)	Integration of community based services on a locality basis to provide improved access to services.		190	198	205	Further MTFP funding needed
CESC	3	Public Law Court Fees	To meet substantial increases in public law fees for Children Act and adoption proceedings (as proposed in recently issued consultation paper by the Ministry of Justice).	Costs will have to be met – so will result in an overspend to be managed.	100	104	108	Further MTFP funding needed
CESC	4	Care Packages (Adults)	Commissioning of services to support specialist care needs.	Failure to deliver key local and national priorities. Risk to sustaining current star rating in annual performance assessment and CPA.	380	395	411	Further MTFP funding needed
CESC	5	Care Packages (Children & Young People)	Commissioning of provision to support specialist care needs and increase social work capacity.	Danger of failing to meet statutory duties of care for assessed needs. Risk to sustaining current star rating in annual performance assessment and CPA.	238	247	257	Further MTFP funding needed

CESC - Unavoidable								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
				Total CESC	1,098	1,141	1,186	

Resources & Law & Democracy								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
Law & Democracy	Corporate issue	Members Allowances	A proposal on Member's allowances has already been submitted. A further report will be taken to Cabinet in February. This pressure reserves an amount of funds in anticipation that some change will take place. Any variation to these amounts will be dealt with via balances in 2008/09.	Current Allowances scheme will remain in place for 2008/09	160	220	275	Further MTFP funding needed
Resources	1	Human Resources	HR Restructure	Failure to adequately maintain personnel records could impact on safe recruitment practices and subsequent inspection.	140	140	140	Further MTFP funding needed
Law & Democracy	1	Local Land Charges	To improve efficiency and obtain optimum benefit from the CAPS system the post of a CAPS System Administrator is required.	High risk of errors and omissions in replies to searches if the CAPS systems are not developed and maintained on a corporate basis.	34	36	38	Service will be self-funded
Law & Democracy	2	Standards board Local Filter - Member	Provision of a Senior Legal Assistant to provide support to the Monitoring Officer on Local Filter and Standards Board Complaints	Loss of integrity in the complaints system and perception of poor standards of conduct, ethics and probity within the council.	34	36	38	Further MTFP funding needed
				Total Resources & Law & Democracy	368	432	491	

DNS – Ongoing Pressures								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
DNS	1	Billingham Forum	Refurbishment of Billingham Forum * This is a combination of a bid of £135,000 against headroom and the utilisation of the £500,000 per annum that has been reserved for leisure improvements in Billingham.	Closure of the facility in part or full within next two years.	* 635	* 635	* 635	Further MTFP funding needed
DNS	2	Community Protection - Enforcement	Funds to maintain Neighbourhood Enforcement at current level. These being above the funding levels provided by NRF and Neighbourhood element.	Reduction in current levels of service.	145	148	151	Further MTFP funding needed
DNS	3	Housing	Housing Benefits (Admin Grant Reduction)	Direct impact upon staffing, which will detrimentally affect performance.	175	190	200	Further MTFP funding needed
DNS	4	Community Protection – Environmental Health	Environmental Health/Trading Standards. Statutory including Smoke Free, Stray Dogs, food Hygiene and Intellectual Property Enforcement	Failure to meet statutory duties.	205	210	220	Further MTFP funding needed
DNS	5	Regeneration & Economic Development	Maintain Stockton & Middlesbrough Initiative team contribution from SBC	Unable to fund Stockton contribution with effect from 1/4/07. Loss of credibility with ONE and funders.	80	85	87	Further MTFP funding needed
DNS	6	Direct Services	Cemeteries Post – to employ an additional member of staff to be responsible for carrying out checks on memorial masons and to deal with enforcement issues.	Unable to provide dedicated service as recommended	30	31	32	Further MTFP funding needed
DNS	7	Housing	Voluntary Sector Governance – supports borough wide community voluntary organisations by greater	Continued risk of 3 rd sector difficulties requiring SBC intervention.	40	42	44	Further MTFP funding

DNS – Ongoing Pressures								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding needed
			governance support.					needed
DNS	8	SHIP regional capital pot	To replace lost resources for staffing costs.	Potential impact on staffing numbers.	30	33	36	Further MTFP funding needed
DNS	9	Direct Services	Direct impact of longer growing season and need for more cuts	Fewer cuts of grassed areas – inevitable implications and resident dissatisfaction.	80	82	84	Further MTFP funding needed
DNS	10	Technical Services	Traffic Signals – funding for increasing maintenance requirements	Unable to commit to maintenance schedules recommended.	80	82	84	Further MTFP funding needed
DNS	11	Regeneration	Mainstream of reduced Neighbourhood Management Pathfinder Parkfield/ Mill Lane		0	80	100	Further MTFP funding needed
DNS	12	Community Protection	To establish an Out of Hours noise nuisance service	Unable to provide such a service as recommended by Select Committee	100	102	104	Further MTFP funding needed
DNS	13	Street Lighting/ Energy	To cover the anticipated 15% increase in energy costs	Street Lights would be required to be turned off or the resource to fund the energy bill would be overspent. Service to look to cover first year's cost by application of MS, then more accurately assess exercise.	0	122	124	Further MTFP funding needed
				Total DNS Ongoing Pressures	1,600*	1,842*	1,901*	

DNS – Ongoing Pressures								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
				Less £500k already reserved for Billingham	-500	-500	-500	
				DNS Ongoing Pressures Impact on Headroom	£1,100	£1,342	£1,401	

CESC – Ongoing Pressures								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
CESC	1	Carers	Improved range of high quality services for carers to meet statutory requirement and national emphasis on the issue.	Serious risk to performance star rating. Failure to meet national and local priorities to improve service users' independence and control.	50	52	54	Further MTFP funding needed
CESC	2	Complex and Additional Needs (CAN)	Development/reconfiguration of services to establish integrated CAN service.	Less able to respond to demand for services	50	52	54	Further MTFP funding needed
CESC	3	Local Safeguarding Children Board (LSCB) developments	Additional specialist staff capacity, including establishing a child Death Review Team. Improved training provision.	Failure to meet statutory requirements. Staff not adequately trained, placing children and young people at risk of harm.	30	31	32	Further MTFP funding needed
CESC	4	Substance Misuse (CYP & Adults)	Commissioning capacity, maintaining current grant funded services, future development of services.	Reduction in current service levels, following cessation of current grant funding. Failure to meet a number of cross cutting targets.	50	52	54	Further MTFP funding needed
CESC	5	Leisure Manager (Commissioning)	To strengthen the Councils capacity to commission and derive best value from Tees Active and strengthen the strategic approach to leisure provision.	Weakness in our commissioning of Leisure.	40	41	42	Further MTFP funding needed
				Total CESC Ongoing Pressures	220	228	236	

Law & Democracy – Ongoing Pressures								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
Law & Democracy	1	Democratic Services – Electoral Services	Activity to meet the duties contained with section 9 of the RPA 1983 and section 69 of the Electoral Administration Act 2006.		79	81	82	Further MTFP funding needed
				Total Law & Democracy Ongoing Pressures	79	81	82	

					2008/09 £'000	2009/10 £'000	2010/11 £'000	
				Total Ongoing Pressures	1,899*	2,151*	2,219*	
				*Less £500k already reserved for Billingham	-500	-500	-500	
				Total Ongoing Pressures Impact on Headroom	£1,399	£1,651	£1,719	

* If Billingham Forum option selected, £500k has already been reserved and will not affect available headroom

One-Off Headroom								
Service Group	Service Group Priority	Scheme	Description	Consequence of Not Proceeding	2008/09 £'000	2009/10 £'000	2010/11 £'000	At end of MTFP Funding
DNS	1	Technical Services	Greater investment in Public Transport Information Services across the borough.	Greater difficulty improving public satisfaction	100	102	104	To review at end of period
DNS	2	Regeneration and Economic Development	Develop a themed Christmas Festival/Market over the next three years in Stockton	No expansion or growth of festival and market programme	150	200	200	To review at end of period
DNS	3	Carbon Management	Increase the efficient use of energy within the authority thereby reducing carbon emissions.	The Council will not meet its carbon reduction targets.	150	0	0	To review at end of period
DNS	4	Stock Options	Costs relating to stock appraisal and transfer.	The project will not be able to proceed.	0	400	400	To review at end of period
DNS	5	Direct Services	Christmas Lights - Upgrading and expansion of festive and festival lighting across the borough.	The improvements made will have peaked and slowly deteriorate.	50	51	52	To review at end of period
				Total One-Off Headroom	450	753	756	

Capital Resources and Plan - Current Position

Resources Available

	2007/2008	2008/09	2009/10	TOTAL
Resources 1/04/2007	8116			
Less : Billingham Reserve	-109			
Dene School Reserve	-113			
Less Earmarked Slippage b/f	-2548			
Resources Available 1/04/2007				
Housing Repayment	307			
	<u>5653</u>			
PSA Reward Grant	812	812		
Capital Receipts 2007/08 - Actual to Date	3600			
Capital Receipts 2007/09 - Estimated	2069			
Total Resources Available	12134	812	0	12946

Approvals

	2007/2008	Approved 2008/09	Approved 2009/10	TOTAL
SMI - Original	150	1775	0	1,925
Access to Services	974	424	299	1,697
Thornaby Town Hall	330			330
Stockton Parks	500			500
Preston Hall & Park	150		1,000	1,150
ICT Computer Room	250			250
ICT Infrastructure / Storage	250			250
Splash	600			600
Additional Highways Works	500	500		1,000
	<u>3,704</u>	<u>2,699</u>	<u>1,299</u>	<u>7,702</u>
Cemeteries	150	150		300
Environmental Improvements	400	400		800
CSDPA	250	250		500
Alleygating	121	121		242
Repairs and Maintenance Schemes	400	400		800
Youth Bus	80			80
GIS	83			83
	<u>1,484</u>	<u>1,321</u>	<u>0</u>	<u>2,805</u>
Total - Per Budget Book	5,188	4,020	1,299	10,507
Additional Approval - SMI	877	-940	1900	1,837
Additional Approval - Georgian Theatre	50			50
Total Approved	6,115	3,080	3,199	12,394

Balance available 580

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 to the Leader and Cabinet Member for Corporate & Social Inclusion on 7th December 2007.

Tax Base approved under the Scheme of Delegation on the 7th December 2007.

a) the amount calculated by the Council in accordance with regulation 3 of the Regulations, as its Council Tax Base for the year : **57,382.23**

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	96.24
Carlton	288.90
Castleavington / Kirklevington	493.14
Egglescliffe & Eaglescliffe	3,013.50
Elton	140.04
Grindon	1,231.17
Hilton	215.01
Ingleby Barwick	6,338.74
Long Newton	337.32
Maltby	149.65
Preston	579.87
Redmarshall	148.27
Stillington & Whitton	326.63
Thornaby	6,367.45
Wolviston	390.14
Yarm	3,246.54
Billingham	10,190.14

2. The amounts for the year that were approved by the Council on **21st February 2008** 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 : **£425,548,000**

b) The aggregate amount that the Council estimates for the items set out in Section 32(3) (a) to (c) of

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

The total income to be raised by the Council in

the Act : **£285,002,813**

- 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 :
£140,545,187

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 :
£74,658,337

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 : **£1,158.01**

5. The aggregate amount of all special items referred to in Section 34(1) of the Act : **£562,225**

6. The basic amount of Council Tax for those parts of the area to which no special items relate: **£1,148.21**

C. Members are invited to **Note**

7. Parish Precepts are:

Part of the Council's Area	2008/2009 Precept £	Band D Equivalent £
Aislaby & Newsham	0	0.00
Carlton	4,350	15.06
Castleavington / Kirklevingt	15,400	31.23
Egglescliffe & Eaglescliffe	79,164	26.27
Elton	860	6.14
Grindon	6,700	5.44
Hilton	1,400	6.51
Ingleby Barwick	120,725	19.05
Long Newton	6,000	17.79
Maltby	2,000	13.36
Preston	5,500	9.48
Redmarshall	3,000	20.23
Stillington & Whitton	6,500	19.90
Thornaby	139,700	21.94
Wolviston	9,785	25.08
Yarm	78,000	24.03
Billingham	83,141	8.16
	562,225	

the year plus movement on revenue balances.

The Council's Budget Requirement for the year.

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

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

The total of all Parish precepts.

Stockton-on-Tees Borough's Basic Tax

8. 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 :

Band	Sum £
A	0.00
B	0.00
C	0.00
D	0.00
E	0.00
F	0.00
G	0.00
H	0.00

Cleveland Police Authority Tax.

9. Cleveland Fire Authority has stated the sum of **£3,367,763** 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:

Band	Sum £
A	39.13
B	45.65
C	52.17
D	58.69
E	71.73
F	84.77
G	97.82
H	117.38

Cleveland Fire Authority Tax

- 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 G(1),G(2),G(3)**.

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

Appendix G (1)

**Council Tax - Parish Demands
2008/2009**

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	10.04	11.71	13.39	15.06	18.41	21.75	25.10	30.12
3	Castleavington / Kirklevington	20.82	24.29	27.76	31.23	38.17	45.11	52.05	62.46
4	Egglescliffe	17.51	20.43	23.35	26.27	32.11	37.95	43.78	52.54
5	Elton	4.09	4.78	5.46	6.14	7.50	8.87	10.23	12.28
6	Grindon	3.63	4.23	4.84	5.44	6.65	7.86	9.07	10.88
7	Hilton	4.34	5.06	5.79	6.51	7.96	9.40	10.85	13.02
8	Ingleby Barwick	12.70	14.82	16.93	19.05	23.28	27.52	31.75	38.10
9	Long Newton	11.86	13.84	15.81	17.79	21.74	25.70	29.65	35.58
10	Maltby	8.91	10.39	11.88	13.36	16.33	19.30	22.27	26.72
11	Preston	6.32	7.37	8.43	9.48	11.59	13.69	15.80	18.96
12	Redmarshall	13.49	15.73	17.98	20.23	24.73	29.22	33.72	40.46
13	Stillington & Whitton	13.27	15.48	17.69	19.90	24.32	28.74	33.17	39.80
14	Thornaby	14.63	17.06	19.50	21.94	26.82	31.69	36.57	43.88
15	Wolviston	16.72	19.51	22.29	25.08	30.65	36.23	41.80	50.16
16	Yarm	16.02	18.69	21.36	24.03	29.37	34.71	40.05	48.06
17	Billingham	5.44	6.35	7.25	8.16	9.97	11.79	13.60	16.32

Appendix G (2)

Council Tax - Borough and Parish Demands
2008/2009

Item	Parish	Band							
		A 6	B 7	C 8	D 9	E 11	F 13	G 15	H 18
Factor		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	765.47	893.05	1,020.63	1,148.21	1,403.37	1,658.53	1,913.68	2,296.42
2	Carlton	775.51	904.76	1,034.02	1,163.27	1,421.78	1,680.28	1,938.78	2,326.54
3	Castleavington / Kirklevington	786.29	917.34	1,048.39	1,179.44	1,441.54	1,703.64	1,965.73	2,358.88
4	Egglecliffe	782.98	913.48	1,043.98	1,174.48	1,435.48	1,696.48	1,957.46	2,348.96
5	Elton	769.56	897.83	1,026.09	1,154.35	1,410.87	1,667.40	1,923.91	2,308.70
6	Grindon	769.10	897.28	1,025.47	1,153.65	1,410.02	1,666.39	1,922.75	2,307.30
7	Hilton	769.81	898.11	1,026.42	1,154.72	1,411.33	1,667.93	1,924.53	2,309.44
8	Ingleby Barwick	778.17	907.87	1,037.56	1,167.26	1,426.65	1,686.05	1,945.43	2,334.52
9	Long Newton	777.33	906.89	1,036.44	1,166.00	1,425.11	1,684.23	1,943.33	2,332.00
10	Maltby	774.38	903.44	1,032.51	1,161.57	1,419.70	1,677.83	1,935.95	2,323.14
11	Preston	771.79	900.42	1,029.06	1,157.69	1,414.96	1,672.22	1,929.48	2,315.38
12	Redmarshall	778.96	908.78	1,038.61	1,168.44	1,428.10	1,687.75	1,947.40	2,336.88
13	Stillington & Whitton	778.74	908.53	1,038.32	1,168.11	1,427.69	1,687.27	1,946.85	2,336.22
14	Thornaby	780.10	910.11	1,040.13	1,170.15	1,430.19	1,690.22	1,950.25	2,340.30
15	Wolviston	782.19	912.56	1,042.92	1,173.29	1,434.02	1,694.76	1,955.48	2,346.58
16	Yarm	781.49	911.74	1,041.99	1,172.24	1,432.74	1,693.24	1,953.73	2,344.48
17	Billingham	770.91	899.40	1,027.88	1,156.37	1,413.34	1,670.32	1,927.28	2,312.74
18	Areas without Parish Councils	765.47	893.05	1,020.63	1,148.21	1,403.37	1,658.53	1,913.68	2,296.42

Appendix G (3)

**Council Tax - Total Demand (Borough, Parishes, Police and Fire)
2008/2009**

Item	Parish	Band							
		A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	804.60	938.70	1,072.80	1,206.90	1,475.10	1,743.30	2,011.50	2,413.80
2	Carlton	814.64	950.41	1,086.19	1,221.96	1,493.51	1,765.05	2,036.60	2,443.92
3	Castleavington / Kirklevington	825.42	962.99	1,100.56	1,238.13	1,513.27	1,788.41	2,063.55	2,476.26
4	Egglescliffe	822.11	959.13	1,096.15	1,233.17	1,507.21	1,781.25	2,055.28	2,466.34
5	Elton	808.69	943.48	1,078.26	1,213.04	1,482.60	1,752.17	2,021.73	2,426.08
6	Grindon	808.23	942.93	1,077.64	1,212.34	1,481.75	1,751.16	2,020.57	2,424.68
7	Hilton	808.94	943.76	1,078.59	1,213.41	1,483.06	1,752.70	2,022.35	2,426.82
8	Ingleby Barwick	817.30	953.52	1,089.73	1,225.95	1,498.38	1,770.82	2,043.25	2,451.90
9	Long Newton	816.46	952.54	1,088.61	1,224.69	1,496.84	1,769.00	2,041.15	2,449.38
10	Maltby	813.51	949.09	1,084.68	1,220.26	1,491.43	1,762.60	2,033.77	2,440.52
11	Preston	810.92	946.07	1,081.23	1,216.38	1,486.69	1,756.99	2,027.30	2,432.76
12	Redmarshall	818.09	954.43	1,090.78	1,227.13	1,499.83	1,772.52	2,045.22	2,454.26
13	Stillington & Whitton	817.87	954.18	1,090.49	1,226.80	1,499.42	1,772.04	2,044.67	2,453.60
14	Thornaby	819.23	955.76	1,092.30	1,228.84	1,501.92	1,774.99	2,048.07	2,457.68
15	Wolviston	821.32	958.21	1,095.09	1,231.98	1,505.75	1,779.53	2,053.30	2,463.96
16	Yarm	820.62	957.39	1,094.16	1,230.93	1,504.47	1,778.01	2,051.55	2,461.86
17	Billingham	810.04	945.05	1,080.05	1,215.06	1,485.07	1,755.09	2,025.10	2,430.12
18	Areas without Parish Councils	804.60	938.70	1,072.80	1,206.90	1,475.10	1,743.30	2,011.50	2,413.80
	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	39.13	45.65	52.17	58.69	71.73	84.77	97.82	117.38

Appendix H

Capital Programme 2008/2009	TOTAL EXPENDITURE		
Schemes	2008/2009	2009/2010	2010/2011
Adult's Services			
Chronically Sick & Disabled Persons Act	346,000	346,000	346,000
Day Services Review	110,000	110,000	110,000
Information For Social Care (Grant Funded)	62,860		
	518,860	456,000	456,000
Children's Services			
Devolved Formula Capital	2,737,123	2,687,123	2,687,123
Modernisation	1,927,656	1,927,656	1,927,656
Billingham Campus (Mod)	120,000	0	0
Basic Need	1,193,758	1,193,758	1,193,758
Schools Access Initiative	320,380	320,380	320,380
Extended Schools	322,219	342,398	176,453
ICT Harnessing Grant	655,271	685,282	716,849
Children's Centres Capital	254,692	529,664	320,305
Early Years Capital Grant	653,086	653,086	653,086
ICT Mobile Technology	29,000		
Youth Capital Fund	113,000	113,000	113,000
Redbrook/Roseworth - Targeted Capital	2,969,406		
Enlarge Abbey Hill School & Westlands School	1,219,518		
School Travel Plans	34,467		
	12,549,576	8,452,347	8,108,610
Sport, Culture & Lifelong Learning			
Spash Extension	3,400,000	735,000	
Preston Park and Hall	45,000	1,000,000	
Winter Garden Preston Hall		1,500	
	3,445,000	1,736,500	0
Housing Renewal			
Housing General Fund			
Private Sector Renewal	1,000,000	1,000,000	1,000,000
Disabled Facilities Grant - Private	1,226,100	1,226,100	1,226,100
Hardwick Regeneration	5,126,000	426,900	0
Mandale Regeneration	1,705,200	1,354,300	1,877,000
Parkfield Regeneration	4,483,700	4,458,500	4,458,000
Choice Based Lettings Accommodation	100,000	0	0
Housing Reception	35,000	0	0
	13,676,000	8,465,800	8,561,100
Housing Revenue Account			
Disabled Facilities Grant - Public	1,000,000	1,000,000	1,000,000
Total Retained	1,000,000	1,000,000	1,000,000
HRA Delegated to Tristar	8,600,000	8,600,000	9,311,000
Total Delegated to Tristar	8,600,000	8,600,000	9,311,000
Total Housing Revenue Account	9,600,000	9,600,000	10,311,000
	23,276,000	18,065,800	18,872,100

Technical Services			
LTP Settlement - Integrated Transport	1,962,000	2,059,000	2,152,000
LTP Settlement - Integrated Transport	657,000		
LTP Settlement - Structural Maintenance	1,319,000	1,451,000	1,668,000
Road Safety Schemes	73,993	68,808	66,340
Additional Highways Works	500,000		
South Stockton Link	103,000		
Northshore Footbridge	6,404,694	309,000	
Section 278 Schemes	4,346,038	2,688,000	435,000
Tees Valley Bus Networks Improvement	1,410,000	6,584,000	6,232,000
	16,775,725	13,159,808	10,553,340
Regeneration			
Stockton Middlesbrough Initiative	835,000	1,900,000	
Greater Northshore Study	160,000		
Renewal In Action - Holy Trinity Church	346,529		
Southern Gateway Property Acquisitions	25,000		
Thornaby Town Centre Sale	130,000		
Thornaby Pavilion Improvements	800,000	128,000	
Billingham Masterplan	60,626		
Markets Redevelopment	84,334		
	2,441,489	2,028,000	0
Community Schemes			
Cemetaries	142,325	150,000	150,000
Environmental Improvements	400,000	400,000	400,000
Alleygates	121,000	121,000	121,000
	663,325	671,000	671,000
Parks & Countryside			
Harold Wilson Centre	170,000		
John Whitehead Park	175,000		
Romano Park Ingleby Barwick - Design	140,000		
Wynyard Woodland Park - Play Equipment	170,000		
NRF Newham Grange Park	171,174		
	826,174	0	0
Repairs & Maintenance			
General Repairs and Maintenance	400,000	400,000	400,000
Thornaby Town Hall - roof repairs	7,250		
	407,250	400,000	400,000
DNS Miscellaneous			
Waste Infrastructure	333,000	333,000	123,000
Vehicle Fleet Renewal Fund	324,672	214,006	
	657,672	547,006	123,000
Resources			
Access to Services	1,141,401	299,000	
Computer Room	250,000		
ICT Infrastructure / Storage	100,000		
	1,491,401	299,000	0

Total Capital Programme 2008/2009	63,052,472	45,815,461	39,184,050
Financed By:	2008/09	2009/10	2010/11
Government Support	26,472,878	26,942,755	27,407,050
Government Support Bf 0708	3,344,320	-	-
Other Grants	7,861,903	6,133,500	5,732,000
Council Resources	3,080,000	5,120,000	1,321,000
Council Resources Bf 0708	2,059,874	-	-
Earmarked Housing Receipts	8,903,300	3,693,200	3,789,000
Prudential Borrowing	4,265,362	263,000	-
Contributions	5,810,232	3,449,000	935,000
Rcco	1,254,603	214,006	-
Total	63,052,472	45,815,461	39,184,050

Capital

The Capital budget for 2007/08 is outlined in the following table:

	Approved Budget £000's	Outturn £000's	Variance £000's
Children, Education and Social Care	14,312	13,992	(320)
Development & Neighbourhood Services	59,319	54,426	(4,893)
Resources	495	345	(150)
Total Programme	<u>74,126</u>	<u>68,763</u>	<u>(5,363)</u>

This movement includes savings on expenditure of £(51,000) and slippage of £(5,311,000). The major reasons for the movements are as follows:

Slippage**Children, Education and Social Care**

Amalgamation of Redbrook and Roseworth Schools – Construction (200)
was due to begin in November, however due to a lack of key personnel work has been delayed until January 2008. The expected completion date is April 2009 and the scheme will be funded from DfES grant.

Billingham Campus – Demolition of the old CDT block is now complete, (120)
however, delays in obtaining planning permission for the new car park mean that the scheme is now expected to be complete by August 2008. This scheme will be funded from borrowing.

Development and Neighbourhood Services

Northshore Footbridge – Changes to the design sequence of the (616)
bridge have resulted in a change to the spend profile of the scheme, the scheme is being funded from grant.

Wynyard Woodland Park – a full ground survey has been commissioned (170)
to establish a suitable location for the new play area within the park. Work will now commence in 2008/09 and the scheme will be funded from corporate resources.

Integrated Transport – The building of a new footbridge at Thornaby (657)
Railway station has been delayed as there are on going discussions with Network Rail over funding contributions.

Section 278 Schemes – Delays in signing of Section 278 agreements (Salthome nature reserve works) and changes in contractors on the A19 / Haverton Hill interchange scheme, have led to revisions in the spend profiles of these schemes. All schemes will be funded from developer contributions. (915)

Repurchase of ex-council houses in Hardwick / Mandale – The number of homes that need to be purchased to meet developer requirements has reduced in this financial year. The expenditure, when incurred, will be funded from capital receipts. (581)

Hardwick School – The revised start date on the new primary school is now mid January 2008. This scheme is being funded from capital receipts. (883)

Parkfield Demolitions – Developer requirements have reduced the number of houses being purchased in 2007/08, therefore the costs of demolition works will now be incurred in 2008/09. This scheme will be funded from capital receipts. (459)

Resources

Corporate IT system review – This will now be completed as part of the Stockton / Darlington Partnership and will be spent in 2008/09, funded from corporate resources. (150)

Movements in the 2007/08 capital programme

Section 278 Schemes – A PID has now been received covering the budgets for section 278 schemes, which will increase the capital programme by £3.8 million. All works will be funded by external developer contributions as part of the legal agreement under section 278 of the Highways Act.

Relocation of Yarm Road Salt Store – Due to the expansion of the Council's recycling activities, the Yarm Road depot is now operating at capacity. The project will be to relocate the existing salt storage unit to alternative Council owned land at Cowpen Lane industrial estate. The project will cost £230k and will be funded from grant and revenue contributions.

Appendix J

HOUSING REVENUE ACCOUNT		
Description	2007/08	2008/09
	£	£
<u>INCOME</u>		
GROSS RENT INCOME - DWELLINGS	(30,432,324)	(30,696,536)
INCREASED PROVISION FOR BADS DEBTS	350,000	350,000
- NON DWELLINGS RENT	(464,159)	(466,319)
- NON DWELLINGS SHOPS	(391,965)	(396,450)
AND LAND		
CHARGES FOR SERVICES	(922,024)	(932,634)
CONTRIBUTIONS TO EXPENDITURE	(414,735)	(406,504)
ALMO SUBSIDY	(5,040,000)	(5,040,000)
ALMO CAPITAL COST	3,608,389	3,608,768
TOTAL INCOME	(33,706,818)	(33,979,675)
<u>EXPENDITURE</u>		
MANAGEMENT FEE - TRISTAR	7,316,679	7,037,021
RETAINED MANAGEMENT - GENERAL	1,094,282	1,106,975
INSURANCE RECHARGES	(38,000)	(38,000)
SHELTERED ACCOMMODATION	289,489	48,075
MAINTENANCE - TRISTAR	6,584,842	6,549,638
- DISREPAIR	-	50,000
RETAINED MAINTENANCE	730,191	644,850
CONCIERGE	1,577,643	1,488,402
SUBSIDY PAYABLE	9,442,414	10,470,405
CAPITAL CHARGES - INTEREST	4,213,849	4,431,020
- LEASING	165,770	168,464
- DEPRECIATION GARAGES	77,000	77,117
- RCCO DECENT STANDARD	2,400,000	1,750,000
DEBT MANAGEMENT COSTS	71,592	62,592
AMORTISED PREMIUMS/DISCOUNTS	142,241	84,768
INTEREST RECEIVABLE	(9,258)	(9,258)
INTEREST ON BALANCES	-	50,000
TOTAL EXPENDITURE	34,058,734	33,972,069
SURPLUS/DEFICIT	351,916	(7,606)
BALANCE AT 1ST APRIL	(1,396,753)	(1,044,837)
BALANCE AT 31ST MARCH	(1,044,837)	(1,052,443)

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 2007/08, 2008/09 and 2009/10, and introduces new indicators for 2010/11. 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 2008/09 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.
3. Draft regulations currently proceeding through Parliament will require the Council to approve a statement setting out the Council's position on the calculation of the Minimum Revenue Position. A statement is included in the report based on the regulations as they currently stand. Should the final regulations change the statement will be resubmitted for approval.

The Council's Capital Expenditure Plans

4. 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.
5. 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.
6. 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.
7. 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:

	2006/ 07 Actual £'000	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Capital Expenditure					
Non-HRA	31,653	49,682	56,713	37,126	24,274
HRA	21,509	19,653	9,600	9,600	10,311
Total spend	53,162	69,335	66,313	46,726	34,585

Financed by:					
Capital receipts	8,121	14,478	14,043	8,813	5,110
Capital grants	34,229	35,288	32,595	26,840	22,647
Capital reserves	1,437	5,108	5,870	3,710	614
Revenue	2,366	3,211	1,255	214	0
Net financing need (borrowing) for the year	7,009	11,250	12,550	7,149	6,214

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

8. 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. The capital expenditure above which has not immediately been paid for will increase the CFR.
9. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments. There is no such requirement for Housing capital spend.
10. Draft Department of Communities & Local Government are currently issued for comment which, if implemented, will require full Council to approve an MRP Statement. This will need to be approved in advance of each year. Whilst the regulations will revoke current MRP requirements, councils are allowed to continue historical accounting practice. A variety of options are provided to councils to replace the existing Regulations, so there is a prudent provision. The timetable for implementation is very tight and so members are asked to approve the following policy, based on the draft regulations. Should the final regulations change this Statement, it will be resubmitted for approval.
11. The Council is recommended to approve the following MRP Statement.
12. For capital expenditure incurred before 1st April 2008 or which in future will be Supported Capital Expenditure, the MRP policy will be:
 - MRP will follow the existing practice outlined in former CLG Regulations;
13. From 1st April 2008 for all unsupported borrowing the MRP policy will be:
 - Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive);
14. The Council is recommended to approve the CFR projections below:

	2006/07 Actual £'000	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Capital Financing Requirement					
CFR – Non Housing	123,878	114,153	120,804	118,552	118,815
CFR - Housing	135,998	137,208	138,418	139,628	140,838

Total CFR	259,876	251,361	259,222	258,180	259,653
Movement in CFR	1,098	(8,515)	7,861	(1,042)	1,473

Movement in CFR represented by					
Net financing need for the year (above)	7,009	11,250	12,550	7,149	6,214
MRP/VRP and other financing movements	(5,911)	(19,765)	(4,689)	(8,191)	(4,741)
Movement in CFR	1,098	(8,515)	7,861	(1,042)	1,473

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

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

	2006/07 Actual £'000	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Year End Resources					
Fund balances	19,065	20,036	16,576	16,103	14,440
Capital reserves	21,668	18,849	15,332	15,332	10,332
Earmarked reserves	43,420	48,071	48,314	47,216	48,571
Total Core Funds	84,153	86,956	80,222	78,651	73,343
Working Capital*	16,712	23,044	23,183	23,154	24,037
Expected Investments	100,865	110,000	103,405	101,805	97,380

* Working capital balances shown are estimated year end; these may be higher mid year.

Limits to Borrowing Activity

16. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
17. 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 2008/09 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Gross Borrowing	254,998	259,222	258,180	259,653
Investments	110,000	103,405	101,805	97,380
Net Borrowing	144,998	155,817	156,375	162,273
CFR	251,361	259,222	258,180	259,653

18. 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.
19. A further two prudential indicators control or anticipate the overall level of borrowing. These are:
20. **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.
21. **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.
22. The Council is recommended to approve the following Authorised Limit and Operational Boundary:

Authorised limit	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Borrowing	284,800	301,800	307,800	316,800
Other long term liabilities	0	0	0	0
Total	284,800	301,800	307,800	316,800
Operational Boundary	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Borrowing	261,000	278,000	284,000	293,000
Other long term liabilities	0	0	0	0
Total	261,000	278,000	284,000	293,000

Affordability Prudential Indicators

23. 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:
24. **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.

	2006/07 Actual %	2007/08 Revised %	2008/09 Estimate %	2009/10 Estimate %	2010/11 Estimate %
Non-HRA	3.4	2.2	2.2	2.4	2.5
HRA	22.5	21.3	21.2	20.9	23.5

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

26. **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.

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

	Proposed Budget 2008/09 £	Forward Projection 2009/10 £	Forward Projection 2010/11 £
Council Tax - Band D	1.14	1.69	2.31

28. **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.

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

	Proposed Budget 2008/09 £	Forward Projection 2009/10 £	Forward Projection 2010/11 £
Weekly Housing Rent levels	0	0	0

TREASURY MANAGEMENT STRATEGY 2008/09 – 2010/11

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 2008/09 – 2010/11

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.

	2006/07 Actual £'000	2007/08 Revised £'000	2008/09 Estimate £'000	2009/10 Estimate £'000	2010/11 Estimate £'000
External Debt					
Debt at 1 April	264,344	267,910	254,998	259,222	258,180
Maturing Debt	(7,434)	(12,912)	-	(1,042)	(348)
New Debt taken/to be taken out	11,000	0	4,224	0	1,821
Debt at 31 March	267,910	254,998	259,222	258,180	259,653
Annual change in debt	3,566	(12,912)	4,224	(1,042)	1,473
(under)/over borrowed	8,034	3,637	0	0	0
Investments					
Total Investments at 31 March	100,865	110,000	103,405	101,805	97,380
Investment change	11,170	9,135	(6,595)	(1,600)	(4,425)

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

	2006/07 Actual £'000	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Revenue Budgets					
Interest on Borrowing	15,066	14,518	14,480	14,554	14,574
Related HRA Charge	(8,002)	(7,718)	(7,773)	(7,827)	(7,895)
Net general Fund Borrowing Cost	7,064	6,800	6,707	6,727	6,679
Investment income	4,717	6,795	5,429	4,836	4,625

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 %
2007/08	5.6
2008/09	4.8
2009/10	4.8
2010/11	5.0
2011/12	5.2

9. Interest rate uncertainty is set to persist in the year ahead. The threat of higher inflation through external factors such as oil, food, and commodity prices are considered a real danger for the UK economy in the near term. Meanwhile, the MPC is hoping that domestic inflation expectations do not deteriorate and that weakening household consumption prevents companies passing cost increases on to the retail level.

Borrowing Strategy 2008/09 – 2010/11

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 be higher over the medium term. 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 borrowing will be considered earlier if borrowing rates deteriorate. 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. A key change in the options for borrowing and rescheduling occurred on 1st November 2007 when the PWLB changed its interest rate structure to a more sensitive pricing method and also increased the relative cost of repaying debt. This will prompt a more cautionary approach to both borrowing and rescheduling.
14. The expected borrowing requirement over the medium term is:-

	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Movement in CFR	7,861	(1,042)	1,473
Maturing Debt	0	1042	348
Borrowed in Advance	3,637	0	0
Total Borrowing need	4,224	0	1,821

Investment Counterparty and Liquidity Framework

15. 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.
16. 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 un-rated subsidiaries and un-rated 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 2008/09 – 2010/11

22. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 5.5% bank rate being the peak with a further fall being expected early in 2008. 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, subject to over riding credit counterparty security. 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.

Sensitivity to Interest Rate Movements

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

	2008/09 Estimated +1% £'000	2008/09 Estimated -1% £'000
Interest on Borrowing	£141	£141
Related HRA Charge	£76	£76
Net General Fund Borrowing Cost	£65	£65
Investment Income	£1,034	£1,034

Treasury Management Prudential Indicators and Limits on Activity

24. 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.

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

	2008/09	2009/10	2010/11
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 50	£m 35	£m 25

Performance Indicators

26. 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.
27. The following indicators will be reported in the annual report on treasury management activity for 2007/08:-
- 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

	2006/07 Actual £'000	2007/08 Revised £'000	2008/09 Estimate £'000	2009/10 Estimate £'000	2010/11 Estimate £'000
Children Services	9,967	12,625	12,549	8,452	8,109
Adult Services	455	1,029	519	456	456
Housing General Fund	9,058	12,153	13,676	8,466	8,561
Development & Neighbourhood	11,065	22,718	28,433	18,452	7,148
Leisure & Cultural	295	412	45	1,001	-
Resources	813	745	1,491	299	-
Total Non-HRA	31,653	49,682	56,713	37,126	24,274
HRA	21,509	19,653	9,600	9,600	10,311
Total Capital Expenditure	53,162	69,335	66,313	46,726	34,585

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 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.

Estimated Debt Outstanding at 31st March 2008

Loan	Lender	Start	Maturity	Interest	Outstanding Debt
12 months & under					
2 years to 5 years					
464122 PWLB		14-Mar-1988	31-Jan-2013	9.25	4,000,000.00
457260 PWLB		01-Jan-2004	31-Mar-2011	10.25	752,012.85
468402 PWLB		01-Jan-2004	30-Sep-2012	11.625	376,006.43
470212 PWLB		01-Jan-2004	31-Mar-2013	10.5	752,012.85
467501 PWLB		01-Jan-2004	31-Dec-2010	9.625	225,603.86
475145 PWLB		01-Jan-2004	30-Jun-2011	8.75	752,012.85
475160 PWLB		01-Jan-2004	30-Jun-2012	8.75	752,012.85
					7,609,661.69
5 years to 10 years					
467832 PWLB		18-Dec-1989	31-Jul-2015	10	2,698,798.61
463966 PWLB		08-Feb-1988	31-Jan-2018	9.5	6,000,000.00
467056 PWLB		10-Jul-1989	31-Jul-2014	9.625	4,000,000.00
467057 PWLB		10-Jul-1989	31-Jul-2015	9.625	4,000,000.00
467058 PWLB		10-Jul-1989	31-Jul-2016	9.625	4,000,000.00
464618 PWLB		01-Jan-2004	31-Mar-2018	9.25	752,012.85
466492 PWLB		01-Jan-2004	31-Mar-2016	9.25	601,610.28
466493 PWLB		01-Jan-2004	31-Mar-2017	9.25	451,207.71
467065 PWLB		01-Jan-2004	31-Mar-2015	9.625	902,415.42
468403 PWLB		01-Jan-2004	30-Sep-2013	11.625	351,811.59
471705 PWLB		01-Jan-2004	30-Sep-2016	9.875	135,362.31
471706 PWLB		01-Jan-2004	30-Sep-2016	9.875	278,244.75
476058 PWLB		01-Jan-2004	31-Dec-2015	8	752,012.85
480866 PWLB		01-Jan-2004	30-Jun-2017	5.75	752,012.85
	Bayerische	01-Jan-2004	10-Dec-2014	8.87	8,000,000.00
					33,675,489.22
10 years and above					
402348 PWLB		15-Sep-1969	31-Jul-2029	9.375	16,157.82
402349 PWLB		15-Sep-1969	31-Jul-2029	9.375	9,880.55
484303 PWLB		01-Jan-2004	30-Jun-2021	5.75	47,219.41
465102 PWLB		18-Aug-1988	31-Jul-2028	9.375	5,000,000.00
466016 PWLB		24-Jan-1989	31-Jul-2033	9.25	1,117,375.41
467059 PWLB		10-Jul-1989	31-Jul-2018	9.625	4,000,000.00
467574 PWLB		10-Oct-1989	31-Jul-2019	9.75	2,000,000.00
490746 PWLB		21-Nov-2005	30-Sep-2035	4.25	5,000,000.00
491100 PWLB		23-Jan-2006	31-Mar-2051	3.7	8,000,000.00
491576 PWLB		19-May-2006	31-Mar-2047	4.25	4,000,000.00
491577 PWLB		19-May-2006	31-Mar-2048	4.25	3,250,000.00
491888 PWLB		19-Jul-2006	30-Sep-2051	4.25	5,000,000.00
491889 PWLB		19-Jul-2006	30-Sep-2052	4.25	5,000,000.00
491890 PWLB		19-Jul-2006	30-Sep-2053	4.25	4,000,000.00

491979 PWLB	24-Aug-2006	31-Jan-2052	4.25	5,000,000.00
491980 PWLB	24-Aug-2006	30-Sep-2051	4.25	5,000,000.00
491981 PWLB	24-Aug-2006	31-Mar-2052	4.25	5,000,000.00
491982 PWLB	24-Aug-2006	30-Sep-2052	4.25	5,000,000.00
491983 PWLB	24-Aug-2006	31-Mar-2053	4.25	2,472,602.00
492196 PWLB	28-Sep-2006	30-Sep-2053	4.05	3,000,000.00
492197 PWLB	28-Sep-2006	31-Mar-2054	4.05	3,000,000.00
492916 PWLB	15-Feb-2007	31-Jan-2053	4.4	5,000,000.00
492917 PWLB	15-Feb-2007	31-Mar-2053	4.4	2,500,000.00
492918 PWLB	15-Feb-2007	31-Mar-2055	4.4	4,200,000.00
492919 PWLB	15-Feb-2007	30-Sep-2055	4.4	5,000,000.00
492920 PWLB	15-Feb-2007	30-Sep-2055	4.4	5,000,000.00
492921 PWLB	15-Feb-2007	31-Mar-2056	4.4	5,000,000.00
492922 PWLB	15-Feb-2007	31-Mar-2056	4.4	5,000,000.00
492923 PWLB	15-Feb-2007	30-Sep-2056	4.4	5,000,000.00
492924 PWLB	15-Feb-2007	30-Sep-2056	4.4	5,000,000.00
492925 PWLB	15-Feb-2007	31-Jan-2057	4.4	5,000,000.00
492926 PWLB	15-Feb-2007	31-Jan-2057	4.4	5,000,000.00
493052 PWLB	08-Mar-2007	30-Sep-2054	4.25	5,000,000.00
493326 PWLB	30-May-2007	31-Mar-2053	4.6	5,000,000.00
493327 PWLB	30-May-2007	30-Sep-2053	4.6	5,000,000.00
493328 PWLB	30-May-2007	31-Mar-2054	4.6	5,000,000.00
493229 PWLB	30-May-2007	30-Sep-2054	4.6	5,000,000.00
493330 PWLB	30-May-2007	31-Mar-2055	4.6	5,000,000.00
493331 PWLB	30-May-2007	30-Sep-2055	4.6	5,000,000.00
493332 PWLB	30-May-2007	31-Mar-2056	4.6	4,853,338.00
467066 PWLB	01-Jan-2004	31-Mar-2019	9.625	397,952.59
467526 PWLB	01-Jan-2004	31-Mar-2021	9.75	239,035.09
473557 PWLB	01-Jan-2004	30-Sep-2028	7.875	300,805.14
480389 PWLB	01-Jan-2004	31-Mar-2025	6.25	451,207.71
478327 PWLB	01-Jan-2004	31-Dec-2026	7.875	752,012.85
479482 PWLB	01-Jan-2004	30-Jun-2022	7.125	752,012.85
479996 PWLB	01-Jan-2004	31-Dec-2021	6.375	451,207.71
481266 PWLB	01-Jan-2004	31-Dec-2028	5.375	451,207.71
486677 PWLB	01-Jan-2004	31-Dec-2026	5.25	451,207.71
Bank of New York	04-Feb-1986	04-Feb-2021	11.5	2,000,000.00
Depfa	26-Jun-2001	26-Jun-2026	5.03	5,000,000.00
Dexia	17-Jul-2002	17-Jul-2042	4.7	5,000,000.00
Dexia	12-Dec-2005	10-Dec-2042	4.875	6,000,000.00
Depfa	06-Mar-2007	07-Mar-2077	4.81	6,000,000.00
Depfa	06-Mar-2007	07-Mar-2077	4.71	15,000,000.00
Barclays	01-Jan-2004	03-Nov-2022	8.99	4,000,000.00

213,713,222.55

GRAND TOTAL

254,998,373.46

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		
Allied Irish Bank (GB)	10	2 years
Bradford and Bingley	10	2 years
Close Brothers Ltd	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		
Cumberland	3	364 days
National Counties	3	364 days
Scarborough	3	364 days
Progressive	3	364 days
Kent Reliance	3	364 days
Local Authorities	3	364 days
Money Market Funds	3	364 days

Proposed Stock Rationalisation Programme

2008/2009

Mandale, Thornaby

58 – 64 Northumberland Rd	(evens)	(4)	decanted 2007.08
21 – 27 Garnet Road	(odds)	(4)	decanted 2007.08
34 – 44 Garnet Road	(evens)	(6)	decanted 2007.08
1 Ruby & 56 N'land Rd	(both)	(2)	decanted 2007.08
3 Ruby & 19 Garnet Rd	(both)	(2)	decanted 2007.08
2 Ruby & 54 N'land Rd	(both)	(2)	decanted 2007.08
4 Ruby & 17 Garnet Rd	(both)	(2)	decanted 2007.08
50 – 72 Thorntree Road	(evens)	(12)	
67-75 Northumberland	(odds)	(5)	
1 – 17 Pearl Road	(odds)	(9)	
2 – 8 Pearl Road	(evens)	(4)	
22 – 32 Garnet Road	(evens)	(6)	
Total		(58)	

Hardwick 'W's' Stockton

3 – 17 Waldridge Road	(odds)	(7)	(no number 13)
17 – 22 Whessoe Walk	(all)	(6)	
2 – 24 Warden Close	(evens)	(12)	
1 – 17 Warden Close	(odds)	(9)	
2 – 22 Wardley	(evens)	(11)	
Total		(45)	

Hardwick 'E's', Stockton

1 – 23 Elwick Gardens	(odds)	(12)
Total		(12)

Queensway flats, Billingham Town Centre

82 - 98 Queensway	(evens)	(9)
128 Queensway		(1)
132 - 134 Queensway	(evens)	(2)
140 - 142 Queensway	(evens)	(2)
152 Queensway		(1)
158 - 160 Queensway	(evens)	(2)
Total		(17)

OVERALL TOTAL (132)