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**WREXHAM COUNTY BOROUGH COUNCIL**

**2011/12 BUDGET**

**Report of  
Chief Finance & Performance Officer**

**BACKGROUND**

1. The local authority budget planning process in Wrexham, as elsewhere, requires an early view to be taken about the Council's budget prospects based on national economic indicators and government planning totals for local authority spending.
2. The budget planning process for 2011/12 was agreed and a review of the Council's financial prospects were considered by the Council's Executive Board in June 2010. In view of the anticipated significant spending reductions over the medium term service reviews, which involved each service undertaking a strategic review of their operations, took place during the period to July 2010. The service reviews identified savings which were challenged by the Council's Transformation Programme team and Lead Members.
3. The medium term financial plans have been developed using the following parameters:
  - An assumed reduction in grant funding of 1.2% in 2011-12 followed by increases of 0.24% and 1.3% in 2012-13 and 2013-14 respectively.
  - Estimated inflation assumptions:
    - teachers' pay award of 1% for 2011-12, 0% for 2012-13 and 1.5% for 2013-14.
    - non-teachers' pay award of 0% for 2011-12 and 2012-13, 1.5% for 2013-14.
    - price increases of around 2.5% for 2011-12, 3% for 2012-13 and 2013-14.
  - That the unhypothecated Outcome Agreement grant will be received in all three years.
  - Known unavoidable commitments
4. The medium term financial plan will be reviewed on a periodic basis.

**Review of the Current Year 2010/11**

5. The budget for the year was cash limited at £208,296,174
6. The budget has been closely monitored and controlled during the year in accordance with the procedures approved by Council. A number of service pressures and increased costs were identified early in the financial year and it was agreed by the Executive Board that action should be taken by officers to control spending and to keep service spending within the approved cash limited budget totals.
7. All budgets will continue to be carefully scrutinised in accordance with the agreed procedures and the actual outturn will be reported in the summer. In accordance with the rules of cash limited budgeting, any over or underspending may be carried forward to 2011/12.

## **Welsh Assembly Government (WAG) Revenue Settlement**

8. The grant allocation for individual authorities is dependant on the standard spending assessment (SSA) formula. For 2011/12 there are no significant changes to the formula.
9. The WAG announced its provisional revenue settlement details for local authorities on 23 November 2010. The provisional settlement gave local authorities on average a 1.4% grant decrease, which was slightly better than anticipated. WAG announced its final revenue settlement for 2011/12 on 2 February 2010 and was broadly unchanged on the provisional settlement.
10. The Local Government Finance Act 1992 gives the Minister for Social Justice and Local Government, power to limit or cap the budget requirement of any local authority, which he considers to be excessive. The Minister has made no announcement relating to assumptions about the Council's spending level for 2011/12. The Council's standard spending assessment, the notional assessment for grant distribution purposes of the Council's need to spend on its services, totalled £210,172,950.

## **2011/12 Budget**

11. The budget for next year as outlined on page (vi) has been built up in accordance with the framework agreed by Council. The budget in the current year (i.e. the cash limited budget amended for the transfers of grants into the Revenue Support grant) has been adjusted for the cost of inflation, unavoidable commitments and savings.
12. The total net revenue expenditure is estimated at £208,608,688 and represents a reduction of £302,615 (0.16%) of the current year's adjusted net revenue budget. Page (vi) also demonstrates the Council's budget requirement at £207,237,342.
13. It is a requirement of the Local Government Act 2003 that I should report to members on the robustness of the estimates made for the purpose of calculating the net budget requirement. I should therefore draw your attention to a number of key risk areas that I have identified in the budget and how these may be managed. These are outlined on page 19. Issues relating to these key risks will be reported to members during the forthcoming year as necessary as part of the budget monitoring and control procedures.

## **Reserves and Balances**

14. A local authority requires a prudent level of working balances to maintain adequate cash flow, especially during the first part of the financial year prior to the receipt of council tax income, and to meet unforeseen expenditure.
15. There are no planned contributions to balances for 2011/12. However, I am satisfied that the level of balances and reserves is adequate for the forthcoming financial year and the authority's medium term financial strategy.
16. There is still uncertainty on the impact of energy inflation costs on the Council's budget.

(iii)

17. An analysis of the Council's key estimated earmarked reserves and balances for the year ahead is as follows:

	<b>Actual Balance at 1 April 2010 £k</b>	<b>Estimated Balance at 1 April 2011 £k</b>	<b>Movement in year £k</b>	<b>Estimated Balance at 31 March 2012 £k</b>
Council Fund Balance	7,018	7,435	0	7,435
School Balances	948	526	0	526
Service Reserves	590	477	(336)	141
Other Earmarked Reserves	11,684	10,827	(618)	10,209
<b>Total Balances and Reserves</b>	<b>20,240</b>	<b>19,265</b>	<b>(954)</b>	<b>18,311</b>

18. The estimated balances at 1 April 2010 in the table above are based on the best estimates available at the time of writing the report. The movement in the Council Fund balance includes the reported position in the current year. The reported position will change following the closure of the 2010/11 accounts and will be reported to members as part of the outturn report after the end of the financial year. Of the 2011/12 in year planned movement on service reserves of £336k none will be used to fund recurrent expenditure.

19. The above analysis does not assume any use of general balances for back pay liabilities following the Single Status and Equal Pay review. If these or any other liabilities exceeded the earmarked allocations then clearly these general balances would be called on.

## **Income**

20. **Revenue Income Support Grant** – The County Borough's share of the final Revenue Support Grant has been set at £129,777,826.

21. **Business Rates** – The Assembly has set the business rate poundage for 2011/12 at 42.8p in the £. The County Borough's share of national non-domestic rate income in 2011/12 is £31,360,804.

22. **Outcome Agreement Grant** – This grant has been distributed to all local authorities on the basis of current standard spending assessments and this Council's share is £1,291,346.

23. In total the Council will receive general grants from the WAG of £162,429,976.

## **Council Tax**

24. After taking account of the general grants and contribution from balances, the balance of net expenditure totalling £46,178,712 remains to be funded by council taxpayers.

25. It is proposed to charge as a special expense part of the cost of footway lighting to the four community areas within the town (£4.13 at band D).

(iv)

26. After adjusting for special expenses of £66,425 the balance to be found as general expenses from council taxpayers is £46,112,287.
27. The council tax base calculation was agreed by the Executive Board on 17 November 2009 for 2010/11, as 51,880 band D equivalent properties after allowing for:
- band reductions for the disabled
  - exempt properties
  - single occupier discounts
  - double discounts on unoccupied properties
  - factors to reflect the relative charge at different bands
  - the estimated collection rate
  - contributions in lieu from Ministry of Defence

The overall tax base is built up from the same calculations for each of the 34 community areas and the “band D equivalents” are shown on page (vii).

28. Dividing the balance of net expenditure (£46,178,712) by the tax base of 51,880 will give a £890.11 charge to be borne by a full-paying household whose home is valued at band D. For band A property the charge is six ninths of this figure through to band I properties where the charge is twenty one ninths of the band D figure. In many cases these figures will be adjusted for disabled and other discounts and, of course, for council tax benefit.
29. Page (vii) sets out the council tax rate for the band D taxpayer for each community council area and shows that when the police authority’s precept is included, the total average council tax at band D for 2011/12 is £1,135.42.

## **CONCLUSION**

30. Although the financial settlement for 2011/12 has meant a reduction in the Council’s overall budget for 2011/12, every effort has been made to protect social care services and schools.
31. The Local Government Act 2003 requires the Council to monitor its budget and to take appropriate action. The budget will therefore require close monitoring and control during the year and the financial position will need to be kept continuously under review.
32. Finally, I remain very grateful to all Members and Officers for their assistance, co-operation and hard work in helping to prepare this budget.

**M S OWEN**  
**CHIEF FINANCE AND PERFORMANCE OFFICER**

## **SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES**

1. The cash limited budgets in column (j) on page (vi) have been recast to comply with the Service Reporting Code of Practice for Local Authorities (SeRCOP). This has a particular impact on central costs and support services.
2. Both central and departmental support costs have had to be fully recharged to the services which they support. This is reflected in the addition of column (k) on page (vi) and in the body of the budget pages.
3. It should be noted that Legal & Democratic, Human Resources, Finance & Performance, Information Systems, Repairs & Maintenance and Property Consultancy / Asset Management / School Transportation within Transport & Asset Management are fully recharged and show net budgets of nil.
4. As part of the Code, the central costs have been re-arranged into:
  - Corporate & Democratic Core (including Democratic Representation & Management and Corporate Management)
  - Non Distributed Costs (including Past Service Costs and costs associated with unused shares of IT facilities)
  - Central Services to the Public (including Council Tax collection costs, Coroners, Electoral Registration etc.)
  - Other Operating Income & Expenditure (including levies from other bodies and capital financing).
5. Obviously, these are extremely significant changes but the underlying spending power of services remains exactly as approved by Council. One of the primary purposes of the change is to permit greater inter-authority comparability in the future.

## 2011/12 Revenue Budget Summary

	2010/2011 Cash Limited		2010/2011 Cash Limited		Unavoidable Commitments	New Responsibilities	Full Year Part III Savings			2011/2012	
	Budget	Functional Transfers	Budget after transfers	Inflation			Pay	Car Allowances	Service Savings	Cash Limited Budget	Recast Budget
	(a) £	(b) £	(c) £	(d) £			(e) £	(f) £	(g) £	(h) £	(i) £
1 Environment	23,981,157	0	23,981,157	1,035,129	300,000	0	(34,945)	(11,775)	(1,240,069)	24,029,497	23,849,451
2 Adult Social Services	38,720,953	127,704	38,848,657	1,040,299	900,000	678,421	(320,833)	(42,822)	(1,129,000)	39,974,722	39,975,999
3 Housing & Public Protection	3,955,784	45,454	4,001,238	309,962	0	0	0	(15,870)	(440,000)	3,855,330	5,675,222
4 CYP - Schools	68,270,741	914,204	69,184,945	1,011,704	0	0	0	0	0	70,196,649	70,196,649
5 CYP - Non Delegated schools	3,537,260	(914,204)	2,623,056	254,890	0	0	0	(9,698)	(191,000)	2,677,248	19,563,987
6 CYP - Prevention & Inclusion	6,957,738	250,000	7,207,738	238,324	0	0	0	(21,065)	(423,000)	7,001,997	7,434,353
7 CYP - Safeguarding & Support	10,899,206	216,971	11,116,177	283,107	300,000	0	(4,897)	(15,472)	0	11,678,915	12,117,524
8 Leisure, Libraries & Culture	5,398,707	0	5,398,707	159,585	0	0	(30,242)	(4,353)	(411,000)	5,112,697	8,149,048
9 Economic Development	1,947,932	0	1,947,932	187,529	0	0	(684)	(19,014)	(277,000)	1,838,763	4,051,055
10 Planning	1,312,380	0	1,312,380	49,398	0	0	4,432	(7,058)	(200,000)	1,159,152	1,222,521
11 Transportation & Asset Management	3,164,155	0	3,164,155	74,085	0	0	(12,748)	(11,112)	(546,931)	2,667,449	627,255
12 Finance & Performance	4,787,087	0	4,787,087	107,016	0	0	0	(6,479)	(290,000)	4,597,624	0
13 Information Systems	2,728,600	0	2,728,600	62,979	0	0	0	(2,435)	(200,000)	2,589,144	0
14 Legal & Democratic	1,916,544	0	1,916,544	42,927	0	0	0	(1,042)	(73,000)	1,885,429	0
15 Human Resources	1,305,947	0	1,305,947	31,345	0	0	0	(1,283)	0	1,336,009	0
16 Repairs & Maintenance	2,012,901	0	2,012,901	50,323	0	0	0	0	0	2,063,224	0
<b>17 Total Net Service Expenditure</b>	<b>180,897,092</b>	<b>640,129</b>	<b>181,537,221</b>	<b>4,938,602</b>	<b>1,500,000</b>	<b>678,421</b>	<b>(399,917)</b>	<b>(169,478)</b>	<b>(5,421,000)</b>	<b>182,663,849</b>	<b>192,863,064</b>
18 Corporate and Central Expenditure	27,399,082	0	27,399,082	15,070	0	0	(353,082)	(1,231)	(1,115,000)	25,944,839	15,745,624
<b>19 TOTAL NET EXPENDITURE</b>	<b>208,296,174</b>	<b>640,129</b>	<b>208,936,303</b>	<b>4,953,672</b>	<b>1,500,000</b>	<b>678,421</b>	<b>(752,999)</b>	<b>(170,709)</b>	<b>(6,536,000)</b>	<b>208,608,688</b>	<b>208,608,688</b>
<b>Funded by:</b>											
Revenue Support Grant	125,114,269										129,777,826
Non Domestic Rates	37,293,748										31,360,804
Outcome Agreement Grant	1,284,567										1,291,346
Council Tax Income	44,603,590										46,178,712
<b>TOTAL INCOME</b>	<b>208,296,174</b>										<b>208,608,688</b>
Net Expenditure Budget	208,296,174										208,608,688
Less: Improvement Agreement Grant	(1,284,567)										(1,291,346)
Discretionary Rate Relief	(80,000)										(80,000)
<b>Budget Requirement</b>	<b>206,931,607</b>										<b>207,237,342</b>

**WREXHAM COUNTY BOROUGH COUNCIL****COUNCIL TAX INFORMATION 2011-12**

<b>Tax Base</b>	<b>Community</b>	<b>WCBC General Expenses</b>	<b>WCBC Special Expenses</b>	<b>N Wales Police Precept</b>	<b>Community Precepts</b>	<b>TOTAL</b>
487	Abenbury	888.83		209.34	24.64	1,122.81
5,817	Acton	888.83	4.13	209.34	15.82	1,118.12
597	Bangor Isycoed	888.83		209.34	26.29	1,124.46
631	Bronington	888.83		209.34	15.06	1,113.23
2,599	Broughton	888.83		209.34	23.09	1,121.26
1,813	Brymbo	888.83		209.34	38.03	1,136.20
3,724	Caia Park	888.83	4.13	209.34	56.00	1,158.30
2,196	Cefn	888.83		209.34	50.48	1,148.65
161	Ceiriog Ucha	888.83		209.34	6.21	1,104.38
1,657	Chirk	888.83		209.34	53.50	1,151.67
1,695	Coedpoeth	888.83		209.34	82.26	1,180.43
217	Erbistock	888.83		209.34	5.07	1,103.24
1,377	Esclusham	888.83		209.34	53.56	1,151.73
374	Glyntraian	888.83		209.34	35.36	1,133.53
2,583	Gresford	888.83		209.34	27.64	1,125.81
3,742	Gwersyllt	888.83		209.34	29.40	1,127.57
364	Hanmer	888.83		209.34	6.87	1,105.04
802	Holt	888.83		209.34	28.05	1,126.22
201	Isycoed	888.83		209.34	49.25	1,147.42
850	Llangollen Rural	888.83		209.34	31.41	1,129.58
477	Llansantffraid Glyn Ceiriog	888.83		209.34	46.12	1,144.29
1,745	Llay	888.83		209.34	38.68	1,136.85
615	Maelor South	888.83		209.34	12.50	1,110.67
598	Marchwiel	888.83		209.34	33.44	1,131.61
703	Minera	888.83		209.34	23.00	1,121.17
3,849	Offa	888.83	4.13	209.34	44.17	1,146.47
680	Overton	888.83		209.34	54.15	1,152.32
1,111	Penycae	888.83		209.34	48.78	1,146.95
2,708	Rhosddu	888.83	4.13	209.34	8.12	1,110.42
3,245	Rhosllanerchrugog	888.83		209.34	57.78	1,155.95
1,737	Rossett	888.83		209.34	20.21	1,118.38
1,747	Ruabon	888.83		209.34	45.79	1,143.96
306	Sesswick	888.83		209.34	9.80	1,107.97
472	Willington / Worthenbury	888.83		209.34	13.98	1,112.15
<b>51,880</b>	<b>Total / Average</b>	<b>888.83</b>	<b>1.28</b>	<b>209.34</b>	<b>35.97</b>	<b>1,135.42</b>

NOTE: Tax Base = Band "D" Equivalent for a full Council Taxpayer

**Description of Codes and Headings used in the Budget Book**

<b><u>Service</u></b>	<b><u>Description</u></b>	<b><u>Includes</u></b>
<b>Employee Costs</b>	Total Pay	Chief Officers, Management & Administration, Teachers, Caretakers, Cleaners etc. Gross Pay, Overtime, Employer's Contribution, N.I. & Superannuation
	Other Employee Costs	Training Costs, Expenses, Contributions, Advertising, Detriment etc.
<b>Premises Costs</b>	Repairs & Maintenance	Building Repairs & Maintenance Grounds Maintenance
	Housing Repairs	Painting etc.
	Energy Costs	Electric, Gas, Oil, Fuel etc.
	Rent and Rates	Rent, NNDR & Council Tax
	Water Services	Water Rates, Sewerage etc.
	Fixtures & Fittings	Purchases, Rentals & Leases
	Operational Expenditure	Premises Costs - Security etc.
	Cleaning Expenditure	Building & Window Cleaning Cleaning Contractors, Supplies - Chemicals etc. Waste Removal, Skip Hire, Pest Control
<b>Transport Costs</b>	Direct Vehicle Costs	Vehicle/Plant Purchase or Lease Costs Vehicle/Plant Repairs & Maintenance Contract Hire MOT Tests, Licences, Parts, Running Costs - Petrol, Oil etc.
	Transport Recharges	Vehicle/Plant Recharges
	Hire & Operational Leases	Hire/Leasing Costs Excess Charges
	Car Allowances	Essential/Casual User Costs Lease Contributions
	Transport Insurance	Transport Insurance & Insurance Excess

**Description of Codes and Headings used in the Budget Book****Supplies & Services**

Equipment & Materials	Equipment Purchase & Leasing Equipment Repairs & Maintenance General Materials including First Aid supplies, floral decorations and other specialist items depending on the service
Catering Expenditure	Catering Supplies, Services & Groceries Bar Supplies Vending Supplies
Clothing/Laundry Expenses	Protective Clothing & Uniforms Laundry
Office Expenses	Printing Photocopying Stationery - General and Specialist Books, Periodicals, General Publications etc. Microfilm/Microfiche
Professional Fees & Services	Consultancy Fees Legal Fees Licence Fees Other Professional Fees Exam/Course Fees General Hire Fees
Communications & Computing	Postage Costs Phone Costs - Central, Mobile, Pager etc. Computer Purchase/Maintenance/Recharges Software/Hardware Costs Computer Stationery/Consumables CCTV Costs
Expenses & Subsistence	General Subsistence Travelling Expenses Credit Card Recharges Child Minding Fees
Grants & Subscriptions	Grants & Subscriptions
Financial Provisions	Provisions - Bad Debts, Losses etc.
Miscellaneous	Insurance Costs Advertising/Marketing Costs Hospitality Costs Bank Charges, Audit Fees & Cash Collection

(x)

**Description of Codes and Headings used in the Budget Book**

**3rd Party Payments**

Other Authority Charges	Other Authorities, Community Councils, Joint Agreements
Health Charges	Local Health Board North Wales Trust
Voluntary Organisations	Payments under Service Level Agreements
Private Contractors	Payments under Contracts
Other Agencies	Staff Agencies Other Agencies Engineers Fees

**Transfer Payments**

Rent Allowances	Benefit Payments & Scholarships
Council Tax Benefit	Housing Benefit Rent Allowances

**Support Services**

Central Support Services	Finance/IS Recharges Human Resources Recharges Legal Recharges Property Design Recharges Public Offices Recharges Central Training & Translation Recharges Security Recharges, Insurance Repairs & Maintenance Recharges
Departmental Support Services	Departmental Administration Recharges
Outside General Fund Recharges	Recharges from Outside General Fund

**Capital Financing**

Capital Finance Charge	Depreciation, Impairment
Debt Charges	Interest Payments Minimum Revenue Provision
Premiums	Premiums on Debt Restructuring

**Description of Codes and Headings used in the Budget Book****Income**

Government Grants	Central Government Grants Welsh Assembly Grants European Grants Housing Subsidy
Other Grants & Contributions	Other Grants Other Contributions Recharges - Outside Bodies, Other Services, Public, Departmental etc.
Customer Receipts	General Sales Catering/Bar Sales Commission Miscellaneous Income
Fees & Charges	General Fees Fines & Court Costs Admissions etc. Car Park Income Membership Fees Home/Day Care Charges Cremation Fees
Rent & Lettings	Rent Sporting Rights Facility Hire Storage Hire
Interest Received	Interest Received
Recharges	Central Support Recovery Departmental Support Recovery Education - School Support Recovery
Corporate & Central Expenditure	Recharges to Corporate and Democratic Core Non Distributed Costs Central Services to the Public Advice to Members

## Corporate & Central

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	CORPORATE AND DEMOCRATIC CORE	4,245,244	4,250,537	3,854,780
	NON DISTRIBUTED COSTS	3,562,558	2,119,476	2,129,669
	CENTRAL SERVICES TO THE PUBLIC	206,608	245,154	1,191,897
	OTHER OPERATING INCOME AND EXPENDITURE	19,384,672	19,329,672	345,757
	MOVEMENT IN PENSION RESERVE	0	0	8,223,521
	<b>TOTAL BUDGET</b>	<b>27,399,082</b>	<b>25,944,839</b>	<b>15,745,624</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	879,259	886,245	815,539
TRANSPORT COSTS	22,108	20,877	20,877
SUPPLIES & SERVICES	6,544,216	5,114,218	13,333,963
3RD PARTY PAYMENTS	8,360,398	8,385,577	8,385,577
TRANSFER PAYMENTS	80,000	80,000	80,000
SUPPORT SERVICES	17,875	17,875	2,645,276
CAPITAL FINANCING	12,639,293	12,556,330	12,001,833
<b>TOTAL EXPENDITURE</b>	<b>28,543,149</b>	<b>27,061,122</b>	<b>37,283,065</b>
<b>INCOME</b>			
FEES, CHARGES & OTHER INCOME	-807,030	-779,246	-779,246
RECHARGES	-337,037	-337,037	-20,758,195
<b>TOTAL INCOME</b>	<b>-1,144,067</b>	<b>-1,116,283</b>	<b>-21,537,441</b>
<b>TOTAL BUDGET</b>	<b>27,399,082</b>	<b>25,944,839</b>	<b>15,745,624</b>

## Legal & Democratic

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	LEGAL AND DEMOCRATIC	1,916,544	1,885,429	0
	<b>TOTAL BUDGET</b>	<b>1,916,544</b>	<b>1,885,429</b>	<b>0</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	2,431,940	2,446,670	2,223,568
PREMISES COSTS	66,139	66,139	66,139
TRANSPORT COSTS	28,703	20,245	20,245
SUPPLIES & SERVICES	381,645	366,358	366,358
SUPPORT SERVICES	0	0	1,343,271
CAPITAL FINANCING	0	0	5,004
<b>TOTAL EXPENDITURE</b>	<b>2,908,427</b>	<b>2,899,412</b>	<b>4,024,585</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-314,208	-318,308	-318,308
FEES, CHARGES & OTHER INCOME	-400,355	-418,355	-418,355
RECHARGES	-277,320	-277,320	-3,287,922
<b>TOTAL INCOME</b>	<b>-991,883</b>	<b>-1,013,983</b>	<b>-4,024,585</b>
<b>TOTAL BUDGET</b>	<b>1,916,544</b>	<b>1,885,429</b>	<b>0</b>

## Human Resources

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	HUMAN RESOURCES	1,305,947	1,336,009	0
	<b>TOTAL BUDGET</b>	<b>1,305,947</b>	<b>1,336,009</b>	<b>0</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	1,411,877	1,425,222	1,304,614
TRANSPORT COSTS	5,554	4,271	4,271
SUPPLIES & SERVICES	55,522	55,522	55,522
3RD PARTY PAYMENTS	0	18,000	18,000
SUPPORT SERVICES	0	0	362,370
<b>TOTAL EXPENDITURE</b>	<b>1,472,953</b>	<b>1,503,015</b>	<b>1,744,777</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-25,024	-25,024	-25,024
RECHARGES	-141,982	-141,982	-1,719,753
<b>TOTAL INCOME</b>	<b>-167,006</b>	<b>-167,006</b>	<b>-1,744,777</b>
<b>TOTAL BUDGET</b>	<b>1,305,947</b>	<b>1,336,009</b>	<b>0</b>

## Finance & Performance

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	FINANCE	4,336,924	4,147,489	0
	PERFORMANCE	450,163	450,135	0
	<b>TOTAL BUDGET</b>	<b>4,787,087</b>	<b>4,597,624</b>	<b>0</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	5,162,131	4,943,886	4,427,072
PREMISES COSTS	6,416	6,416	6,416
TRANSPORT COSTS	43,211	36,732	36,732
SUPPLIES & SERVICES	608,429	606,529	606,529
SUPPORT SERVICES	54,532	54,532	3,126,102
<b>TOTAL EXPENDITURE</b>	<b>5,874,719</b>	<b>5,648,095</b>	<b>8,202,851</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-371,475	-371,475	-371,475
FEES, CHARGES & OTHER INCOME	-402,343	-365,182	-365,182
RECHARGES	-313,814	-313,814	-7,466,194
<b>TOTAL INCOME</b>	<b>-1,087,632</b>	<b>-1,050,471</b>	<b>-8,202,851</b>
<b>TOTAL BUDGET</b>	<b>4,787,087</b>	<b>4,597,624</b>	<b>0</b>

## Information Systems

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	INFORMATION SYSTEMS	2,728,600	2,589,144	0
	<b>TOTAL BUDGET</b>	<b>2,728,600</b>	<b>2,589,144</b>	<b>0</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	2,693,478	2,624,213	2,376,751
PREMISES COSTS	35,644	24,964	24,964
TRANSPORT COSTS	25,850	24,815	24,815
SUPPLIES & SERVICES	651,452	598,781	598,781
SUPPORT SERVICES	0	0	260,334
CAPITAL FINANCING	0	0	32,623
<b>TOTAL EXPENDITURE</b>	<b>3,406,424</b>	<b>3,272,773</b>	<b>3,318,268</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-380,197	-394,217	-394,217
FEES, CHARGES & OTHER INCOME	-75,726	-67,511	-67,511
RECHARGES	-221,901	-221,901	-2,856,540
<b>TOTAL INCOME</b>	<b>-677,824</b>	<b>-683,629</b>	<b>-3,318,268</b>
<b>TOTAL BUDGET</b>	<b>2,728,600</b>	<b>2,589,144</b>	<b>0</b>

## Repairs & Maintenance

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	REPAIRS AND MAINTENANCE	2,012,901	2,063,224	0
	<b>TOTAL BUDGET</b>	<b>2,012,901</b>	<b>2,063,224</b>	<b>0</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
PREMISES COSTS	2,012,901	2,063,224	2,063,224
<b>TOTAL EXPENDITURE</b>	<b>2,012,901</b>	<b>2,063,224</b>	<b>2,063,224</b>
<b>INCOME</b>			
RECHARGES	0	0	-2,063,224
<b>TOTAL INCOME</b>	<b>0</b>	<b>0</b>	<b>-2,063,224</b>
<b>TOTAL BUDGET</b>	<b>2,012,901</b>	<b>2,063,224</b>	<b>0</b>

## Housing & Public Protection

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	HOUSING STRATEGY	905,162	866,347	840,881
	HOUSING BENEFIT	-1,304,667	-1,126,377	323,485
	PRIVATE SECTOR HOUSING	-74,127	-142,046	-18,733
	HOMELESSNESS	595,392	587,334	634,964
	TRAVELLERS SITES	123,055	83,421	115,385
	FOOD / HEALTH & SAFETY	696,019	752,988	832,667
	HOUSING & PUBLIC HEALTH	351,240	318,087	439,466
	ENVIRONMENTAL PROTECTION	417,733	396,529	487,114
	TRADING STANDARDS	659,497	596,765	740,806
	DEPARTMENTAL SUPPORT	326,809	310,807	0
	LICENSING	12,359	-35,138	9,080
	SUPPORTING PEOPLE	1,247,312	1,246,613	1,270,107
	<b>TOTAL BUDGET</b>	<b>3,955,784</b>	<b>3,855,330</b>	<b>5,675,222</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	4,183,571	3,954,373	3,573,384
PREMISES COSTS	425,607	477,007	477,007
TRANSPORT COSTS	159,393	154,730	154,730
SUPPLIES & SERVICES	766,747	788,894	788,894
3RD PARTY PAYMENTS	241,141	176,390	176,390
TRANSFER PAYMENTS	38,864,768	40,076,387	40,076,387
SUPPORT SERVICES	86,486	86,791	2,835,352
CAPITAL FINANCING	0	0	174,985
<b>TOTAL EXPENDITURE</b>	<b>44,727,713</b>	<b>45,714,572</b>	<b>48,257,129</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-39,644,934	-40,514,140	-40,514,140
FEES, CHARGES & OTHER INCOME	-1,126,995	-1,279,102	-1,279,102
RECHARGES	0	-66,000	-788,665
<b>TOTAL INCOME</b>	<b>-40,771,929</b>	<b>-41,859,242</b>	<b>-42,581,907</b>
<b>TOTAL BUDGET</b>	<b>3,955,784</b>	<b>3,855,330</b>	<b>5,675,222</b>

## Housing Services

<b>BUDGET SUMMARY</b>	<b>REVISED</b>	<b>BUDGET</b>
<b>DESCRIPTION</b>	<b>2010/2011</b>	<b>2011/2012</b>
<b>SUMMARY HOUSING REVENUE ACCOUNT</b>		
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
DWELLING RENTS	35,381,000	37,278,000
NON-DWELLING RENTS	854,000	903,000
CHARGES FOR SERVICES AND FACILITIES	178,000	183,000
INTEREST	35,000	35,000
<b>TOTAL INCOME</b>	<b>36,448,000</b>	<b>38,399,000</b>
<b>EXPENDITURE</b>		
SUPERVISION AND MANAGEMENT COSTS	5,130,700	5,142,000
COSTS OF VACATING HIGHTOWN FLATS	400,000	0
SPECIAL EXPENSES (GROUND MAINTENANCE ETC)	367,000	310,000
SHELTERED HOUSING - LANDLORD COSTS	422,000	486,000
CONTRIBUTION TO HOUSING REPAIRS ACCOUNT	13,500,000	13,900,000
HRA SUBSIDY PAYABLE	11,149,000	11,061,000
CAPITAL CHARGES	1,290,000	1,225,000
PROVISION FOR BAD & DOUBTFUL DEBTS	150,000	150,000
CONTRIBUTION TO CAPITAL PROGRAMME (CERA)	3,750,000	5,500,000
<b>TOTAL EXPENDITURE</b>	<b>36,158,700</b>	<b>37,774,000</b>
<b>NET SURPLUS/-DEFICIT FOR THE YEAR</b>	<b>289,300</b>	<b>625,000</b>
<b>BALANCE BROUGHT FORWARD</b>	<b>3,409,271</b>	<b>3,698,571</b>
<b>BALANCE CARRIED FORWARD</b>	<b>3,698,571</b>	<b>4,323,571</b>

## Housing Services

<b>BUDGET SUMMARY</b>	<b>REVISED</b>	<b>BUDGET</b>
<b>DESCRIPTION</b>	<b>2010/2011</b>	<b>2011/2012</b>
<b>SUMMARY HOUSING REPAIRS ACCOUNT</b>		
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
CONTRIBUTION FROM HOUSING REVENUE ACCOUNT	13,500,000	13,900,000
EXTERNAL RECHARGES	100,000	70,000
DEPARTMENTAL RECHARGES	60,000	60,000
COSTS CHARGED TO CAPITAL PROGRAMME	670,000	680,000
FURNISHED DWELLINGS	25,000	25,000
<b>TOTAL INCOME</b>	<b>14,355,000</b>	<b>14,735,000</b>
<b>EXPENDITURE</b>		
<b>REPAIRS</b>		
BUILDING MAINTENANCE	5,200,000	5,426,200
STORES	1,550,000	1,391,000
EXTERNAL CONTRACTORS	3,950,000	4,150,000
<b>SUPPORT SERVICES</b>		
TRANSPORT & ASSET MANAGEMENT RECHARGE	230,000	230,000
REPAIRS	1,261,200	1,198,900
ASSET MANAGEMENT	398,900	398,900
PROPERTY & REPAIRS MANAGEMENT	248,600	212,700
REPAIRS CONTACT CENTRE	223,000	233,500
PAYMENTS ADMINISTRATION	167,400	160,400
HEATING & ELECTRICAL SERVICES	560,700	556,500
SURVEYORS	542,500	532,500
<b>TOTAL EXPENDITURE</b>	<b>14,332,300</b>	<b>14,490,600</b>
<b>NET SURPLUS/-DEFICIT FOR THE YEAR</b>	<b>22,700</b>	<b>244,400</b>
<b>BALANCE BROUGHT FORWARD</b>	<b>42,717</b>	<b>65,417</b>
<b>BALANCE CARRIED FORWARD</b>	<b>65,417</b>	<b>309,817</b>

## Adult Social Services

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	OLDER PEOPLE	18,340,846	18,316,972	19,309,009
	PHYSICAL DISABILITY AND SENSORY IMPAIRMENT	3,701,944	3,903,022	5,281,043
	ADULT SERVICE MANAGERS / GENERIC SERVICES	-839,913	-243,532	-641,253
	MENTAL ILLNESS	2,517,207	2,552,997	3,652,717
	LEARNING DISABILITIES	11,104,198	11,360,312	12,342,269
	COMMUNITY CARE PURCHASING	0	15,320	32,214
	SENIOR MANAGEMENT / SUPPORT SERVICES	3,896,671	4,069,631	0
	<b>TOTAL BUDGET</b>	<b>38,720,953</b>	<b>39,974,722</b>	<b>39,975,999</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	22,701,203	22,644,042	20,572,282
PREMISES COSTS	394,856	404,732	404,732
TRANSPORT COSTS	904,934	884,743	884,743
SUPPLIES & SERVICES	1,331,549	1,324,465	1,324,465
3RD PARTY PAYMENTS	21,371,629	22,050,170	22,050,170
TRANSFER PAYMENTS	2,390,848	2,552,030	2,552,030
SUPPORT SERVICES	0	0	10,386,831
CAPITAL FINANCING	0	0	324,528
<b>TOTAL EXPENDITURE</b>	<b>49,095,019</b>	<b>49,860,182</b>	<b>58,499,781</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-7,006,275	-7,099,097	-7,099,097
FEES, CHARGES & OTHER INCOME	-3,367,791	-2,786,363	-2,786,363
RECHARGES	0	0	-8,638,322
<b>TOTAL INCOME</b>	<b>-10,374,066</b>	<b>-9,885,460</b>	<b>-18,523,782</b>
<b>TOTAL BUDGET</b>	<b>38,720,953</b>	<b>39,974,722</b>	<b>39,975,999</b>

# Learning & Achievement

## BUDGET SUMMARY

## CASH LIMITED BUDGET

## RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	DELEGATED SCHOOL BUDGETS	68,270,741	70,196,649	70,196,649
	TOTAL FOR SCHOOLS	68,270,741	70,196,649	70,196,649
	NON DELEGATED SCHOOL BUDGETS	71,749	-885,803	11,537,572
	BUILDING CLEANING	12,163	10,362	-5,790
	CATERING	-494,438	-243,224	-234,925
	FREE BREAKFAST	0	0	41,030
	LEARNING & ACHIEVEMENT (0 - 11)	1,750,032	1,754,645	2,988,861
	LEARNING & ACHIEVEMENT (12 - 19)	1,201,660	1,204,708	4,776,094
	SUPPORTING ACHIEVEMENT	581,494	421,960	0
	BETTER SCHOOLS FUND	414,600	414,600	461,145
	TOTAL FOR NON SCHOOLS	3,537,260	2,677,248	19,563,987
	<b>TOTAL BUDGET</b>	<b>71,808,001</b>	<b>72,873,897</b>	<b>89,760,636</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	68,848,747	70,333,528	69,126,397
PREMISES COSTS	4,236,466	3,901,779	3,901,779
TRANSPORT COSTS	182,024	182,774	182,774
SUPPLIES & SERVICES	8,156,080	8,048,344	8,048,344
3RD PARTY PAYMENTS	4,529,326	3,538,326	3,538,326
TRANSFER PAYMENTS	98,663	98,663	98,663
SUPPORT SERVICES	2,940,069	4,703,217	14,377,962
CAPITAL FINANCING	0	0	9,161,676
<b>TOTAL EXPENDITURE</b>	<b>88,991,375</b>	<b>90,806,631</b>	<b>108,435,921</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-11,817,155	-11,651,564	-11,651,564
FEES, CHARGES & OTHER INCOME	-3,093,969	-2,361,216	-2,361,216
RECHARGES	-2,272,250	-3,919,954	-4,662,505
<b>TOTAL INCOME</b>	<b>-17,183,374</b>	<b>-17,932,734</b>	<b>-18,675,285</b>
<b>TOTAL BUDGET</b>	<b>71,808,001</b>	<b>72,873,897</b>	<b>89,760,636</b>

## Prevention & Inclusion

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	BUSINESS SUPPORT TEAM	160,314	203,424	160,154
	CYMORTH	0	222,590	268,391
	PERFORMANCE SUPPORT & DEVELOPMENT	1,074,327	974,327	538,126
	CHILD & FAMILY INCLUSION	1,045,498	982,765	1,061,630
	EDUCATION INCLUSION SERVICE	2,818,717	2,720,787	2,964,926
	YOUTH JUSTICE SERVICE	577,317	582,850	622,630
	YOUNG PEOPLE INCLUSION SERVICE	1,281,565	1,315,254	1,818,496
	<b>TOTAL BUDGET</b>	<b>6,957,738</b>	<b>7,001,997</b>	<b>7,434,353</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	10,046,648	9,997,004	9,290,903
PREMISES COSTS	248,825	262,930	262,930
TRANSPORT COSTS	264,744	274,470	274,470
SUPPLIES & SERVICES	2,688,628	2,701,785	2,701,785
3RD PARTY PAYMENTS	440,662	450,333	450,333
SUPPORT SERVICES	310,866	310,866	2,479,161
CAPITAL FINANCING	0	0	319,550
<b>TOTAL EXPENDITURE</b>	<b>14,000,373</b>	<b>13,997,388</b>	<b>15,779,132</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-4,732,636	-4,668,038	-4,668,038
FEES, CHARGES & OTHER INCOME	-60,537	-61,609	-61,609
RECHARGES	-2,249,462	-2,265,744	-3,615,132
<b>TOTAL INCOME</b>	<b>-7,042,635</b>	<b>-6,995,391</b>	<b>-8,344,779</b>
<b>TOTAL BUDGET</b>	<b>6,957,738</b>	<b>7,001,997</b>	<b>7,434,353</b>

## Safeguarding & Support

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	CORPORATE PARENTING	7,440,144	7,847,915	8,405,769
	FAMILY SUPPORT	1,544,982	1,853,651	2,220,151
	SAFEGUARDING	915,313	958,125	1,192,503
	CENTRAL SAFEGUARDING AND SUPPORT	998,767	1,019,224	299,102
	<b>TOTAL BUDGET</b>	<b>10,899,206</b>	<b>11,678,915</b>	<b>12,117,525</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	4,781,979	4,990,210	4,659,966
PREMISES COSTS	17,441	17,699	17,699
TRANSPORT COSTS	224,851	269,542	269,542
SUPPLIES & SERVICES	1,366,155	1,700,632	1,700,632
3RD PARTY PAYMENTS	3,529,188	3,649,566	3,649,566
TRANSFER PAYMENTS	1,817,133	1,888,807	1,888,807
SUPPORT SERVICES	0	0	1,741,238
CAPITAL FINANCING	0	0	37,084
<b>TOTAL EXPENDITURE</b>	<b>11,736,747</b>	<b>12,516,456</b>	<b>13,964,534</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-837,541	-837,541	-837,541
RECHARGES	0	0	-1,009,468
<b>TOTAL INCOME</b>	<b>-837,541</b>	<b>-837,541</b>	<b>-1,847,009</b>
<b>TOTAL BUDGET</b>	<b>10,899,206</b>	<b>11,678,915</b>	<b>12,117,525</b>

## Leisure, Libraries & Culture

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	LIBRARIES & COMMUNITY CENTRES	2,082,226	2,082,566	3,002,126
	ARCHIVES	193,481	197,702	206,610
	ARCHAEOLOGY	3,852	4,075	5,755
	COUNTRYSIDE SERVICES	0	0	8,276
	CULTURAL DEVELOPMENT	87,720	51,975	57,478
	MUSEUMS SERVICE	473,098	431,265	722,119
	VISUAL/PERFORMING ARTS	123,240	125,375	199,849
	CULTURE/HERITAGE MANAGEMENT	61,247	62,216	17,856
	LEISURE DEVELOPMENT	230,792	246,533	538,884
	SPORTS FACILITIES	1,442,623	1,206,226	3,431,967
	LEISURE MANAGEMENT	485,012	491,971	-453,119
	DEPARTMENTAL SUPPORT	215,416	212,793	411,247
	<b>TOTAL BUDGET</b>	<b>5,398,707</b>	<b>5,112,697</b>	<b>8,149,048</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	5,677,907	5,438,767	5,014,498
PREMISES COSTS	1,502,273	1,499,941	1,499,941
TRANSPORT COSTS	83,598	80,180	80,180
SUPPLIES & SERVICES	1,470,076	1,480,859	1,480,859
3RD PARTY PAYMENTS	104,711	107,331	107,331
SUPPORT SERVICES	0	0	2,371,635
CAPITAL FINANCING	0	0	2,453,431
<b>TOTAL EXPENDITURE</b>	<b>8,838,565</b>	<b>8,607,078</b>	<b>13,007,875</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-607,956	-612,371	-612,371
FEES, CHARGES & OTHER INCOME	-2,827,105	-2,877,213	-2,877,213
RECHARGES	-4,797	-4,797	-1,369,243
<b>TOTAL INCOME</b>	<b>-3,439,858</b>	<b>-3,494,381</b>	<b>-4,858,827</b>
<b>TOTAL BUDGET</b>	<b>5,398,707</b>	<b>5,112,697</b>	<b>8,149,048</b>

## Transportation & Asset Management

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	ASSET MANAGEMENT / COMMERCIAL ESTATES	606,622	309,643	-279,463
	PROPERTY CONSULTANCY	157,454	53,500	0
	FACILITY MANAGEMENT (INCL PUBLIC OFFICES)	1,745,362	1,788,069	456,383
	CONTAMINATED LAND	100,000	102,500	102,500
	DEPARTMENTAL SUPPORT	554,717	413,737	347,835
	<b>TOTAL BUDGET</b>	<b>3,164,155</b>	<b>2,667,449</b>	<b>627,255</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	2,966,324	2,696,890	2,424,068
PREMISES COSTS	987,378	1,011,550	1,011,550
TRANSPORT COSTS	67,254	54,973	54,973
SUPPLIES & SERVICES	447,834	452,306	452,306
3RD PARTY PAYMENTS	327,300	320,000	320,000
SUPPORT SERVICES	0	0	2,325,380
CAPITAL FINANCING	0	0	708,362
<b>TOTAL EXPENDITURE</b>	<b>4,796,090</b>	<b>4,535,719</b>	<b>7,296,639</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-848,218	-857,096	-857,096
FEES, CHARGES & OTHER INCOME	-167,516	-394,973	-394,973
RECHARGES	-616,201	-616,201	-5,417,315
<b>TOTAL INCOME</b>	<b>-1,631,935</b>	<b>-1,868,270</b>	<b>-6,669,384</b>
<b>TOTAL BUDGET</b>	<b>3,164,155</b>	<b>2,667,449</b>	<b>627,255</b>

## Economic Development

### BUDGET SUMMARY

### CASH LIMITED BUDGET

### RECAST

SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	COMMERCIAL ESTATES	-808,637	-871,928	340,024
	MARKETS	-217,285	-219,203	-10,142
	BUSINESS DEVELOPMENT & ENTERPRISE	351,522	356,332	472,023
	WREXHAM ITEC	-13,497	0	218,401
	PHYSICAL REGENERATION & MARKETING	670,719	698,161	984,822
	SOCIAL INCLUSION (INC COM SAFETY/COHESION)	1,512,038	1,473,963	2,045,927
	DEPARTMENTAL SUPPORT	453,072	401,438	0
	<b>TOTAL BUDGET</b>	<b>1,947,932</b>	<b>1,838,763</b>	<b>4,051,055</b>

### Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	4,190,320	4,192,210	3,809,993
PREMISES COSTS	1,748,409	1,699,078	1,699,078
TRANSPORT COSTS	64,998	51,699	51,699
SUPPLIES & SERVICES	822,116	888,284	888,284
3RD PARTY PAYMENTS	1,862,141	1,771,873	1,771,873
SUPPORT SERVICES	0	0	2,440,367
CAPITAL FINANCING	0	0	1,645,924
<b>TOTAL EXPENDITURE</b>	<b>8,687,984</b>	<b>8,603,144</b>	<b>12,307,218</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-3,103,318	-3,139,524	-3,139,524
FEES, CHARGES & OTHER INCOME	-3,636,734	-3,624,857	-3,624,857
RECHARGES	0	0	-1,491,782
<b>TOTAL INCOME</b>	<b>-6,740,052</b>	<b>-6,764,381</b>	<b>-8,256,163</b>
<b>TOTAL BUDGET</b>	<b>1,947,932</b>	<b>1,838,763</b>	<b>4,051,055</b>

## Planning

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	BUILDING CONTROL	-13,044	-22,291	122,614
	PLANNING CONTROL	-123,149	-144,885	193,954
	PLANNING POLICY	679,776	594,328	705,953
	SUSTAINABILITY	205,266	200,000	200,000
	EMERGENCY PLANNING	141,757	144,879	0
	DEPARTMENTAL SUPPORT	421,774	387,121	0
	<b>TOTAL BUDGET</b>	<b>1,312,380</b>	<b>1,159,152</b>	<b>1,222,521</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	2,092,989	1,945,475	1,749,918
TRANSPORT COSTS	59,813	53,670	53,670
SUPPLIES & SERVICES	371,340	342,269	342,269
3RD PARTY PAYMENTS	18,956	18,956	18,956
SUPPORT SERVICES	0	0	1,009,288
CAPITAL FINANCING	0	0	9,890
<b>TOTAL EXPENDITURE</b>	<b>2,543,098</b>	<b>2,360,370</b>	<b>3,183,991</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-149,167	-109,500	-109,500
FEES, CHARGES & OTHER INCOME	-1,081,551	-1,091,718	-1,091,718
RECHARGES	0	0	-760,252
<b>TOTAL INCOME</b>	<b>-1,230,718</b>	<b>-1,201,218</b>	<b>-1,961,470</b>
<b>TOTAL BUDGET</b>	<b>1,312,380</b>	<b>1,159,152</b>	<b>1,222,521</b>

## Environment

BUDGET SUMMARY		CASH LIMITED BUDGET		RECAST
SERVICE	DESCRIPTION	2010/2011	2011/2012	2011/2012
<b>Net Cost by Service</b>				
		£	£	£
	CEMETERIES & CREMATORIA	-247,903	-266,516	-178,213
	REFUSE COLLECTION	623,903	713,836	984,571
	OTHER CLEANSING	1,734,478	1,725,688	2,027,229
	WASTE DISPOSAL / RECYCLING	9,023,691	9,910,327	11,366,015
	COUNTRYSIDE & PROW	683,053	624,846	672,822
	PARKS & OPEN SPACES	2,269,979	2,008,641	1,894,060
	TRANSPORT DIVISION & DEPOT SERVICES	-675,627	-734,093	-238,575
	DEPARTMENTAL SUPPORT	744,130	651,230	14,117
	TRANSPORT CO-ORDINATION & SCHOOL TRANSPORT	5,271,203	5,082,906	1,189,202
	ENGINEERING CONSULTANCY	-18,422	-105,712	559,396
	CAR PARKS & DECRIMINALISED PARKING	-512,463	-521,229	-508,280
	ROAD SAFETY & SCHOOL CROSSING PATROLS	204,640	157,568	205,669
	TRAFFIC & TRANSPORTATION PLANNING	688,274	517,803	827,686
	HIGHWAYS MAINTENANCE	4,192,221	4,264,202	5,033,752
	<b>TOTAL BUDGET</b>	<b>23,981,157</b>	<b>24,029,497</b>	<b>23,849,451</b>

## Analysis by Expenditure and Income

	£	£	£
<b>EXPENDITURE</b>			
EMPLOYEE COSTS	12,351,220	11,630,453	10,565,287
PREMISES COSTS	1,261,760	1,416,315	1,416,315
TRANSPORT COSTS	9,523,189	9,548,117	9,548,117
SUPPLIES & SERVICES	1,769,865	1,809,874	1,809,874
3RD PARTY PAYMENTS	17,468,944	18,193,177	18,193,177
SUPPORT SERVICES	0	0	3,606,498
CAPITAL FINANCING	0	0	3,483,173
<b>TOTAL EXPENDITURE</b>	<b>42,374,978</b>	<b>42,597,936</b>	<b>48,622,441</b>
<b>INCOME</b>			
GRANTS & OTHER CONTRIBUTIONS	-15,038,246	-15,179,813	-15,179,813
FEES, CHARGES & OTHER INCOME	-3,355,575	-3,388,626	-3,388,626
RECHARGES	0	0	-6,204,551
<b>TOTAL INCOME</b>	<b>-18,393,821</b>	<b>-18,568,439</b>	<b>-24,772,990</b>
<b>TOTAL BUDGET</b>	<b>23,981,157</b>	<b>24,029,497</b>	<b>23,849,451</b>

## Treasury Management Strategy 2010/11 – 2012/13

### 1. Background

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under WAG's Investment Guidance.
- 1.2. CIPFA has defined Treasury Management as:  
*"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 1.3. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral element to treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.
- 1.4. The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (page 29), the Prudential Indicators and the outlook for interest rates (page 30).
- 1.5. The purpose of this TMSS is to approve:
  - Treasury Management Strategy for 2011-12 (Borrowing and Debt Rescheduling - Section 3, Investments - Section 4)
  - Prudential Indicators – (NB: the Authorised Limit is a statutory limit)
  - MRP Statement – Section 7
  - Use of Specified and Non-Specified Investments – page 32 & 36
- 1.6. The Executive Board approved the adoption of the CIPFA Treasury Management Code at its meeting on 19 March 2002 (DFIS/20/02). The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.
- 1.7. All treasury activity will comply with relevant statute, guidance and accounting standards.

## 2. Balance Sheet and Treasury Position

- 2.1. The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with Balances and Reserves, are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are:

	<b>31/03/2011 Estimate £m</b>	<b>31/03/2012 Estimate £m</b>	<b>31/03/2013 Estimate £m</b>	<b>31/03/2014 Estimate £m</b>
General Fund CFR	141.5	142.9	140.0	137.6
HRA CFR	15.0	25.9	35.3	33.8
<b>Total CFR</b>	<b>156.5</b>	<b>168.8</b>	<b>175.3</b>	<b>171.4</b>
<b>Less:</b> Existing Profile of Borrowing and Other Long Term Liabilities	147.5	142.6	141.7	141.1
<b>Cumulative Maximum External Borrowing Requirement</b>	<b>9.0</b>	<b>26.2</b>	<b>33.6</b>	<b>30.3</b>
Balances & Reserves	<b>33.9</b>	<b>36.8</b>	<b>33.6</b>	<b>33.8</b>
<b>Cumulative Net Borrowing Requirement/(Investments)</b>	<b>(24.9)</b>	<b>(10.6)</b>	<b>0</b>	<b>(3.5)</b>

- 2.2. The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at page 29. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.

### **Estimates of Capital Expenditure:**

- 2.3. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

<b>Capital Expenditure</b>	<b>2010/11 Approved £m</b>	<b>2010/11 Revised £m</b>	<b>2011/12 Estimate £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Non-HRA General	40.0	35.0	32.5	24.5	14.7
Solar Panels	0.0	0.0	2.4	0.0	0.0
Sub Total	40.0	35.0	34.9	24.5	14.7
HRA General	11.0	11.3	12.5	12.5	12.5
Solar Panels	0.0	0.0	13.5	12.5	0.0
Sub Total	0.0	0.0	26.0	25.0	12.5
<b>Total</b>	<b>51.0</b>	<b>46.3</b>	<b>60.9</b>	<b>49.5</b>	<b>27.2</b>

2.4. Capital expenditure is expected to be financed as follows:

<b>Capital Financing</b>	<b>2010/11 Approved £m</b>	<b>2010/11 Revised £m</b>	<b>2011/12 Estimate £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Capital receipts	7.8	3.5	7.8	3.9	1.3
Government Grants	22.1	20.9	19.2	17.4	10.2
WAG Invest to Save Fund – Solar Panels	0.0		0.1		
Major Repairs Allowance	7.6	7.6	7.6	7.6	7.6
Revenue contributions	3.2	4.3	5.0	4.7	4.7
HRA Revenue Contributions - Solar Panels			1.5	1.5	
Revenue Reserves	1.2	1.0	0.0	0.0	0.0
<b>Total Financing</b>	<b>41.9</b>	<b>37.3</b>	<b>41.2</b>	<b>35.1</b>	<b>23.8</b>
Supported borrowing	6.2	6.2	4.6	3.4	3.4
Unsupported borrowing	2.9	2.8	0.8	0.0	0.0
Unsupported Borrowing – Solar Panels	0.0		14.3	11.0	
<b>Total Funding</b>	<b>9.1</b>	<b>9.0</b>	<b>19.7</b>	<b>14.4</b>	<b>3.4</b>
<b>Total Financing and Funding</b>	<b>51.0</b>	<b>46.3</b>	<b>60.9</b>	<b>49.5</b>	<b>27.2</b>

Note: Solar Panels expenditure and financing is subject to further confirmation

#### **Incremental Impact of Capital Investment Decisions:**

2.5. As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2010/11 Approved £</b>	<b>2011/12 Estimate £</b>	<b>2012/13 Estimate £</b>	<b>2013/14 Estimate £</b>
Increase in Band D Council Tax	32.47	59.66	75.95	74.04
Increase in Average Weekly Housing Rents	0	0	0	0

Note: the proposed unsupported borrowing for Solar Panels will have no impact on Housing Rents.

2.6. The estimate for interest payments in 2011/12 is £7.9m and for interest receipts is £0.6m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2010/11 Approved £m</b>	<b>2010/11 Revised £m</b>	<b>2011/12 Estimate £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Non-HRA	5.6	5.48	5.18	4.89	4.83
HRA	3.44	3.35	3.68	4.96	5.29

### 3. **Borrowing and Rescheduling Strategy**

3.1. The Council's balance of Actual External Debt at 31 March 2010 (gross borrowing plus other long-term liabilities) is shown on page 29. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

3.2. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

<b>Authorised Limit for External Debt</b>	<b>2010/11 Approved £m</b>	<b>2010/11 Revised £m</b>	<b>2011/12 Estimate £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Borrowing	187.9	202.2	199.4	195.4	194.8
Other Long-term Liabilities	16.1	17.1	16.2	15.3	15.0
<b>Total</b>	<b>204.0</b>	<b>219.3</b>	<b>215.6</b>	<b>210.7</b>	<b>209.8</b>

3.3. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

<b>Operational Boundary for External Debt</b>	<b>2010/11 Approved £m</b>	<b>2010/11 Revised £m</b>	<b>2011/12 Estimate £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Borrowing	177.9	192.2	189.4	185.4	184.8
Other Long-term Liabilities	16.1	17.1	16.2	15.3	15.0
<b>Total</b>	<b>194.0</b>	<b>209.3</b>	<b>205.6</b>	<b>200.7</b>	<b>199.8</b>

3.4. The Chief Finance & Performance Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Executive Board

3.5. In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:

- PWLB loans
- Borrowing from other local authorities

- Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
- Borrowing from the Money Markets
- Local authority stock issues
- Local authority bills
- Structured finance

3.6. Notwithstanding the issuance of Circular 147 on 20<sup>th</sup> October following the CSR announcement which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:

- Variable rate borrowing
- Medium-term year Equal Instalments of Principal (EIP) or Annuity Loans
- Long-term Maturity loans, where affordable

Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium- and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.

3.7. PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt.

3.8. The Council has £23.8m loans which are LOBO loans (Lender's Options Borrower's Option) of which £14.3m of loans are currently in or will be in their call period in 2011/12. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB. The default response will however be early repayment without penalty.

3.9. The rationale for rescheduling would be one or more of the following:

- Savings in interest costs with minimal risk
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
- Amending the profile of maturing debt to reduce any inherent refinancing risks. As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.

3.10. Borrowing and rescheduling activity will be reported to the Executive Board.

3.11. The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

The Council currently has no variable rate debt.

	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
<b>Upper Limit for Fixed Interest Rate Exposure</b>	7.3	8.1	8.1	8.3	8.6
<b>Upper Limit for Variable Interest Rate Exposure</b>	2.1	2.3	2.3	2.4	2.5

3.12. The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

<b>Maturity structure of fixed rate borrowing</b>	<b>Existing level at 31/03/10</b> %	<b>Lower Limit for 2011/12</b> %	<b>Upper Limit for 2011/12</b> %
under 12 months	2	0	20
12 months and within 24 months	3	0	20
24 months and within 5 years	1	0	20
5 years and within 10 years	4	0	80
10 years and within 20 years	16	0	80
20 years and within 30 years	6	0	80
30 years and within 40 years	14	0	80
40 years and within 50 years	54	0	80
50 years and above	0	0	90

#### 4. **Investment Policy and Strategy**

4.1. Guidance from WAG on Local Government Investments in Wales requires that an Annual Investment Strategy (AIS) be set.

4.2. The Council's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

4.3. Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the WAG Guidance. Potential instruments for the Council's use within

its investment strategy are contained on page 32. The Chief Finance and Performance Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Executive Board.

- 4.4. Changes to investment strategy for 2011/12 include:
  - AAA-rated Variable Net Asset Value (VNAV) Money Market Funds
  - T-Bills
  - LA Bills
  - Term deposits in Sweden
  - Maximum duration for new deposits 2 years
- 4.5. The Council's current level of investments is presented at page 29.
- 4.6. The Council's in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates.
- 4.7. In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.8. The Council selects countries and the institutions within them (see page 36), for the counterparty list after analysis and careful monitoring of:
  - Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
  - Credit Default Swaps (where quoted)
  - GDP; Net Debt as a Percentage of GDP
  - Sovereign Support Mechanisms/potential support from a well-resourced parent institution
  - Share Prices (where quoted)
  - Macro-economic indicators
  - Corporate developments, news and articles, market sentiment.
- 4.9. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 4.10. The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.
- 4.11. To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see page 36). The longer-term investments will be likely to include:
  - Term Deposits with counterparties rated at least A+ (or equivalent)

- Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.

4.12. The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No 12	Upper Limit for total principal sums invested over 364 days	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
		15	15	15	15	15

#### 5. **Outlook for Interest Rates**

5.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is on page 30. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

#### 6. **Balanced Budget Requirement**

6.1. The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

#### 7. **2011/12 MRP Statement**

7.1. The Local Authorities (Capital Finance and Accounting)(Wales)(Amendment) Regulations 2008 (SI 2008/588 (W.59)) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

7.2. The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

*NB This does not preclude other prudent methods.*

7.3. MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

7.4. The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure and MRP in respect of leases brought

on Balance Sheet under the IFRS-based Code of Practice will match the annual principal repayment for the associated deferred liability.

## 8. **Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

Treasury activity is and the Prudential Indicators will be monitored through the year by the Chief Finance and Performance Officer and reported as follows:

- (a) To the Executive Board in October and January against the strategy approved for the year.
- (b) The Council will produce an outturn report on its treasury activity no later than 30<sup>th</sup> September after the financial year end.
- (c) The Finance and Performance Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

## 9. **Other Items** **Training**

CIPFA's Code of Practice requires the Chief Finance and Performance Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Reviewing and addressing training needs: Periodic Workshops on Treasury Management, to which all Members are invited, are arranged

### **Investment Consultants**

WAG's Guidance on local government investments recommend that the Investment Strategy should state:

- Whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment – The Council has engaged Arlingclose Ltd to provide these services and
- How the quality of any such service is controlled. The quality of the service provided by the Council's Treasury consultants is generally controlled by competitive tendering every 3 years. However, in order to maintain flexibility of service provision during the current period of Council transformation, the retendering due at the end of the current consultancy contract in March 2011 has been postponed, and the Chief Finance and Performance Officer has authorised the extension of the contract with Arlingclose for a further 2 years from April 2011.

EXISTING PORTFOLIO PROJECTED FORWARD

	31 Mar 10 Actual Portfolio £m	%	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m	31 Mar 14 Estimate £m
<b>External Borrowing:</b>						
Fixed Rate – PWLB	109.1	72	106.6	102.6	102.6	102.3
Fixed Rate – Market	23.8	16	23.8	23.8	23.8	23.8
Variable Rate – PWLB	0	0	0	0	0	0
Variable Rate – Market	0	0	0	0	0	0
Total External Borrowing	132.9		130.4	126.4	126.4	126.1
Existing long-term liabilities						
<b>IFRS Long Term Liabilities:</b>						
- PFI	15.7	10	15.4	15.2	14.8	14.8
- Finance Leases	2.4	2	1.7	1.0	0.5	0.2
<b>Total Gross External Debt</b>	151.0	100	147.5	142.7	141.7	141.1
<b>Investments:</b>						
<i>Managed in-house</i>						
- Short-term monies (Deposits/ monies on call /MMFs)	34.0	100	25.0	22.1	20.7	22.0
- Long-term investments (maturities over 12 months)	0	0	0	0	0	0
<b>Total Investments</b>	34.0	100	25.0	22.1	20.7	22.0
<b>(Net Borrowing Position)/ Net Investment position</b>	117.0		122.5	120.6	121.0	119.1

## Arlingclose's Economic and Interest Rate Forecast

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
<b>Official Bank Rate</b>													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Downside risk	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
<b>1-yr LIBID</b>													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.65	1.90	2.15	2.40	2.50	2.50	2.75	3.00	3.25	3.50	3.50	3.50	3.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
<b>5-yr gilt</b>													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.75	3.00	3.25	3.50	3.75	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>10-yr gilt</b>													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.90	4.00	4.10	4.25	4.50	4.75	4.75	4.75	4.75	4.75	5.00	5.00	4.75
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>20-yr gilt</b>													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.25	5.25	5.00
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>50-yr gilt</b>													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	4.25	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.50	4.75	4.75	4.50
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

- The recovery in growth is likely to be slow and uneven.
- The initial reaction to the CSR is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

### Underlying assumptions:

- The framework and targets announced in the Comprehensive Spending Review (CSR) to reduce the budget deficit and government debt will be put to the test; meeting the 2010 borrowing target of £149bn will be crucial to the gilt market's confidence in the credibility of the deficit reduction plans.
- Despite Money Supply being weak and growth prospects remaining subdued the MPC have gravitated towards increasing rates in the new year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in the first quarter of 2011 as a result of VAT, Utilities and Rail Fares.
- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.
- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and

expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.

- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore the outlook for growth.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

## Specified and Non Specified Investments

### **Specified Investments identified for use by the Council**

Specified Investments will be those that meet the criteria in the WAG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- the making of which is not defined as capital expenditure under section 20(1)(d) in SI 2003 No 3239 (W.319) (i.e. the investment is not loan capital or share capital in a body corporate).
- Either one or both of the following conditions is met:
  - is made with the UK government or is made with a local authority in England, Wales Scotland and Northern Ireland.
  - meets the “high” credit criteria as determined by the Authority
- the principal sum to be repaid at maturity is the same as the initial sum invested other than investments in the UK Government.

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
  - Deposits with UK local authorities
  - Deposits with banks and building societies
  - \*Certificates of deposit with banks and building societies
  - \*Gilts: (bonds issued by the UK government)
  - \*Bonds issued by multilateral development banks
  - Treasury-Bills (T-Bills)
  - Local Authority Bills (LA Bills)
  - AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
  - AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
  - \* Other Money Market Funds – i.e. the investment is admitted to an official list maintained by a competent authority in an EEA State.
1. \* *Investments in these instruments will be on advice from the Council’s treasury advisor.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s (where assigned).

*Long-term minimum: A+(Fitch); A1 (Moody’s); A+ (S&P)*

*Short-term minimum: F1 (Fitch); P-1 (Moody’s); A-1 (S&P)*

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limits</b>
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	£10m
Term Deposits/Call Accounts	Non-UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+	£10m
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
LA Bills	UK	Other UK Local Authorities	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	£10m
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value)	£10m
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 1010 (W.107) and SI 2007 No 1051 (W.108)	£10m

**Non-UK Banks** - These will be restricted to a maximum exposure of 25% per country.

**MMFs** - As far as is practicable, investments in Money Market Funds will be spread between two funds or more.

**Individual Limits** – Investments with individual counterparties will be limited to £10m

**Group Limits** - For institutions within a banking group, a limit of 1.5 times the individual limit of a single bank within that group will be applied.

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limit</b>	<b>Maximum Group Limit</b>
Term Deposits/ Call Accounts	UK	Santander UK Plc (Banco Santander Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	Lloyds TSB (Lloyds Banking Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	Barclays Bank Plc	£10m	£15m
Term Deposits/ Call Accounts	UK	Clydesdale Bank (National Australia Bank Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	HSBC Bank Plc	£10m	£15m
Term Deposits/ Call Accounts	UK	Nationwide Building Society	£10m	£15m
Term Deposits/ Call Accounts	UK	NatWest (RBS Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	Royal Bank of Scotland (RBS Group)	£10m	£15m
Term Deposits/ Call Accounts	UK	Standard Chartered Bank	£10m	£15m
Term Deposits/ Call Accounts	Australia	Australia and NZ Banking Group	£10m	£15m
Term Deposits/ Call Accounts	Australia	Commonwealth Bank of Australia	£10m	£15m
Term Deposits/ Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	£10m	£15m
Term Deposits/ Call Accounts	Australia	Westpac Banking Corp	£10m	£15m
Term Deposits/ Call Accounts	Canada	Bank of Montreal	£10m	£15m
Term Deposits/ Call Accounts	Canada	Bank of Nova Scotia	£10m	£15m
Term Deposits/ Call Accounts	Canada	Canadian Imperial Bank of Commerce	£10m	£15m
Term Deposits/ Call Accounts	Canada	Royal Bank of Canada	£10m	£15m
Term Deposits/ Call Accounts	Canada	Toronto-Dominion Bank	£10m	£15m
Term Deposits/ Call Accounts	Finland	Nordea Bank Finland	£10m	£15m
Term Deposits/ Call Accounts	France	BNP Paribas	£10m	£15m
Term Deposits/ Call Accounts	France	Credit Agricole CIB (Credit Agricole Group)	£10m	£15m

Term Deposits/ Call Accounts	France	Credit Agricole SA (Credit Agricole Group)	£10m	£15m
Term Deposits/ Call Accounts	France	Société Générale	£10m	£15m
Term Deposits/ Call Accounts	Germany	Deutsche Bank AG	£10m	£15m
Term Deposits/ Call Accounts	Netherlands	ING Bank NV	£10m	£15m
Term Deposits/ Call Accounts	Netherlands	Rabobank	£10m	£15m
Term Deposits/ Call Accounts	Sweden	Svenska Handelsbanken	£10m	£15m
Term Deposits/ Call Accounts	Switzerland	Credit Suisse	£10m	£15m
Term Deposits/ Call Accounts	US	JP Morgan	£10m	£15m

## Non-Specified Investments determined for use by the Council

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Maximum maturity	Max % of portfolio	Capital expenditure?
<ul style="list-style-type: none"> <li>▪ Deposits with banks and building societies</li> <li>▪ CDs with banks and building societies</li> </ul>	✓	<u>5 years</u>	<u>50% in aggregate</u>	No
<ul style="list-style-type: none"> <li>▪ Gilts</li> <li>▪ Bonds issued by multilateral development banks</li> <li>▪ Bonds issued by financial institutions guaranteed by the UK government</li> <li>▪ Sterling denominated bonds by non-UK sovereign governments</li> </ul>	✓ (on advice from treasury advisor)	10 years	<u>50% in aggregate</u>	No
Money Market Funds and Collective Investment Schemes, which are/are not credit rated	✓ (on advice from treasury advisor)	<u>These funds do not have a defined maturity date</u>	50%	No
Government guaranteed bonds and debt instruments issued by corporate bodies	✓	10 years	<u>£0M</u>	Yes
Non-guaranteed bonds and debt instruments issued by corporate bodies	✓	10 years	<u>£0M</u>	Yes
Pooled funds	✓ (on advice from treasury advisor)	10 years	<u>£0M</u>	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.