

Council

A meeting of Council was held on Wednesday, 25th February, 2009.

Present: The Worshipful the Mayor (Cllr John Fletcher), Cllr Mrs Lynne Apedaile, Cllr Phillip Broughton, Cllr Mrs Ann Cains, Cllr Dick Cains, Cllr Aidan Cockerill, Cllr David Coleman, Cllr Robert Cook, Cllr Mrs Eileen Craggs, Cllr Alex Cunningham, Cllr Ken Dixon, Cllr Jackie Earl, Cllr Mick Eddy, Cllr Mrs Suzanne Fletcher, Cllr Maurice Frankland, Cllr John Gardner, Cllr Robert Gibson, Cllr David Harrington, Cllr Miss Barbara Inman, Cllr Mohammed Javed, Cllr Paul Kirton, Cllr Terry Laing, Cllr Miss Tina Large, Cllr Colin Leckonby, Cllr Alan Lewis, Cllr Ken Lupton, Cllr Mrs Ann McCoy, Cllr Mrs Kath Nelson, Cllr Mrs Liz Nesbitt, Cllr Bill Noble, Cllr Mrs Jean O'Donnell, Cllr Ross Patterson, Cllr Maurice Perry, Cllr Mrs Maureen Rigg, Cllr Roy Rix, Cllr Fred Salt, Cllr Andrew Sherris, Cllr Michael Smith, Cllr Mick Stoker, Cllr Steve Walmsley, Cllr Mrs Sylvia Walmsley, Cllr Mrs Mary Womphrey, Cllr Mick Womphrey, Cllr Bill Woodhead and Cllr Barry Woodhouse.

Officers: N Schneider, H Dean (CE); D E Bond, P K Bell (LD); M Robinson (DNS); J Danks, P Saunders (R); J Humphreys (CESC).

Also in attendance: 2 Members of the Public.

Apologies: Cllr Hilary Aggio, Cllr Paul Baker, Cllr Jim Beall, Cllr Jennie Beaumont, Cllr Julia Cherrett, Cllr Ian Dalgarno, Cllr Kevin Faulks, Cllr Andrew Larkin, Cllr Steve Nelson and Cllr Allison Trainer.

1 Declarations of Interest

All Members present declared personal non prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as they were entitled to, had family relatives that were entitled to, or had close friends that were entitled to the Concessionary Travel Scheme.

Councillor Mrs Craggs declared a personal non prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as she was a tenant of a Tristar Homes property.

Councillor Gibson Councillor declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as he was a Member of the Clarence Resource Centre, Stockton on Line and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Coleman declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as he was a Member of Stockton International Family Resource Centre and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Javed declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as he was a Member of Stockton International Family Resource Centre and Corner House and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Kirton declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as he was a Member of Corner House and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Mrs Nelson declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as she was a Member of Newtown Resource Centre and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Mrs McCoy declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as she was the Chair of Stockton District Information and Advice Service and withdrew from the room during consideration of recommendation 5 of the report.

Councillor Mrs Nesbitt declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget for 2009/10 as she was a Member of Hardwick and Partnership and withdrew from the room during consideration of recommendation 5 of the report.

2 Review of the Medium Term Financial Plan and Budget 2009/10

Members considered a report, relating to the Council's Budget and Council Tax setting for 2009/10 that had been considered by Cabinet, at its special meeting held on 19th February 2008. Members also considered the minutes of that meeting that contained Cabinet's recommendations to Council (CAB 149/08).

Moved by Councillor Lupton and seconded by Councillor Cunningham that:-

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 2009/10 budget for Stockton-on-Tees Borough Council of £146,754,391.
3. Approve a 2009/10 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£563,448) of £147,317,839.
4. Approve the funding of the unavoidable pressure costs as shown in paragraph 22.
5. Approve the funding of the Community Empowerment Network from the Communities Fund for 2009/10 only.
6. Approve the utilisation of one-off resources of £1.6 million to allow the Medium Term Financial Plan to be balanced across the next three years.

Taxation

SBC

7. The Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 4.3% to a level of £1197.58 at Band D (£798.39 Band A).

Fire, Police & Parish

8. The Council note the Fire Precept of £3,570,300, which equates to a Council Tax of £61.57 at Band D (£41.05 at Band A).
9. The Council note the Parish precepts as set out in paragraph 32, page 15 of the budget report.
10. 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 26 February. Consequently an item will be placed on the agenda of the Council meeting on 4 March to set the aggregate Council Tax.

Capital

11. Approve the revised capital programme for 2009/10 (paragraph 36) and the Medium Term Capital Plan as set out in **Appendix C** of the report.
12. Approve the proposed Stock Rationalisation Programme at **Appendix D**.
13. Approve that where block allocations are required for specific schemes within the programme, this be delegated to the Corporate Director in conjunction with Cabinet Member.

Housing Revenue Account

14. The Housing Revenue Account as set out in **Appendix E** to the budget report be approved.

Treasury Management/Prudential Code

15. Council approve the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2009/10 – 2011/12 as set out in **Appendix F** to the budget report.

Council Tax - Statutory Requirements

16. Members note the statutory requirements for Council Tax as shown in **Appendix B** to the budget report.
17. 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 4 March for approval.

Attendance at Court

18. Approve that the postholders named in paragraph 45 be authorised to prosecute, defend or appear in proceedings before the Magistrates Court in relation to Council Tax, Business Rates (NNDR) and Business Improvement District (BID) charges.

Members thanked Officers for their hard work in preparing the Medium Term Financial Plan and Budget 2009/10.

Moved by Councillor Patterson, seconded by Councillor Dixon that the motion be amended as follows:-

1) To add recommendation 19 to the budget report as follows:-

To include £1.5m in the Council's Capital Programme for the purchase of land at Blair Avenue, Ingleby Barwick to assist in the provision of up to 900 additional secondary school places. The cost of the land is to be funded by Prudential Borrowing at a cost of £103,000 per annum and will be met from savings from the Schools Transport budget. Until these savings accrue, it is proposed that the costs be met from the one off resources totalling £1.342m identified at paragraph 23 of the budget report.

The effect of this proposal will be to change the formal tax recommendations as set out in Appendix B of the report as follows:

2 a) Replace the gross expenditure figure of £426,336,448 with £426,439,448

2 b) Replace the total income figure of £279,018,609 with £279,121,609

There is no impact on any further recommendations arising from this proposal.

A vote took place and the amendment was declared lost.

Moved by Councillor Lupton, seconded by Councillor Cunningham and RESOLVED that the minutes of Cabinet held on 19th February 2009 (Minute CAB 148/08 – CAB 151/08 be confirmed or received as appropriate and:-

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. A 2009/10 budget for Stockton-on-Tees Borough Council of £146,754,391 be approved.
3. A 2009/10 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£563,448) of £147,317,839 be approved.
4. The funding of the unavoidable pressure costs as shown in paragraph 22 be approved.
5. The funding of the Community Empowerment Network from the Communities Fund for 2009/10 only be approved.
6. The utilisation of one-off resources of £1.6 million to allow the Medium Term Financial Plan to be balanced across the next three years be approved.

Taxation

SBC

7. The Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 4.3% to a level of £1197.58 at Band D (£798.39 Band A).

Fire, Police & Parish

8. The Fire Precept of £3,570,300, which equates to a Council Tax of £61.57 at Band D (£41.05 at Band A) be noted.
9. The Parish precepts as set out in paragraph 32, page 15 of the budget report be noted.
10. 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 26 February. Consequently an item will be placed on the agenda of the Council meeting on 4 March to set the aggregate Council Tax.

Capital

11. The revised capital programme for 2009/10 (paragraph 36) and the Medium Term Capital Plan as set out in **Appendix C** of the report be approved.
12. The proposed Stock Rationalisation Programme at **Appendix D** be approved.
13. Where block allocations are required for specific schemes within the programme, this be delegated to the Corporate Director in conjunction with Cabinet Member.

Housing Revenue Account

14. The Housing Revenue Account as set out in **Appendix E** to the budget report be approved.

Treasury Management/Prudential Code

15. The Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2009/10 – 2011/12 as set out in **Appendix F** to the budget report be approved.

Council Tax - Statutory Requirements

16. The statutory requirements for Council Tax as shown in **Appendix B** to the budget report be noted.

17. 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 4 March for approval.

Attendance at Court

18. The postholders named in paragraph 45 be authorised to prosecute, defend or appear in proceedings before the Magistrates Court in relation to Council Tax, Business Rates (NNDR) and Business Improvement District (BID) charges.

A. Members noted 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 7 December 2008.
- a) the amount calculated by the Council in accordance with regulation 3 of the Regulations, as its Council Tax Base for the year : **57,987.68**
- 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.

Tax Base approved under the Scheme of Delegation on the 7 December 2008

Part of the Council's Area Tax Base

Aislaby & Newsham	97.41
Carlton	288.51
Castleavington / Kirklevington	493.72
Egglescliffe & Eaglescliffe	3,019.09
Elton	138.67
Grindon	1,256.56
Hilton	214.52
Ingleby Barwick	6,576.19
Long Newton	328.89
Maltby	150.33
Preston	602.99
Redmarshall	148.96
Stillington & Whitton	342.80
Thornaby	6,489.76
Wolviston	389.84
Yarm	3,278.88
Billingham	10,192.10

2. The amounts for the year that were approved by the Council on **25 February 2009** 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: **£426,336,448.**
- b) The aggregate amount that the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act: **£279,018,609.**
- 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: **£147,317,839.**
- 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: **£77,309,505.**
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: **£1,207.30.**
5. The aggregate amount of all special items referred to in Section 34(1) of the Act: **£563,448.**

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

The total income to be raised by the Council in 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.

6. The basic amount of Council Tax for those parts of the area to which no special items relate: **£1,197.58.**

*Stockton-on-Tees
Borough's Basic
Tax*

- C. Members are invited to **Note**

7. Parish Precepts are:

Part of the Council's Area	2009/2010	Band D
	Precept	Equivalent
	£	£
Aislaby & Newsham	0	0.00
Carlton	4,350	15.08
Castleavington / Kirklevingt	15,000	30.38
Egglescliffe & Eaglescliffe	73,135	24.22
Elton	0	0.00
Grindon	7,250	5.77
Hilton	1,500	6.99
Ingleby Barwick	107,615	16.36
Long Newton	6,000	18.24
Maltby	2,000	13.30
Preston	5,500	9.12
Redmarshall	2,500	16.78
Stillington & Whitton	6,750	19.69
Thornaby	139,700	21.53
Wolviston	10,274	26.35
Yarm	78,000	23.79
Billingham	103,874	10.19
	563,448	

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

*Cleveland Police
Authority Tax*

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

9. Cleveland Fire Authority has stated the sum of **£3,570,300** in a precept issued to the Council in accordance with Section 40 of the Act: this translates into the following sums for each Council Tax Band:

*Cleveland Fire
Authority Tax*

Band	Sum £
A	41.05
B	47.89
C	54.73
D	61.57
E	75.25
F	88.93
G	102.62
H	123.14

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

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

**Council Tax - Parish Demands
2009/2010**

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	10.05	11.73	13.40	15.08	18.43	21.78	25.13	30.16
3	Castleavington / Kirklevington	20.25	23.63	27.00	30.38	37.13	43.88	50.63	60.76
4	Egglescliffe	16.15	18.84	21.53	24.22	29.60	34.98	40.37	48.44
5	Elton	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Grindon	3.85	4.49	5.13	5.77	7.05	8.33	9.62	11.54
7	Hilton	4.66	5.44	6.21	6.99	8.54	10.10	11.65	13.98
8	Ingleby Barwick	10.91	12.72	14.54	16.36	20.00	23.63	27.27	32.72
9	Long Newton	12.16	14.19	16.21	18.24	22.29	26.35	30.40	36.48
10	Maltby	8.87	10.34	11.82	13.30	16.26	19.21	22.17	26.60
11	Preston	6.08	7.09	8.11	9.12	11.15	13.17	15.20	18.24
12	Redmarshall	11.19	13.05	14.92	16.78	20.51	24.24	27.97	33.56
13	Stillington & Whitton	13.13	15.31	17.50	19.69	24.07	28.44	32.82	39.38
14	Thornaby	14.35	16.75	19.14	21.53	26.31	31.10	35.88	43.06
15	Wolviston	17.57	20.49	23.42	26.35	32.21	38.06	43.92	52.70
16	Yarm	15.86	18.50	21.15	23.79	29.08	34.36	39.65	47.58
17	Billingham	6.79	7.93	9.06	10.19	12.45	14.72	16.98	20.38

**Council Tax - Borough and Parish Demands
2009/2010**

	Parish	Band							
		A	B	C	D	E	F	G	H
		Factor 6	7	8	9	11	13	15	18
		£	£	£	£	£	£	£	£
1	Aislaby and Newsham	798.39	931.45	1,064.52	1,197.58	1,463.71	1,729.84	1,995.97	2,395.16
2	Carlton	808.44	943.18	1,077.92	1,212.66	1,482.14	1,751.62	2,021.10	2,425.32
3	Castleavington / Kirklevington	818.64	955.08	1,091.52	1,227.96	1,500.84	1,773.72	2,046.60	2,455.92
4	Egglescliffe	814.54	950.29	1,086.05	1,221.80	1,493.31	1,764.82	2,036.34	2,443.60
5	Elton	798.39	931.45	1,064.52	1,197.58	1,463.71	1,729.84	1,995.97	2,395.16
6	Grindon	802.24	935.94	1,069.65	1,203.35	1,470.76	1,738.17	2,005.59	2,406.70
7	Hilton	803.05	936.89	1,070.73	1,204.57	1,472.25	1,739.94	2,007.62	2,409.14
8	Ingleby Barwick	809.30	944.17	1,079.06	1,213.94	1,483.71	1,753.47	2,023.24	2,427.88
9	Long Newton	810.55	945.64	1,080.73	1,215.82	1,486.00	1,756.19	2,026.37	2,431.64
10	Maltby	807.26	941.79	1,076.34	1,210.88	1,479.97	1,749.05	2,018.14	2,421.76
11	Preston	804.47	938.54	1,072.63	1,206.70	1,474.86	1,743.01	2,011.17	2,413.40
12	Redmarshall	809.58	944.50	1,079.44	1,214.36	1,484.22	1,754.08	2,023.94	2,428.72
13	Stillington & Whitton	811.52	946.76	1,082.02	1,217.27	1,487.78	1,758.28	2,028.79	2,434.54
14	Thornaby	812.74	948.20	1,083.66	1,219.11	1,490.02	1,760.94	2,031.85	2,438.22
15	Wolviston	815.96	951.94	1,087.94	1,223.93	1,495.92	1,767.90	2,039.89	2,447.86
16	Yarm	814.25	949.95	1,085.67	1,221.37	1,492.79	1,764.20	2,035.62	2,442.74
17	Billingham	805.18	939.38	1,073.58	1,207.77	1,476.16	1,744.56	2,012.95	2,415.54
18	Areas without Parish Councils	798.39	931.45	1,064.52	1,197.58	1,463.71	1,729.84	1,995.97	2,395.16

**Council Tax – Total Demand (Borough, Parishes, Police and Fire
2009/2010**

1	Aislaby and Newsham	839.44	979.34	1,119.25	1,259.15	1,538.96	1,818.77	2,098.59	2,518.30
2	Carlton	849.49	991.07	1,132.65	1,274.23	1,557.39	1,840.55	2,123.72	2,548.46
3	Castleavington / Kirklevington	859.69	1,002.97	1,146.25	1,289.53	1,576.09	1,862.65	2,149.22	2,579.06
4	Egglescliffe	855.59	998.18	1,140.78	1,283.37	1,568.56	1,853.75	2,138.96	2,566.74
5	Elton	839.44	979.34	1,119.25	1,259.15	1,538.96	1,818.77	2,098.59	2,518.30
6	Grindon	843.29	983.83	1,124.38	1,264.92	1,546.01	1,827.10	2,108.21	2,529.84
7	Hilton	844.10	984.78	1,125.46	1,266.14	1,547.50	1,828.87	2,110.24	2,532.28

8	Ingleby Barwick	850.35	992.06	1,133.79	1,275.51	1,558.96	1,842.40	2,125.86	2,551.02
9	Long Newton	851.60	993.53	1,135.46	1,277.39	1,561.25	1,845.12	2,128.99	2,554.78
10	Maltby	848.31	989.68	1,131.07	1,272.45	1,555.22	1,837.98	2,120.76	2,544.90
11	Preston	845.52	986.43	1,127.36	1,268.27	1,550.11	1,831.94	2,113.79	2,536.54
12	Redmarshall	850.63	992.39	1,134.17	1,275.93	1,559.47	1,843.01	2,126.56	2,551.86
13	Stillington & Whitton	852.57	994.65	1,136.75	1,278.84	1,563.03	1,847.21	2,131.41	2,557.68
14	Thornaby	853.79	996.09	1,138.39	1,280.68	1,565.27	1,849.87	2,134.47	2,561.36
15	Wolviston	857.01	999.83	1,142.67	1,285.50	1,571.17	1,856.83	2,142.51	2,571.00
16	Yarm	855.30	997.84	1,140.40	1,282.94	1,568.04	1,853.13	2,138.24	2,565.88
17	Billingham	846.23	987.27	1,128.31	1,269.34	1,551.41	1,833.49	2,115.57	2,538.68
18	Areas without Parish Councils	839.44	979.34	1,119.25	1,259.15	1,538.96	1,818.77	2,098.59	2,518.30
	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	41.05	47.89	54.73	61.57	75.25	88.93	102.62	123.14

Capital Programme 2009/10	TOTAL EXPENDITURE			
Schemes	2009/2010	2010/2011	2011/2012	
Adult's Services				
Chronically Sick & Disabled Persons Act	346,000	346,000	346,000	Note 1
Day Services Review	110,000	110,000	110,000	Note 1
	456,000	456,000	456,000	
Children's Services				
Primary Capital Programme	3,066,406	5,444,409		Note 2
Targeted Capital	400,000			
Devolved Formula Capital	2,687,123	2,687,123	2,687,123	Note 1
Modernisation	1,927,656	1,927,656	1,927,656	Note 1
Basic Need	1,193,758	1,193,758	1,193,758	Note 1
Schools Access Initiative	320,380	320,380	320,380	Note 1
Extended Schools	341,398	176,453	176,453	Note 1
ICT Harnessing Grant	685,282	716,849	716,849	Note 1
Children's Centres Capital	681,127	320,305		Note 2
Early Years Capital Grant	1,033,561	653,086	653,086	Note 1
Youth Capital Fund	113,000	113,000	113,000	Note 1
Pathfinders (Short Breaks)	125,600	293,000		
	12,575,291	13,846,019	7,788,305	
Sport, Culture & Lifelong Learning				
Splash Extension	1,735,300	70,000		
Preston Park and Hall	1,000,000			
Winter Garden Preston Hall	1,500			
Billingham Forum Refurbishment	6,221,481	7,540,608	212,638	
	8,958,281	7,610,608	212,638	
Housing Renewal				
Housing General Fund				
Private Sector Renewal	1,050,000	1,000,000	1,000,000	
Disabled Facilities Grant - Private	1,233,900	1,245,500	1,245,500	
Hardwick Regeneration	6,063,678	618,203		
Mandale Regeneration	1,522,673	2,014,173	2,166,459	

Parkfield Regeneration	4,457,200	4,495,800	4,495,843	Note 1
Community Economic Inclusion Centre	399,200	44,400		
Gypsy Site - additional plot	237,100			
	14,963,751	9,418,076	8,907,802	
Housing Revenue Account				
Housing Revenue Account	8,673,000	7,056,500	7,183,100	
	23,636,751	16,474,576	16,090,902	
Technical Services				
LTP Settlement - Integrated Transport	2,059,000	2,152,000	2,152,000	Note 1
LTP Settlement - Structural Maintenance	1,451,000	1,668,000	1,668,000	Note 1
Road Safety Schemes	68,808	66,340	66,340	Note 1
Northshore Footbridge	309,000			
Section 278 Schemes	1,272,762	1,068,000	257,000	
Tees Valley Bus Networks Improvement	6,584,000	6,232,000		
	11,744,570	11,186,340	4,143,340	
Regeneration				
Stockton Middlesbrough Initiative	5,641,233	523,566	1,404,605	

Billingham Town Centre Regeneration	750,000	750,000	
Thornaby Town Centre Sale	100,000		
Thornaby Pavilion Improvements	128,000		
	6,619,233	1,273,566	1,404,605
Community Schemes			
Cemeteries	303,065	150,000	150,000
Environmental Improvements	400,000	400,000	400,000
Highway Improvements	150,000	150,000	150,000
Alleygates	121,000	121,000	
Energy Efficiency Fund	223,298		
Safer Stronger communities Fund	62,276	62,276	
	1,259,639	883,276	700,000
Parks & Countryside			
Harold Wilson Centre			
John Whitehead Park	60,000		
Romano Park Ingleby Barwick - Design	69,591		
Wynyard Woodland Park - Play Equipment	169,650		
NRF Newham Grange Park	227,840		
Village Park	55,000		
Fairplay Playbuilder Grant	410,631	410,631	
	992,712	410,631	0
Repairs & Maintenance			
General Repairs and Maintenance	498,484	400,000	400,000
Thornaby Town Hall - roof repairs			
	498,484	400,000	400,000
DNS Miscellaneous			
Vehicle Fleet Renewal Fund	307,914	254,312	45,666
	307,914	254,312	45,666
Resources			
Access to Services	838,870		
Computer Room	400,000		
ICT Infrastructure / Storage	233,000		
	1,471,870	0	0

Total Capital Programme	68,520,745	52,795,328	31,241,456
Financed By:	2009/10	2010/11	2011/12
Government Support	36,112,288	37,095,147	24,317,354
Other Grants	1,466,998	790,408	54,907
Council Resources	10,232,401	1,771,078	2,549,698
Earmarked Housing Receipts	7,895,551	2,912,576	2,716,759
Prudential Borrowing	7,868,707	7,348,719	212,638
Contributions	2,421,602	1,568,000	257,000
Rcco	2,523,198	1,309,400	1,133,100
Total	68,520,745	52,795,328	31,241,456

Note 1 - 2011/12 funding is not yet approved but is anticipated to continue therefore based on previous year's allocation

Note 2 - 2011/12 funding expected to continue but unsure of allocation at this stage

Confidential

Stock Rationalisation Programme proposals

2009/10

Mandale, Thornaby

2 Ruby Road		(1)
54 Northumberland Road		(1)
50 – 72 Thorntree Road	(evens)	(12)
67 Northumberland Road		(1)
1 – 13 Pearl Road	(odds)	(7)
74 – 94 Thorntree Road	(evens)	(11)
34 – 52 Northumberland Road	(evens)	(10)
1 – 15 Garnet Road	(odds)	(8)
2 – 20 Garnet Road	(evens)	(10)
Total		(61)

OVERALL TOTAL (61)

HOUSING REVENUE ACCOUNT		
Description	2008/9	2009/10
	£	£
<u>INCOME</u>		
GROSS RENT INCOME - DWELLINGS	(30,941,536)	(32,699,820)
INCREASED PROVISION FOR BADS DEBTS	100,000	100,000
- NON DWELLINGS RENT	(441,319)	(461,723)
- NON DWELLINGS SHOPS AND LAND	(401,450)	(380,044)
CHARGES FOR SERVICES	(987,634)	(988,462)
CONTRIBUTIONS TO EXPENDITURE	(406,504)	(426,659)
ALMO SUBSIDY	(5,040,000)	(5,040,000)
ALMO CAPITAL COST	3,595,768	3,600,554
TOTAL INCOME	(34,522,675)	(36,296,154)
<u>EXPENDITURE</u>		
MANAGEMENT FEE - TRISTAR	6,638,021	7,360,979
RETAINED MANAGEMENT - GENERAL	1,173,348	1,189,460
INSURANCE RECHARGES		
SHELTERED ACCOMMODATION	45,075	38,536
MAINTENANCE - TRISTAR	6,599,638	7,078,046
- DISREPAIR	-	-
RETAINED MAINTENANCE	644,850	623,184
CONCIERGE	1,582,890	1,793,170
RENT REBATES LIMITATION		
SUBSIDY PAYABLE	10,498,405	10,683,578
CAPITAL CHARGES - INTEREST	4,415,020	4,278,795
- LEASING	168,464	170,464
- DEPRECIATION GARAGES	77,117	77,117
- RCCO	2,650,000	2,874,992
DEBT MANAGEMENT COSTS	74,592	77,083
AMORTISED PREMIUMS/DISCOUNTS	84,768	62,675
INTEREST RECEIVABLE	(9,258)	(9,258)
INTEREST ON BALANCES	(50,000)	(50,000)
TOTAL EXPENDITURE	34,592,930	36,248,821
SURPLUS/DEFICIT	70,255	(47,333)
BALANCE AT 1ST APRIL	(1,263,593)	(1,193,338)
BALANCE AT 31ST MARCH	(1,193,338)	(1,240,671)

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. 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. This report updates currently approved indicators, and introduces new indicators for 2011/12.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, as it will directly impact on borrowing or investment activity. As a consequence the Treasury Management Strategy for 2009/10 to 2011/12 is included in this report to complement these indicators. The production of a Treasury Management Strategy is a requirement of the CIPFA Code of Practice on Treasury Management. Compliance with this Code is a requirement of the Prudential Code.

The Council's Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is 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.
4. 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:

	2007/ 08 Actual £'000	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Capital Expenditure					
Non-HRA	43,776	51,599	59,848	45,739	24,058
HRA	16,514	9,880	8,673	7,056	7,183
Total spend	60,290	61,479	68,521	52,795	31,241
Financed by:					
Capital receipts	8,978	14,469	18,128	4,684	5,266
Capital grants	30,375	28,179	30,692	31,670	18,157
Capital Contributions	5,903	5,356	2,422	1,568	257
Revenue	4,873	3,377	2,523	1,309	1,133

Net financing need (borrowing) for the year	10,161	10,098	14,756	13,564	6,428
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The Council's Borrowing Need (the Capital Financing Requirement)

5. 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.
6. 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.
7. The Department of Communities & Local Government have regulations which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision.
8. The Council is recommended to approve the following MRP Statement.
9. 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;
10. 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);
11. The Council is recommended to approve the CFR projections below:

	2007/08 Actual £'000	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Capital Financing Requirement					
CFR – Non Housing	109,755	141,918	139,628	140,838	140,838
CFR - Housing	140,708	113,587	122,691	128,546	128,614
Total CFR	250,463	255,505	262,319	269,384	269,452
Movement in CFR	(9,413)	5,042	6,814	7,065	68

Movement in CFR represented by					
Net financing need for the year (above)	11,330	9,695	14,857	13,564	5,210
MRP/VRP and other financing movements	(20,743)	(4,653)	(8,043)	(6,499)	(5,142)
Movement in CFR	(9,413)	5,042	6,814	7,065	68

Affordability Prudential Indicators

12. 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:

13. 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.

	2007/08 Actual %	2008/09 Revised %	2009/10 Estimate %	2010/11 Estimate %	2011/12 Estimate %
Non-HRA	2.2	1.8	2.7	3.0	3.1
HRA	21.3	23.1	22.0	24.3	22.9

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

15. 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

16. Invariably include some estimates, such as the level of government support.

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

	Proposed Budget 2009/10 £	Forward Projection 2010/11 £	Forward Projection 2011/12 £
Council Tax - Band D	0.97	1.44	2.15

18. 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.

19. Incremental impact of capital investment decisions Housing Rent levels

	Proposed Budget 2009/10 £	Forward Projection 2010/11 £	Forward Projection 2011/12 £
Weekly Housing Rent levels	0	0	0

TREASURY MANAGEMENT STRATEGY 2009/10 – 2011/12

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 2009/10 – 2011/12

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.

	2007/08 Actual £'000	2008/09 Revised £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000
External Debt					
Debt at 1 April	267,910	254,998	258,712	262,397	269,572
Maturing Debt	(12,912)	(286)	(312)	(344)	(378)
New Debt taken/to be taken out	0	4,000	3,997	7,519	244
Debt at 31 March	254,998	258,712	262,397	269,572	269,438
Annual change in debt	(12,912)	3,714	3,685	7,175	(134)
(under)/over borrowed	4,535	3,207	78	188	(14)
Investments					
Total Investments at 31 March	114,418	114,000	114,000	114,000	114,000
Investment change	13,553	(418)	0	0	0

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

	2007/08 Actual £'000	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Revenue Budgets					
Interest on Borrowing	14,710	14,632	14,717	14,899	14,887
Related HRA Charge	7,718	7,773	7,813	7,783	7,718
Net general Fund Borrowing Cost	6,992	6,859	6,904	7,116	7,169
Investment income	6,795	6,475	3,035	2,300	2,300

Limits to Borrowing Activity

7. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
8. 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 2009/10 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimate d £'000	2011/12 Estimated £'000
Gross Borrowing	258,712	262,397	269,572	269,438
Investments	114,000	114,000	114,000	114,000
Net Borrowing	144,712	148,397	155,572	155,438
CFR	255,505	262,319	269,384	269,452

9. 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.
10. A further two prudential indicators control or anticipate the overall level of borrowing. These are:

11. 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.
12. 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.
13. The Council was recommended to approve the following Authorised Limit and Operational Boundary:

Authorised limit	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Borrowing	288,800	304,800	304,800	325,800
Other long term liabilities	0	0	0	0
Total	288,800	304,800	304,800	325,800
Operational Boundary	2008/09 Revised £'000	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Borrowing	265,000	281,000	295,000	302,000
Other long term liabilities	0	0	0	0
Total	265,000	281,000	295,000	302,000

Expected Movement in Interest Rates

14. The UK economy has entered a profound recession, which is worsened by a dangerous combination of negative growth and dislocation in the domestic and world financial markets. The situation in the economy is considered critical by the policy setters who are concerned that the testing financial environment, the sharp decline in house prices and persistently tight credit conditions could further erode consumer confidence.
15. The Government's November pre-Budget Report did feature some fiscal relaxation but it also highlighted the very poor health of public sector finances. The size of the package alone is not sufficient to kick-start the economy. The onus for economic stimulation will fall upon monetary policy and the Bank of England.
16. The Bank will continue to ease monetary policy to try and drive commercial interest rates to much lower levels. A Bank Rate of 1% or less now seems a distinct possibility. Only when the markets return to some semblance of normality will official rates be edged higher.
17. 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.

18. The expected movement in interest rates are as follows:-

	Base Rate %
2008/09	3.9
2009/10	1.2
2010/11	1.9
2011/12	2.6

Borrowing Strategy 2009/10 – 2011/12

19. The uncertainty over future interest rate increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.

20. Long-term fixed interest rates are at risk of being 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 shorter term fixed rate borrowing may provide better opportunities. This may include borrowing in advance of future years requirements.

21. With the likelihood of increasing interest rates, any debt restructuring is likely to focus on switching from longer term fixed rates to cheaper short term debt, although the Corporate Director of Resources and treasury consultants will monitor prevailing rates for any opportunities during the year.

22. The option of postponing borrowing and running down investment balances is a possibility. This could reduce counterparty risk and also act as a mitigation against any expected fall in investment returns.

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

	2009/10 Estimated £'000	2010/11 Estimated £'000	2011/12 Estimated £'000
Movement in CFR	6,814	7,065	68
Maturing Debt	(312)	(344)	(378)
Borrowed in Advance	(3,207)	0	0
Total Borrowing need	3,919	7,409	446

Investment Counterparty and Liquidity Framework

24. 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.
25. 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. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria.
- Banks 1– the Council will use banks which have at least the following Fitch, Moody's and Standard and Poors ratings (where rated):
 - Short Term – F2/P2/A-2
 - Long Term – AA-/Aa3/AA-
 - Banks 2-In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met (a) wholesale deposits in the bank are covered by a government guarantee; (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
 - 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 £2 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 £20m
 - Local Authorities, Police & Fire Authorities-limit £3m
26. 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	AA-	Aa3	AA-	£20m	1-3 years
Middle Limit Category	F2	P2	A-2	£15m	Up to 1year
Lower Limit Category	Unrated Building Societies with assets in excess of £2 billion			£7m	Up to 1year
Other Institution Limits					
Uk Government	-	-	-	£20m	-
Money Market Funds	-	-	-	£3m	Up to 1year
Local Authorities	-	-	-	£3m	Up to 1year

(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).

27. The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.
28. 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.
29. 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 2009/10 – 2011/12

30. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 1.5% bank rate reducing throughout 2009 and into 2010. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
31. There is a clear operational difficulty arising from the current banking crisis. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security. There is therefore the need to ensure a balanced portfolio that produces the optimum result between interest return and immediacy of access and security.
32. The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst members are asked to approve this base criteria above, under the exceptional current market conditions the Director of Resources will continue to monitor any additional information that has an on an institutions ability to repay investments. As was the case in 2008/09 this may necessitate the use of "Urgency Powers" to ensure decisions can be taken quickly enough to safeguard the Council's interests.

Treasury Management Prudential Indicators and Limits on Activity

33. 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.

34. 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 60	£m 60	£m 60

Performance Indicators

35. 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.

36. The following indicators will be reported in the annual report on treasury management activity for 2008/09:-

- 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

	2007/08 Actual £'000	2008/09 Revised £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000
Children Services	12,016	14,105	12,575	13,846	7,788
Adult Services	1,041	519	456	456	456
Housing General Fund	10,749	13,905	14,964	9,418	8,908
Development & Neighbourhood	19,493	21,953	21,423	14,408	6,694
Leisure & Cultural	334	132	8,958	7,611	212
Resources	143	985	1,472	0	0
Total Non-HRA	43,776	51,599	59,848	45,739	24,058
HRA	16,514	9,880	8,673	7,056	7,183
Total Capital Expenditure	60,290	61,479	68,521	52,795	31,241

Annex B1

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 £20m
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 £15m.
6. A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has a AAA sovereign long term rating these institutions will be included within the Council’s criteria temporarily until such time as the ratings improve or the guarantees are withdrawn.

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 F2/P2/A-2 as rated by Fitch, Moody’s and Standard & Poors. 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
Middle Limit Category	F2	P2	A-2	£15.0m	Up to 1 year

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 criteria:-</p> <p>Building Societies with an asset base in excess of £2 billion (restricted to up to 1 year)</p>	£7m
d.	<p>Any bank or building society that has the following rating:- Upper Limit Category (restricted to 1-3 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>	£20m
e.	<p>Any non rated subsidiary of a credit rated institution included in the specified investment category.</p>	£0
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>	£0

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 2009

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
468403 PWLB		01-Jan-2004	30-Sep-2013	11.625	351,811.59
					7,961,473.28
5 years to 10 years					
467832 PWLB		18-Dec-1989	31-Jul-2015	10	2,416,506.60
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
467059 PWLB		10-Jul-1989	31-Jul-2018	9.625	4,000,000.00
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
467066 PWLB		01-Jan-2004	31-Mar-2019	9.625	397,952.59
	Bayerische	01-Jan-2004	10-Dec-2014	8.87	8,000,000.00
					37,439,338.21
10 years and above					
402348 PWLB		15-Sep-1969	31-Jul-2029	9.375	15,906.53
402349 PWLB		15-Sep-1969	31-Jul-2029	9.375	9,726.89
484303 PWLB		01-Jan-2004	30-Jun-2021	5.75	43,721.67

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
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
494748 PWLB	15-Aug-2008	31-Mar-2058	4.39	4,000,000.00
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

213,311,367.27

GRAND TOTAL

258,712,178.76**INVESTMENT COUNTERPARTY LIMITS**

<u>COUNTERPARTY</u>	Money £m	Time
Bank of England (guaranteed by HM Government equivalent to a sovereign triple A rating)		
Debt Management Account Deposit Facility	20	3 years
UPPER LIMIT/LONG TERM		
Clearing Banks with at least AA- Fitch, Aa3 Moody's or AA- S & P Rating		
Abbey National	20	3 years
Alliance & Leicester	20	3 years
Barclays Bank	20	3 years
HSBC Group	20	3 years
Lloyds TSB Group	20	3 years
MIDDLE LIMIT/SHORT TERM		
Clearing Banks with at least F2 Fitch, P2 Moody's or A-2 S & P Rating		
Allied Irish Bank (GB)	15	364 days
Close Brothers Ltd	15	364 days
Co- Op Bank	15	364 days
Northern Rock	15	364 days
RBS Group	15	364 days
Schroders Plc	15	364 days
Clearing Building Societies with at least F2 Fitch, P2 Moody's or A-2 S & P Rating		
Britannia	15	364 days
Chelsea	15	364 days
Coventry	15	364 days
Dunfermline	15	364 days
Leeds	15	364 days
Nationwide	15	364 days
Newcastle	15	364 days
Norwich & Peterborough	15	364 days
Principality	15	364 days
Skipton	15	364 days
West Bromwich	15	364 days
Yorkshire	15	364 days
Scarborough	15	364 days
<u>LOWER LIMIT</u>		
<u>Building Societies with an asset base of £2 billion +</u>		
Kent	7	364 days

Nottingham	7	364 days
Stroud & Swindon	7	364 days
Local Authorities	3	364 days
Money Market Funds	3	364 days