

AGENDA



CABINET

MONDAY, 6 FEBRUARY 2012

11.00 AM

**COUNCIL CHAMBER, COUNCIL OFFICES, ST PETERS HILL,
GRANTHAM**

Beverly Agass, Chief Executive

MEMBERS: Councillor Mrs. Linda Neal (Leader/Portfolio: Strategic Partnerships), Councillor Paul Carpenter (Deputy Leader & Portfolio: Engagement & Corporate Services), Councillor Mrs Frances Cartwright (Portfolio: Economic Development), Councillor John Smith (Portfolio: Healthy Environment), Councillor Mike Taylor (Portfolio: Resources) and Councillor Terl Bryant (Portfolio: Housing)

Committee Support Officer: Lucy Bonshor 01476 40 61 20
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Members of the public are entitled to attend the meeting of the Cabinet at which key decisions will be taken on the issues listed on the following pages. Key decisions are marked *.

1. APOLOGIES

- 2. MINUTES**

(Enclosure)
- 3. DECLARATIONS OF INTEREST (IF ANY)**
- 4. LOCAL AUTHORITY MORTGAGE SCHEME**

Report SD002 by the Strategic Director - Corporate

(Enclosure)
- 5. DETERMINATION OF BUDGET FOR 2012/13 AND INDICATIVE BUDGETS TO 2014/15**

Report HOF185 by the Strategic Director - Corporate

(Enclosure)
- 6. MATTERS REFERRED TO CABINET BY THE COUNCIL, SCRUTINY COMMITTEE OR THE POLICY DEVELOPMENT GROUPS**
- 7. ITEMS RAISED BY CABINET MEMBERS INCLUDING REPORTS ON KEY AND NON KEY DECISIONS TAKEN UNDER DELEGATED POWERS.**
- 8. REPRESENTATIONS RECEIVED FROM MEMBERS OF THE PUBLIC ON MATTERS WITHIN THE FORWARD PLAN (IF ANY)**
- 9. REPRESENTATIONS RECEIVED FROM NON CABINET MEMBERS**
- 10. ANY OTHER BUSINESS WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT**

CO41. *GREYFRIARS AND WHARF PLACE SUPPLEMENTARY PLANNING DOCUMENTS (SPDS)

Decision:

- 1) **Cabinet notes the comments received in response to the public consultation on the Greyfriars and Wharf Place draft Development Briefs.**
- 2) **Cabinet approves the proposed changes to the Greyfriars and Wharf Place Development Briefs as set out in appendix 1 to report PLA920.**
- 3) **That the Greyfriars and Wharf Place Development Briefs as approved in 2 above are adopted as Supplementary Planning Documents.**

Considerations/Reasons for Decision:

- 1) Report PLA920 by the Economic Development Portfolio Holder.
- 2) Two minor changes to appendix 1 as clarified by the Service Manager Planning Policy & Partnerships.
- 3) The Development Briefs set out the key planning and development principles for mixed use development of the sites and were intended to guide development on the sites.
- 4) The widespread consultation which took place between 26th August and 7th October 2011.
- 5) Comments made by Cabinet Members at the meeting.

Other options considered:

Do not adopt as SPDs – alternative would be to rely on a prospective developer to submit a planning application and hopefully engage in pre application and post application negotiations. The preparation of a brief is more positive in that it provides a planning framework to promote interest in the site and guide and encourage the co-ordinated redevelopment of the site in accordance with the Council's policies. It also offers some degree of certainty that a planning application would be more likely to obtain approval subject to detail.

CO42. APPROVAL OF BUDGET REQUIREMENT FOR 2012/13 FOR CONSULTATION

Decision:

General Fund

1. **To note the provisional settlement for 2012/13.**
2. **To agree a provision target General Fund Budget Requirement of**

£13.879m for 2012/13 (inclusive of Special Expenses).

- 3. To agree to review the target at recommendation 2 above, at the Cabinet meeting in February, in light of the outcome of consultation and other updated information.**
- 4. To agree to consider the option to freeze Council Tax for 2012/13 and, following the outcome of the consultation (and other related information), recommend a Council Tax level at its February 2012 meeting.**

Housing Revenue Account

- 5. To approve an indicative rent increase for consultation purposes with the Tenant consultation forums on options for rent increases. The average increase for South Kesteven District Council tenants would be 7.65%.**
- 6. To agree to review the proposed rent increase at recommendation 5 above, at the February Cabinet meeting, in light of consultation and other related information.**

Capital Programme

- 7. To agree to receive detailed reports setting out recommendations for the Capital Programme for both the General Fund and Housing Revenue Account, at the February Cabinet meeting.**

Considerations/Reasons for decision:

- 1) Report HOF184 by the Portfolio Holder Resources.
- 2) The provisional local government finance settlement for 2012/13.
- 3) The proposed changes to both the business rates and the council tax benefits systems both of which will impact the council's finances.
- 4) The draft Self-financing Determinations and the continued convergence of council rents in line with Social Registered Landlord rents.
- 5) Comments made by the Portfolio Holder Resources and the Portfolio Holder Housing.
- 6) Comments made by the Head of Finance.

Other options considered.

There are no alternative options necessary in respect of this report.

CO43. ANNUAL REPORT 2010/11

Decision:

To approve the 2010/11 annual report subject to minor amendments being agreed with the Portfolio Holder Engagement & Corporate Governance.

Considerations/reasons for decision:

- 1) Report PCC10 by the Portfolio Holder Engagement & Corporate Services.
- 2) The annual report had been designed to be user friendly and communicate information about our priorities, performance and finances for 2010/11 to all our stakeholders in an informative and interesting way.
- 3) Although there is no specified form for the report, it relates to the Corporate Plan and is recognised as a requirement of good corporate governance.
- 4) Comments made by the Leader, Cabinet Members and the Chief Executive about the challenges that the Council face and the need to stay focused on the Council's priorities in the years ahead.

Other Options considered:

None identified.

DATE DECISIONS EFFECTIVE :

Decisions CO41, CO42 and CO43 as made on 9th January 2012 can be implemented by 18th January unless subject to call-in by the Scrutiny Committee Chairman or any five members of the Council from any political groups

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REPORT TO CABINET

REPORT OF: Strategic Director – Corporate focus.

REPORT NO: SD30

DATE: 6th February 2011

TITLE:	Local Authority Mortgage Scheme	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key decision	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mike Taylor Assets and Resources Portfolio Holder	
CONTACT OFFICER:	Daren Turner d.turner@southkesteven.gov.uk 01476406310	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity		Yes
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Sector State Aid Paper Sector Accounting Principles Paper Sector Risk assessment Report to Cabinet - SD01 Local Authority Mortgage Scheme Report to Resources PDG HOF186 – Local Policy for Scheme Eligibility	

1. RECOMMENDATIONS

Cabinet recommend to Council that:

1. Council approve participation in the Local Authority Mortgage Scheme (LAMS), in partnership with Lloyds Bank plc up to a limit of £1m . The LAMS scheme is detailed for reference at Appendix A;
2. Council approve plans to extend the LAMS across other lenders as they enter the scheme up to a total value of £5m subject a full analysis of impact against priorities of the first £1m and subject to budget provision;
3. Council approve the policy for scheme eligibility as detailed in this report;
4. Council delegate to the Strategic Director (Corporate Services) the authority to execute the required legal documentation required to take part in the scheme.

2. PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to update Cabinet on the proposed policy for scheme eligibility and confirm the recommendations to Council for approval to enable the Council to participate in the Local Authority Mortgage Scheme.

3. BACKGROUND

- 3.1 At its meeting in December 2011, Cabinet agreed in principle to make recommendations to Council to enter a Local Authority Mortgage Scheme and asked the Resources Policy Development Group to undertake initial development of a local policy for scheme eligibility for Council approval.

- 3.2 The Resources PDG considered the scheme eligibility at its meeting on the 19th January 2012 and recommended :

- ***The scheme should be open to first time buyers looking to purchase properties where the property is located within the boundary of South Kesteven district.***
- ***The scheme should be available for properties priced up to and including £125,000.***
- ***The scheme should only be available to first time buyers.***
- ***The scheme should run for a period as a pilot, with available funding of £1m.***
- ***The scheme should not be available for the purchase of new build properties.***
- ***For the pilot phase, SKDC should partner with Lloyds Bank plc, as the most experienced provider of LAMS. It was further recommended that cash should be deposited with the lender in order to maximise the return on the investment.***
- ***That there should not be a charge by the Council for administration of the scheme. The scheme provider would administer each application for scheme assistance***
- ***That the Council should not provide an advice service on mortgage selection or eligibility for the scheme. This will be made available by any scheme provider.***

- 3.3 In determining the criteria for scheme eligibility, the Resources PDG considered evidence of property sales within the district, the requirements of scheme operators, the current stamp duty levels and the criteria for national government schemes available. It was acknowledged that any Council funded scheme should compliment government schemes and not replicate them. The government's First Buy Scheme was available for new build properties only. The proposed criteria will benefit those first time buyers wishing to purchase non new built residential properties. It is understood this will assist the stimulation of the housing market. Scheme providers will provide the administration of the scheme. Applications will be made direct to the provider. It is not anticipated the Council will be involved in the administration of the scheme other than monitoring compliance with the scheme and take up. No charge is

proposed for entry to the scheme. Any advice required about the scheme will be given by the provider.

4. OTHER OPTIONS CONSIDERED

To enable the scheme to proceed, the Council must approve a local policy for scheme eligibility.

5. RESOURCE IMPLICATIONS

The resource implications are detailed in the details of the scheme at Appendix A and in the S.151 Officer's comments below.

6. RISK AND MITIGATION (INCLUDING HEALTH & SAFETY AND DATA QUALITY)

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

8. CRIME AND DISORDER IMPLICATIONS

None

9. COMMENTS OF FINANCIAL SERVICES

The scheme will commit, initially, £1m of the councils funds that would ordinarily be invested. Research tell us that at any one time the Council has in excess of £10m that is always invested in the markets and therefore not required for daily, weekly and monthly funding of services. This would reflect the level of reserves and balances the council carries. At present the Council is recouping 1.58% on longer term deposits, investment rates have seen dramatic falls since the onset of the economic downturn in 2008. The Lloyds LAM's scheme offers an enhanced rate of premium on top of their existing 5year commercial deposit rate. Clearly this is multiplied by fivefold if the indemnity increases to £5m. Risk will relate to the likelihood of default and sale at less than purchase value. History dictates that default levels run at less than 0.5% of mortgages that sales proceeds would need to drop significantly if the Council was to put at risk its initial deposit as the interest earned would potentially out way any losses in the unlikely event they would occur.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

Local authorities have the power to provide the indemnity required by scheme providers in accordance with s.442 of the Housing Act 1985 (as amended). The indemnity in the scheme proposed requires the deposit of security with a bank. Individual indemnities will be required in respect of legality. It is essential that criteria for eligibility to the scheme are determined. Legality will depend on the policy created to adopt the scheme, how that policy will contribute to the Council's strategic objectives and priorities, the process for financing the

scheme, the eligibility criteria and, generally, how the policy will be implemented. Any policy approved at Council should be incorporated into the Council's Housing Strategy and Treasury Management Policy.

11. APPENDICES:

Appendix A - Local Authority Mortgage Scheme

Appendix A

Local Authority Mortgage Scheme as Defined in Cabinet Report SD001

- 1 Sector Treasury Management services (currently the Council's treasury advisers) have developed a national scheme, initially in conjunction with the Lloyds banking group, to allow Councils to provide support to first time buyers. The scheme is aimed at first time buyers providing help for potential buyers who can afford mortgage payments - but not the initial deposit- to get on to the property ladder. There are 6 providers currently listed as "providers" in the scheme, they are Lloyds PLC, Leeds BS, Furness BS, Teachers BS, Saffron BS, and Leek BS (clearly the Council would look to a partner with a presence across our District to ensure maximum participation and impact)
- 2 The scheme would operate as follows:
 - The Council would specify the qualifying characteristics for those who should qualify for a mortgage under the scheme (see section 5 below). The Council would also specify whether there would be a maximum loan value, and the total level of support offered by the council;
 - Potential Buyers would approach the lender directly and the lender would deal with the Council. The Council will not know the identity of the individuals concerned, and have no role in approving individual mortgages;
 - The Bank will assess the buyer against its own credit criteria, as well as the Council's criteria;
 - If a potential buyer meets the strict credit criteria applied by the lender, and meets the criteria set out by the Local Authority to qualify for a mortgage under the scheme, the Local Authority will provide a top-up indemnity to the value of the difference between the typical Loan to Value (LTV) ratio of around 75% and a 95% LTV mortgage. The potential buyer will thereby obtain a 95% mortgage on similar terms as a 75% mortgage, but without the need to provide the substantial deposit usually required;
 - The Council will deposit a sum with the bank equal to the total value of the overall indemnity offered (assuming cash backed lender requirement – see section 3);
 - The bank would lend all the money agreed under the mortgage to enable the purchase to be made;
 - The buyer would make repayments to the bank, and liaise with the bank on all issues relating to the mortgage; and

- The indemnity provided by the Council will last for 5 years. After this time the sum deposited with the bank is returned to the Council with interest.
- 3 The scheme can be supported by the Council in two ways, in that the indemnity is either cash backed or unfunded as follows:-
- If the indemnity is un-funded, the Local Authority will receive a premium a fixed amount of the value of the indemnity actually provided, typically in the region of £500 per mortgage.
 - If the indemnity is “cash backed”, i.e. supported by a deposit, the Local Authority will be required to place a 5-year deposit at the start of the financial year to the full value of the indemnity being offered. The deposit will be in place for the term of the indemnity – i.e. 5 years (with the possibility of a further 2 year extension if the mortgage is in arrears at the end of the initial 5 years) - and may have conditions / structures attached. The Local Authority will receive a 5-year commercial deposit rate + a premium of 0.70% from the first lender to join the scheme, other lenders will offer similar terms.
 - In accordance with the legislation, the lender will not have a legal charge over the deposit. In the event of an indemnity being called and an amount being payable by the Local Authority to the lender, a request for payment would be made by the lender. The Local Authority will undertake to settle the amount payable within 30 days.
- 4 The indemnity would only be called upon, leading to a cost for the Council, if a loss is crystallised by the lender. This would require a default by the buyer, repossession by the bank and then the property to be sold for less than the value of the mortgage.
- By way of example:
- Property valued at £100k, mortgaged at £95k (funded Local Authority indemnity £20k, Bank Mortgage £75k), was subsequently sold for £70k, the bank would request the full £20k indemnity from the Local Authority. In this case the value of the property would need to have fallen by 30% from the original valuation;
 - If the property was sold for £90k the bank would request £5k from the Council. In this case the value of the property would need to have fallen by 10% from the original valuation.
- 5 The Council will only face costs if both these situations arise – that there is default, and the subsequent resale value is less than the value of the mortgage. Such costs would be funded from the interest gained in depositing the indemnity funds. Information from the Council of Mortgage lenders indicates that the number of repossessions by first charge mortgage lenders in 2010 was 0.3% of all mortgages. Over the five year period, the following would need to happen for

the costs to the council to exceed the interest income (assuming a cash backed scheme):

- Defaults to be ten times higher than the 2010 level indicated by CML; AND
- Property prices to drop 10% from the level at the time the mortgage is approved

- 6 The scheme was initially launched through Lloyds Banking Group, however it is anticipated that more mortgage lenders will be invited to join the partnership as it progresses (six are currently on the list). Sector has been in discussions with the FSA approved mortgage lenders in the UK to raise awareness of the scheme. The scheme will operate on a nationwide basis and there will be no restrictions on the type and number of banks who will be entitled to participate (providing they have the necessary authorisation to offer residential mortgages in the UK). So far Blaby DC, Warrington and Blackpool Councils have formally adopted the scheme.

REPORT TO CABINET

REPORT OF: STRATEGIC DIRECTOR – CORPORATE FOCUS
 HEAD OF FINANCE

REPORT NO.: HOF 185

DATE: 6th February 2012

TITLE:	Determination of Budget 2012/13 and indicative budgets to 2014/15.	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mike Taylor Resources and Assets Portfolio Holder	
CONTACT OFFICER:	Daren Turner – Strategic Director Corporate Focus Tel: 01476 406301 Email: d.turner@southkesteven.gov.uk Richard Wyles – Head of Finance Tel: 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and appended to the report	Full impact assessment Required: N/A
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Local Democracy link on the Council’s website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	HOF184	

1. RECOMMENDATIONS

In relation to the General Fund (Revenue) SECTION B

Make recommendations a. to d. to Council:

- a. to set a General Fund budget requirement of £13.879M for 2012/13 (inclusive of special expenses)
- b. to approve a Council Tax freeze for 2012/13 (including special expense areas)
- c. to approve the original base estimate for 2012/13 and indicative base estimates for 2013/14 and 2014/15 as detailed in the summary at Appendix A page 1;
- d. to approve increases in Fees and Charges for 2012/13 as set out in Appendix D

In relation to the Housing Revenue Account (HRA) SECTION C

Make recommendations e to h. to Council:

- e. to set dwelling rent increases in accordance with Government guideline rent providing an average rent of £71.08 (and an average rental increase of 7.65%)
- f. to set an increase in garage rents of 5.6%
- g. to increase service charges by 5.6%
- h. to approve the Housing Revenue Account for the year 2012/13 and indicative years 2012/13 and 2014/15 shown at Appendix A page 7

In relation to Capital and investment Programmes SECTION D

Make recommendations i. to k. to Council:

- i. approve the General Fund Capital programme for 2012/13 to 2014/15 detailed at Appendix B page 1
- j. approve the indicative Housing Investment programme for 2012/13 to 2014/15 detailed at Appendix B page 2
- k. approve the Capital Financing statement detailed at Appendix B page 3

In relation to the Reserves and balances SECTION E

Make recommendation l to Council:

- l. To note the movements in revenue (HRA and GF) and Capital (HRA and GF) reserves and balances detailed in Appendix C.

Treasury Management and prudential indicators SECTION F

Make recommendation m to Council:

- m. to approve the Treasury Management Strategy provided at Appendix E;

2. PURPOSE OF THE REPORT/DECISION REQUIRED

2.1 The purpose of this report is to present to Cabinet:

2.1.1 The Budget estimates for 2012/13, revenue and capital (including fees and charges), the level of Council tax and the subsequent Treasury management strategy.

2.1.2 To inform members of the changes to the Housing revenue account and the implications and to inform of the likely rent increase for 2012/13. The report provides detail of the process in concluding the budget position and the robustness of the Councils financial position.

2.1.3 Members are asked to consider the contextual information presented and to recommend to Council approval of the Council's budget for 2012/13.

SECTION A

3. Background

3.1 Context

3.1.1 Cabinet will be aware during their work throughout the budget process, that the current financial climate remains very uncertain. Local government is continuing to face reductions in central government grant together with significant changes to the funding mechanisms used to distribute formula grant with the review of the business rates system. Impact will also be felt from the welfare reforms most notably the changes to the Council Tax benefit regime.

3.1.2 The Council set out, during the 2010/11 budget round, a clear action plan to reduce costs and drive out efficiencies. This has continued to be implemented in order to help protect key front line services. The process will carry forward into 2012/13 thus helping to release resources to deliver key priority projects.

On 13 December 2010, the Government announced the second year of the two year settlement announced in December 2010. As previously announced, formula grant to all authorities will fall by a further 7.7% on top of the 9.9% fall in 2011-12. For single tier and county councils and shire districts this means that the total fall over two years will be 19.3%. A transitional grant of £20m for 2012-13, benefiting 12 authorities whose "revenue spending power" would have otherwise have fallen by more than 8.8% has been provided. Damping will continue with the floors as announced in February 2011. There is no change to the amount of top-sliced academies transfer for 2011-12 and 2012-13. The Department for Education have published a separate consultation document which could lead to a separate grant being paid to authorities with low numbers of academies in January 2013 as compensation for too much money having been top-sliced from their budget. Council Tax Referendum thresholds for 2012-13 have been announced as 3.5% for single tier, county councils and shire districts, 4% for police and fire authorities and the GLA and 3.75% for the City of London. These are 1% above the figures for which the one year freeze grant for 12-13 will be paid.

The government are also proposing to provide a transition grant of £20m in 2012/13, to ensure that no authority in receipt of formula grant faces a reduction of more than 8.8% in 'revenue spending power' in 2012/13. This encompasses:

- a. Council tax requirement
- b. Formula Grant
- c. Specific grants within the aggregate External finance

The government has made it clear that the transition grant will end in 2013/14.

3.2 South Kesteven settlement

3.2.1 Confirmation of the provisional settlement for 2012/13 was issued by CLG on the 8th December 2011 and has been confirmed as £7.526M including £157K in respect of the Council Tax Freeze grant agreed in 2011/12 which runs for a 4 year period (the grant is calculated as revenue support grant £143K and redistributed business rates £7.383M). A further incentive was added to the settlement to allow Councils to freeze council tax for another year. However the grant put in place to support this, in SKDC case a further £159K is only available for one year and not the four offered in the previous settlement.

The details of the grant projections are shown at Table 1.

The table below details the specific grant allocation for the Council as part of the 2 year settlement and also includes estimates for the following 2 year period:

TABLE 1.

	2011/12	2012/13	2013/14	2014/15
Formula Grant (excl. CT Freeze)	£8.350K	£7.369K (net of CT freeze grant)	£7.366K*	£7.018K*
Year on year reduction		0.981m	0.003m	0.348m
%		(11.7%)	0%	(5%)

*the grant figures for these years have not yet been announced by the Government and the figures provided above are based on initial projections.

3.2.2 The adjusted grant in 2010/11 (excluding concessionary fares) was £9.619m and by the end of the confirmed settlement in 2012/13 this would have reduced by £2.250m / 23.39%. This represents a significant reduction in central government grant support and the Council has responded positively to the financial squeeze through a wide range of cost reduction and efficiency programmes. These include sharing senior officer posts, re-negotiating third party contracts, implementing a transformation efficiency programme and responding to the customer consultation findings undertaken in summer 2010. This programme will continue into 2012/13 in order to prepare the Authority for potential further grant reductions from 2013/14.

The position after 2012/13 is even more complex due to the Government's proposal regarding Business Rate retention and Localisation of Council tax support (benefits) changes.

3.3 Business Rate Retention Proposals

3.3.1 Currently, all business rates (also known as non-domestic rates or NDR) income collected by billing authorities is 'pooled' nationally, with this income being redistributed to individual authorities through the Formula Grant system. The government's stated policy objective is to enable councils to retain business rates income locally, providing a financial incentive for councils to undertake economic development activities and consequently increase the level of business rates collected in their local area.

Local authorities will still need to operate within the existing NDR system. They will not have control over how the level of tax is determined for ratepayers i.e. the rateable value of properties or the national multiplier (the rate of tax).

3.3.2 Under the scheme, those authorities that see increases in their business rates tax base and associated revenues should financially benefit from the scheme, whilst those with declining business rates will lose. The magnitude of these gains and losses will be determined by which options are eventually chosen from those set out in the consultation and technical papers.

The potential impact of this has been modelled and the estimated figures at this time have been included in table 1 above and show a further reduction in grant of £0.351m over the next 2 years. Therefore, since 2010/11 the Council could see a reduction in cash terms of over £2.6M. The initial consultation papers contained many permutations and as such it is extremely difficult to get an accurate picture. However the headline response from Government following the consultation exercise is:

'Allocating, in two-tier areas, the greatest share of business rates to district councils' - such a split ensures that no authority loses out at the outset of the scheme, as funds are allocated to all authorities according to their baseline need. It also provides a high degree of income stability for authorities responsible for adult social care and children's services, which would see a major part of their income provided through an index-linked top up. But this also places the strongest incentive on the tier of government responsible for planning decisions, which would receive around 80 percent of growth on the local share, subject to any levy

'The incentive effect' - From the outset of the business rates retention scheme, all local authorities will be able to benefit from increases in their business rates. The principle of fixing tariffs and top ups ensures that in future years, a significant proportion of additional business rates will be retained by the local authorities in which they were generated. There is also a corresponding disincentive for authorities to see their rates base fall. To maximise this incentive effect, we will not cap the amount of business rate growth an authority can benefit from under the rates retention scheme so that the more an authority grows its business rates base, the better off it will become.

It will also directly link the resources used by local authorities to their actions and their local economies rather than local authorities being assigned a level of funding by central government. This change signifies a paradigm shift for both local authorities and central government.

Discussions will be undertaken with local authorities what levy ratio to set – i.e. what percentage increase in retained income an authority should see for a 1 percent increase in its business rates. In setting the levy percentage, we will need to ensure that the ratio is sufficient to deliver the incentive effect that we want to achieve, but raises sufficient income from which to fund the safety net, which is important for protecting those authorities that might experience sudden and significant, shocks to their business rates income.

3.4 Localisation of Council Tax Support

3.4.1 As part of the spending review 2010, the Government announced it would localise support for council tax (i.e. Council Tax benefit) from 2013/14, and at the same reducing grant by 10%. This is a key element of both the localism agenda and the welfare reform bill. Principles of the scheme include:

- a. Local authorities to have a duty to run a scheme to provide support for council tax in their area
- b. For pensioners there should be no change in the current levels of awards
- c. Local authorities should also consider ensuring support for other vulnerable groups (not yet defined)
- d. Local schemes should support work incentives and in particular avoid disincentives to move into work.

Localisation of support for council tax will mean a significant change in the role of local authorities. Currently local authorities administer council tax benefit in accordance with national criteria set by DWP (Department of Work and Pensions). In the future local authorities will need to design schemes for working age claimants, taking into account available funding for preserving current levels of pensioner claimants.

The consultation response from Government has confirmed further technical consultation will be undertaken in Spring 2012. Through responses to the consultation, the Government has concluded that support for vulnerable pensioners should be delivered through a national framework of criteria and allowance but it does not propose further statutory responsibilities for providing support for vulnerable groups beyond their existing framework of duties and responsibilities. The scheme will be fully integrated into the council tax system and any deficits or surpluses will be shared between the billing and major precepting authorities through the collection fund account. To assist the localised scheme bed in, the Government intends to set grant allocations on an annual basis for the first 2 years. The timescale of implementation from April 2013 remains in place although the Government acknowledge this is challenging.

The current expenditure is £7.5M so a 10% reduction would result in £750K being removed from the current benefit level. This reduction must be borne by all major precepting authorities. That is the County and Council and the Police Authority. At present the approximate case load in total is 10,769 of which 5,330 would qualify for the protection as pensioners. Therefore, the remaining claimants in the working age category would bear the full impact of the benefit reduction or alternatively the Authority would need to 'top up' the benefit budget to mitigate the impact. The reduction could result in declining collection performance and increasing council tax arrears. Due to the uncertainty around the grant position, groups effected, and contribution from the Police Authority and County no modelling with respect to any reductions has been included in the medium term

financial plan. However, the issue will be raised as a risk to the budget going forward.

3.5 Specific grants

- 3.5.1 Specific grants continue to provide an important source of funding for Local Government, the specific grants notified as payable to South Kesteven District Council are summarised below. Members can see from Table 2 that, in line with other grant reduction, income from these areas will decline in future years.

Table 2

Description	2011/12 £'000	2012/13 £'000
Housing Benefit Administration Grant	845	808
Homelessness	106	106
Total Specific Grants	951	914

3.6 New Homes Bonus

- 3.6.1 Continuation of the NHB scheme has been confirmed by DCLG. Cabinet are minded to see the benefit of the scheme go toward their stated priorities across the district £666K has been received in 2011/12; a further £623K has been provisionally allocated for in 2012/13. This is a six year scheme and the benefits will be factored in to the Medium Term Financial Plan accordingly.

3.7 Housing Revenue Account (HRA) changes

- 3.7.1 Following the general election, the new Government reaffirmed the decision to replace HRA Subsidy with a new regime of self-financed housing authorities. In February 2011 the government published *Implementing self-financing for council housing*, which set out the rationale, methodology and financial parameters for the introduction of HRA self-financing in England. Following enactment of the Localism Act on 15th November, self-financing for all authorities will commence on 1st April, 2012.
- 3.7.2 Self-financing will mean that in future authorities will keep all their rental income but with the proviso that collectively they will have to take on the national HRA debt, with a proportion of this debt allocated to each individual council. Each authority will have its existing level of debt readjusted, according to the valuation of its council housing stock. All things being equal, the higher the valuation the greater will be the amount of debt that will be allocated.
- 3.7.2 Valuations will be based on stock numbers as at 1 April 2011 and assumed levels of income and need for expenditure over 30 years. Stock numbers will be adjusted where appropriate to take account of demolitions that take place during 2011/12 and those planned for future years well as future sales under the RTB regime.

- 3.7.3 Authorities are to be required to model a 30-year Business Plan using real, as opposed to subsidy, levels of income and expenditure in order to demonstrate the viability of their self-financed HRA's. The interest rate at which the authority will be able to borrow in March 2012 is, at present, unknown, and rates are currently very volatile, therefore a range of scenarios has been modelled using a selection of rates. Current estimates are between 4 and 5%. Such volatility represents a key risk to the business plan.
- 3.7.4 The valuation of the business plan has modelled the value of the Council housing stock at £136M. Deducting the Council's amount the Council can raise to fund capital investment for its stock of £14M has resulted in the Council debt settlement figure being calculated at circa £122M, with a debt ceiling i.e. the maximum amount the Council can borrow, being the aforementioned £136M.

4. Forecast Outturn of 2011/12 General Fund and Housing Revenue Account

- 4.1 During the course of the financial year regular monthly budget monitoring is undertaken with service budget holders in order to monitor expenditure and income compared with budget prediction. A key element of this monitoring is forecasting the year end outturn position having taken into consideration the actual expenditure and anticipating the future levels of expenditure. This activity enables early indications of potential financial issues and allows remedial action to be implemented to manage the projected outcome. These discussions are further supported by monthly meetings with service heads and strategic directors when there is an opportunity to discuss both the financial and performance position.
- 4.2 The General Fund is currently forecast to be circa £800K under spent at the year end. This represents 5% of the Council's net revenue expenditure and is largely as a result of many variances across income and expenditure budget heads. Discussions are advanced with respect to spending proposals in the current financial year in order that any available resources can be diverted to priority areas and projects. Specifically these spending plans are in respect of the installation of PV panels on a number of Council owned buildings and a number of invest to save initiatives. All of these projects will deliver long term financial benefits to the Authority which can be used for re-investment for other invest to save projects.

The actual under spend will be considered as part of the annual closedown of the accounts during that process a fundamental review of the Council's reserves will be undertaken, again in line with best practice. The amount of the actual under spend may allow set aside at year end to fund future budget pressures.

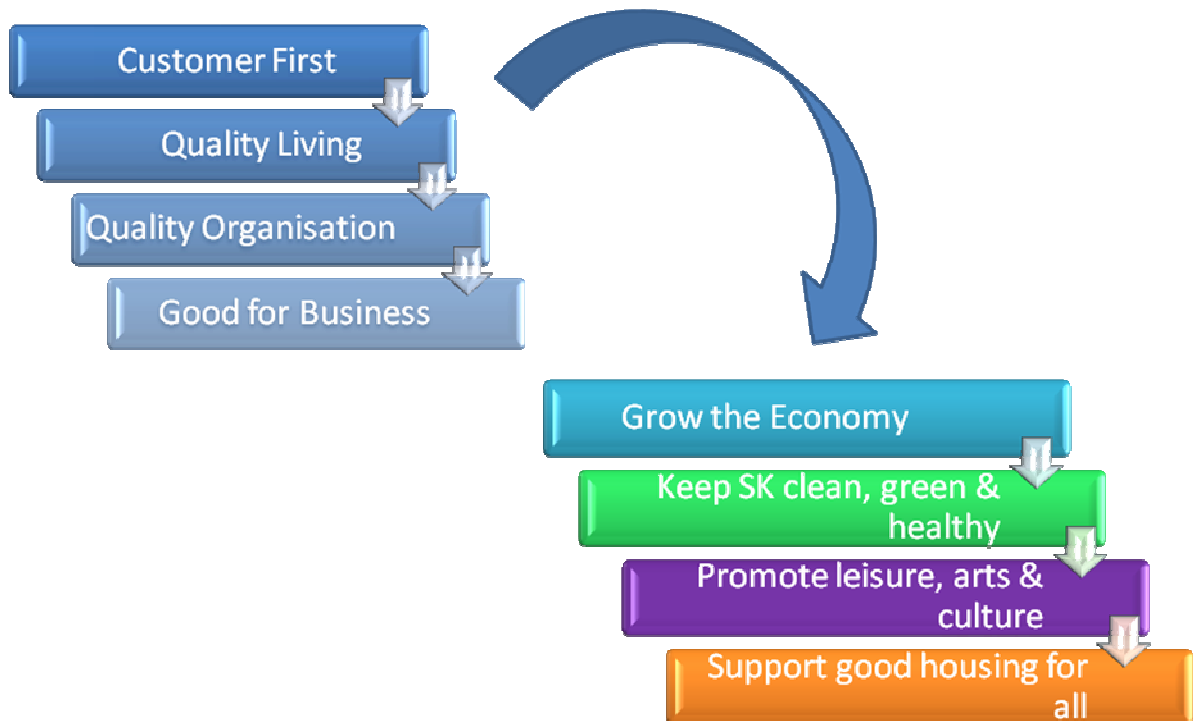
- 4.3 It is anticipated that the forecast outturn of the HRA will be a deficit of £341K which is below the budgeted deficit of £712K. Over the period of the budget proposals, the HRA is showing a budgeted surplus position based on the anticipated levels of income and expenditure. This projection is based on the current HRA business plan which is being re-modelled and updated in readiness for the self financing funding model.

5. Budget Process - Estimates for 2012/13

5.1 2012/13 budget framework

- 5.1.1 The budget has been prepared in conjunction with the development and evolution of the Councils refreshed priorities and the new corporate plan. This will be presented to Council on 1st March 2012 after it has been presented to Engagement PDG and discussed during the district wide consultation process (via the community drop in sessions).

The diagram below demonstrates the evolution of the existing priorities, work is now advanced to determine the scope of a number of priority projects, resources for delivering these will be allocated over the coming period as part of the review of revenue balances and reserves.



Well run council

5.2 The budget assumptions used in compiling the 2012/13 estimates are set out below:

Table 3

Inflation Factors	Assumption (%)
Salary Inflation for 2012/13	Pay freeze except £250 provision for salaries <£21K
Retail Price Index	3.4
National Business Rate	3.1
Utility Cost increase	10
Drainage Board Levies	3.1
Fuel costs	5.0
Interest Rates	1.5
Salary Vacancy Factor	3
Growth in numbers of Band D equivalent properties	1.0

5.2.1 Investment Income - the financial forecasts in respect of investment income over the next four years have been modelled on the following anticipated levels of interest rates (provided by the investment advisors):

Table 4

Financial Year	2012/13	2013/14	2014/15
Base Rate	0.50%	1.25%	2.5%
Money Market Rate (average mid-term point.)	1.5%	1.90%	3.1%

This information has been utilised to anticipate the potential levels of interest income the Council will receive for its investment of the reserve balances. This income will be shared between the General Fund and the Housing Revenue Account. As the spending plans of the reserves progress then there will be a corresponding reduction in the amount of interest income that will be received. Scenario planning in respect of continuing investment, forecast interest rates and potential for borrowing will be a feature of the medium term and will be undertaken within the framework of the Treasury Management Strategy.

SECTION B

6. General Fund

6.1 The budget proposes a net service expenditure of £16.108M broken down by directorate focus as follows:

	Original base 2011/12 £'000	Estimated base 2012/13 £'000	Indicative base 2013/14 £'000	Indicative base 2014/15 £'000
Community and Environment Focus	8,856	9,383	9,350	9,442
Corporate Focus	4,359	3,912	3,936	4,069
Development and Growth Focus	3,170	2,219	1,985	2,004
Special Expense Areas	565	594	609	626
Net Service Expenditure	16,950	16,108	15,880	16,141
Net Interest	(76)	(144)	(169)	(447)
Minimum Revenue Provision	194	186	179	172
Capital Charges	(2,669)	(2,566)	(2,698)	(2,759)
Revenue contribution to capital	500	659	500	500
Net movement on reserves	(71)	(216)	395	357
Budget Requirement	14,828	14,027	14,087	13,964

6.2 The overall General Fund position for 2012/13 is shown at Appendix A page 1. The total service expenditure (net of direct income) for 2012/13 is estimated at £16.108M. Interest and investment income has been estimated at £298K based on the proposed use of capital resources whilst also taking into account expected movements in interest rates. Further details of the Council's investment strategy are contained in Appendix E to this report.

The Council, as is the case in most years, has also had to accommodate some growth in costs in a number of areas, as well as a loss of income. These costs, in addition to the assumptions laid out in table 3 above include:-

Increase in resources for the utility monitoring and periodic electrical testing to properties.	£50K
One-off funding to facilitate the implementation of civilian parking enforcement in South Kesteven. (This cost will include the necessary infrastructure changes)	£20K
Improvement and maintenance works to the leisure centres	£66K
Investment in public realm works as a key element of the redevelopment of Grantham town centre	£170K
Waste transfer station	£100K
DDA works to commercial properties	£25K
Fire risk assessment works to commercial properties	£20K
Water testing works to commercial properties	£10K
Business Rates increases	£45K

- 6.3 The Council has also continued to identify and deliver a number of efficiencies and savings that assist the ability to include the service delivery pressures listed above. These efficiencies have a positive impact on the financial stability on the Council and enable it to prepare for the financial challenges ahead. These efficiencies include:

Re-negotiation of the grounds maintenance contract	£70K
Cash collection contract for car parking services	£50K
Re-structure of Environmental Health services	£42K
Re- assessment of Authority risk profile resulting in greater in-house insurance cover	£72K
Centralised ICT hardware and software budgets delivering efficiencies	£22K

7 Special Expense Areas (SEA)

- 7.1 Special Expense Areas make use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts e.g. parished and unparished areas of the district, depending on what, if any, special items relate to those parts. A special item is an item which relates to only part of the district's area. Treating expenses as special expenses does not affect the overall amount that the council needs to raise through council tax across the whole of the district.
- 7.2 The district seeks to fully recover the net expenditure of the special expense areas and the proposed budget for 2012/13 has been prepared on the basis of full recovery of costs. It should be noted that increases in the special expense precepts count towards the overall council tax capping calculation for the district.

8. Fees and Charges

- 8.1 Resources PDG have been reviewing fees and charges as a key element of their workplan and have commissioned external support to undertake an income review benchmarking study which compared fees and charges across a number of east midlands councils. This review has also given exposure to over 50 local authorities charging regimes outside of the geographical boundaries of the east midlands.

Initial findings showed that the Council was not out of step with other Councils to any great extent. However, some opportunities were noted and will be taken forward for implementation or further investigation.

One clear message evolving from the work was that the Council does not currently have a clear, concise, consistent and coherent strategy around income generation from fees and charges and in relation to concessions etc. In order to ensure the Authority maximises income generation the following is required:-

- A clear corporate charging policy - subsidised service or cost recovery, concessions policy, correlation of charges to wider corporate priorities and impact of completion for similar services provided by the private sector
- Clarity over full cost recovery and subsidy
- A perspective on fairness in charging – impact charges have on specific groups or individuals
- Adopting a commercial approach – trading, flexible pricing structure to stimulate demand
- An approach to premium charging – to reflect either additional demand or an enhanced service
- Charges linked to environmental objectives

These key themes will form the next stage of the work to be undertaken over the coming months (by the Resources PDG) in order to develop a coherent charging strategy that compliments and supports the Council's corporate plan. It is anticipated that the review will be completed by the summer of 2012. The implementation of the strategy will be incorporated into the budget proposals from 2013/14.

Consideration has been given to fees and charges that are currently in place. In order to ensure that the current charges are kept in alignment with service costs Cabinet has recommended that the charges (where not statutorily set) are increased in line with inflation (RPI) from 2012/13.

One of the areas considered for introducing charging, specifically mentioned in the Deloitte's report as noted above, is in respect of the green waste service. This complements existing work taking place in this area which had originally begun

during the public consultation in the summer 2010, a representative sample gave support for the introduction of charging for the collection of green waste of an annual charge of £25. The benchmarking review supports a charging regime and identified that a number of councils have introduced a chargeable service or are considering the introduction of an annual charge from 2012/13. The charge would contribute towards the recovery of the operational costs of the service and would establish the principle that the direct users pay for the service rather than the general taxpayer. The charge of £25 is broadly in line with other councils that have introduced a chargeable green waste service. The proposed budgets have been based on an assumed take up of 50% of the existing customers currently receiving the service which equates to a budgeted income projection of £340,000. This figure has been based on comparative schemes that have been implemented by other councils. If the actual take up is significantly different to the budgeted projection then this will be monitored throughout the financial year.

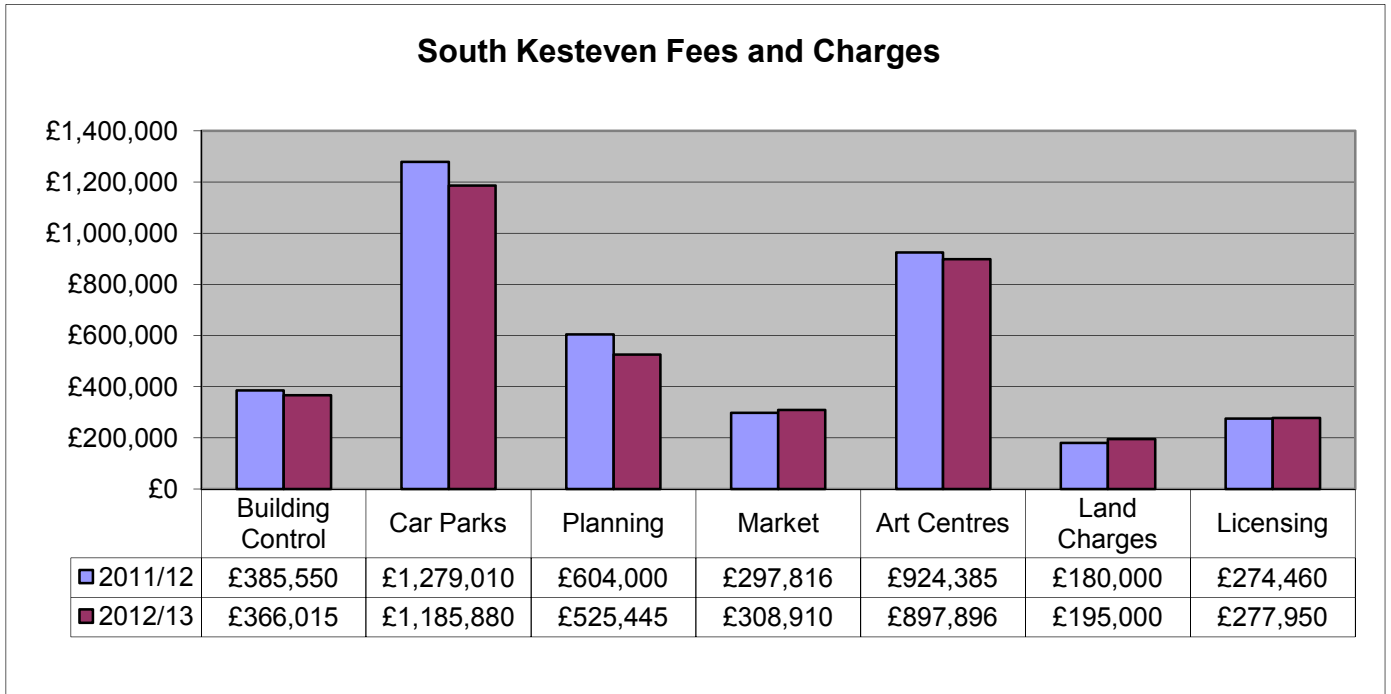
Cabinet has considered this proposal and have supported the introduction of charging from 1 April 2012. The key principles of the proposed charging are:

- Joining fee for a new customer of £35 (includes their first green bin and first year's collection)
- Purchase of additional green bins £26
- An annual charge of £25 per green bin collection
- For householders that have more than one green bin then subsequent bins will be emptied for £10 per annum per bin
- No concessions for householders

The payment period will run from 1 April – 31 March each year.

In summary, fees and charges remains a key element of delivering the Council's stated priority aims whilst supporting a robust medium term financial plan and the proposals underpinning the charging strategy will ensure this focus is maintained. The key areas of income generation are shown in the table below:

TABLE 5



9 The District's basic amount of Council Tax 2012/13

- 9.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the budget requirement £14.027M (including special expense areas, but excluding parishes) referred to at section 5.1, the external support that will be received from the Government from Formula Grant £7.526million (including £157K in respect of Council tax freeze grant agreed in 2011/12) and the additional one-off council tax freeze grant of £159K for 2012/13. Therefore the council tax requirement for 2012/13 is £7.741M (including special expenses and parish precepts) and £6.342M (excluding parish precepts).
- 9.2 The result is divided by the Council Tax Base of 47,105.80. The proposed band D Council Tax is £134.62 (excluding parishes), representing a council tax freeze for 2012/13 in respect of the district council element of the Council tax demand.
- 9.3 Consultation is being undertaken as part of the community forum events that are taking place throughout the district during January. Initial feedback from those events are strongly in support of a council tax freeze for 2012/13 as it will greatly assist council tax payers during these difficult economic times.

SECTION C

10 Housing Revenue Account 2012/2013

- 10.1 As referred to earlier in the report, the HRA is undergoing significant changes in terms of its financing following the introduction of the self-financing model. This has removed the previous subsidy regime and replaced it with a debt repayment based on a calculated level of debt (this is detailed at section 3.7 of the report).
- 10.2 Authorities are to be required to model a 30-year Business Plan using real, as opposed to subsidy, levels of income and expenditure in order to demonstrate the viability of their self-financed HRA's. The interest rate at which the authority will be able to borrow in March 2012 is, at present, unknown, and rates are currently very volatile, therefore a range of scenarios has been modelled using a selection of rates. The modelling has also incorporated a number of different scenarios of the varying financing options available. It is anticipated the Council will undertake the borrowing from Public Works Loans Board (PWLB). The PWLB is a statutory body operating with the UK Debt Management Office, an executive Agency of HM Treasury. PWLB's function is to lend money to local authorities and other prescribed bodies. To assist authorities with making this payment PWLB has recently announced that it will temporarily reduce the rates available to authorities. These reduced rates will be available on 26th March 2012 only.

There are 3 main types of fixed rate loan available from PWLB:

- Maturity
- Annuity
- Equal Instalment of Principal (EIP)

Modelling is being undertaken with the Council's external treasury advisors to anticipate the most financially advantageous loan arrangement which will enable the Council to consider future service delivery opportunities underpinning the priority of supporting good housing for all.

- 10.3 Budgets were compiled in line with the existing Housing business plan, the updated stock survey information and reflect the changes in the financing from the national subsidy system to the self-financing model. The budgets presented to members show an indicative repayment sum but members will be aware that delegation has been given to the Strategic Director – Corporate Focus (s151 officer) and the Resources Portfolio Holder to authorise the most suitable and financially advantageous method of borrowing to finance the HRA self-financing payment. Therefore the figure shown in the HRA summary will be updated once the financial arrangements have been finalised on 28th March 2012. Members will be provided with an updated financial position after this date together with a 30 year business financial plan.

- 10.4 During the budget process a number of growth bids have been incorporated into the base budgets in order to meet the service requirements of the HRA:

Asbestos surveyor and administration support	£55K
Additional resourcing for the Repairs service	33K
Asbestos assessment work	£20K
Electrical testing rolling programme	£18K
Removal of asbestos in specific properties	£200K
Maintenance of communal doors	£4K
Fire risk assessment at supported housing schemes	£23K
Annual servicing and maintenance of smoke alarms	£35K

There have been a number of previously capitalised schemes that are now being charged directly to the revenue account in order to comply with accounting requirements. These are detailed at section 12.3.

- 10.5 The draft Self-financing determinations were published on 21st November, 2011, and they establish the valuations upon which the new system will be based, and the level of new borrowing will be derived. The determinations have been constructed using similar parameters to those used in relation to HRA Subsidy in earlier years. Existing policy is to establish the percentage local authority average guideline rent by applying RPI inflation at the previous September, plus 0.5% “real growth” and a convergence factor to reflect the number of years to rental convergence.
- 10.6 The September 2011 inflation figure was 5.6% and the draft determination is based upon convergence within four years, by 2015/16. This has produced a national average guideline rent increase of 7.8%. The uplift applied to the allowances is the GDP deflator, currently estimated at 2.5%. However, in recognition of the fact that the system was under-funded, the Government have increased the allowances in line with research which they had commissioned.
- 10.7 Guideline rent is a notional figure used in the HRA valuation calculations, whilst actual rent is that which is actually charged to the tenants. The actual rent is calculated on a property by property basis using the same parameters as the Government has used for guideline rent. This has produced an average increase for SKDC tenants of 7.65%. At the level of individual dwellings, the percentage increase will depend upon each property’s proximity to its target, with increases varying between 6.10% and 9.92%. In cash terms, the average rent will be £71.08 with a minimum of £48.47 and a maximum of £101.67. Garage rents and service charges have been increased in line with dwelling rents. Consultation has been undertaken with tenants via the District Wide Tenants Panel on 23rd January 2012 with respect to the proposed increases and no specific concerns were raised. All tenants are being contacted and details of their specific rent increase will be provided.

SECTION D

11 Capital Programme 2012/13 - 2014/15 (GF and HRA)

11.1 The recommended Capital Programme (Appendix B pages 1-3) provides a forecast outturn for 2010/11 of £7.747M and an indicative 3 year programme totalling £24.529M for the financial years 2012/13 to 2014/15. This is a significant capital programme in terms of projects and financial investment and the Council will need to ensure it has sufficient capacity to ensure the delivery of the programme in the timescales proposed.

11.2 Housing Investment Programme (HIP) 2011/12 Forecast outturn

The forecast outturn in respect of the housing investment programme is £5.410M compared with the budget of £6.755M which is a variance of £1.345M. A thorough review of the spending profile has been undertaken in order to maximise the contractual arrangements that are in place. This is delivery efficiencies resulting in a reduced amount of slippage from 2011/12 of £200K carrying over into 2012/13.

11.3 General Fund 2011/12 Forecast outturn

The forecast outturn is anticipated to be £2.337M compared with the original budget of £4.582M. Budgets totalling £2.08M has been identified on the 2011/12 General Fund Programme and will be carried over to be included in the 2012/13 Capital Programme.

12 Programme 2012/13 to 2014/15

12.1 The Programme has been compiled based on the Council's priorities, the Council's Asset Management Plan and in accordance with the Council's Capital Strategy. The Programme comprises of both General Fund and Housing Revenue Account (HRA) Schemes. The capital programme for the HRA has been compiled using the data from the 100% stock condition survey which has been analysed in order of priority of need and ensuring the Council meets and maintains the decent homes standard.

12.2. General Fund Programme

12.2.1 The main emphasis of the General Fund 2012/13 capital programme has been the continuation of the major capital projects that are well advanced under the new corporate priority of 'grow the economy'. Funding is made available to complete the delivery of the Bourne town centre development, the progression of the Station approach development in Grantham and the provision of serviced employment land. Within the development and growth agenda some flexibility within capital allocations may be required as whilst the council works hard to deliver to timescale some projects have external influences. The level of certainty on timescale is often affected by the level of control the council has over land ownership and can therefore be influenced by the need to affect statutory processes. Equally new opportunities may arise to attract investment from external funding streams which may need match funding.

12.2.2 The development of a community access point in Bourne which will bring together key public services within one centre providing customers access to a wide range of services and information will continue to be funded through the programme. The continuation of this project underpins the 'Customer First' approach the Council has adopted and will also bring financial benefits to the parties delivering services from the centre.

12.2.3 Appraisals undertaken by the finance team conclude that outright purchasing waste vehicles remains the most financially advantageous under the current climate and, to ensure the continuation of the quality service, budgets have been included for the rolling replacement of three vehicles per annum for the term of the capital programme.

The remaining elements of the capital programme have been developed based on delivery of improvements and investments in Council assets as identified in the Council's Asset Management Plan and other corporate strategies.

12.3 Housing Investment Programme (HIP)

The investment in the Council's housing stock over the period of the capital programme has been formulated utilising the detailed stock condition survey that has been undertaken. The spending profile reflects the desire to achieve and maintain 'decent homes standard' over the period of the capital programme. The programme also includes a number of projects that will enable the Council to deliver quality housing provision and estate management. A number of expenditure headings have been removed from the capital programme and are now included directly to the revenue budgets in order to comply with new accounting requirements. These are:

TABLE 6

Expenditure Heading	2012/13	2013/14	2014/15
Structural Improvements	£100K	£100K	£100K
Property Refurbishments	£30K	£30K	£30K
Communal Doors	£30K	£30K	£30K
Wall Finishes	£250K	£235K	£215K
DDA compliance	£200K	£200K	
Fire Risk Assessment work	£80K		
Sound Insulation	£100K	£100K	£100K
Installation of smoke, heat & carbon monoxide detectors	£150K	£226K	£226K
Disabled adaptations	£100K	£100K	£100K

13 Proposed method of financing the Capital Programme

13.1 The detailed Capital Programme contained within Appendix B also identifies the proposed method of financing the Capital Programme which will be reviewed when preparing the Statement of Accounts for each financial year to enable the most effective form of financing to be adopted by the Council.

13.2 In respect of the capital programme the summary financing statement has been prepared for the General Fund and the Housing Revenue Account. In respect of the General Fund it is proposed to utilise the capital receipts reserve, grant funding and the specific capital reserve together with a contribution of £659K in 2012/13 from revenue. There is no immediate borrowing requirement within the timescale of the capital programme. However this funding proposal fully utilises the General Fund capital reserve and reduces the useable capital receipts reserve from a forecast outturn of £8.280M to £4.555M by March 2015. As part of the review of the Asset Management Plan a thorough review of the Council asset portfolio is being undertaken, this will identify potential future disposal receipts which will be utilised to fund future capital programmes. Indicative figures have been built in for modelling purposes.

In respect of the HRA capital programme the financing of the programme will be met from the Major Repairs Reserve (MRR) without any further need for a contribution from revenue. This is due to amount being made available from the componentisation of the depreciation which is calculated at £5.2M per annum. As this amount exceeds the current capital programme the MRR is projected to increase over the period of the capital programme. This projection will be reviewed once the self-financing arrangements are finalised in order to enhance the opportunities that will be created from the increasing HRA balances.

13.3 The current Council policy in respect of the use of the useable capital receipts reserve is to use the housing capital receipts to contribute towards the financing of both the General Fund and the Housing Revenue Account but the non-housing capital receipts would be used only to finance the General Fund programme. It is proposed to review this policy once the new HRA financing arrangements are in place in order to separately identify the capital receipts from the sale of housing stock assets. This will enable the Council to undertake financial assessments before considering new build schemes and the financial affordability of schemes utilising RTB receipts and internal borrowing.

SECTION E

14 Reserves and Balances

14.1 The Local Government Act 2003 requires the Chief Financial Officer, (section 151 officer), to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year. Under the Local Government Finance Act 1988, all balances held by the Council are at the direct disposal of the General Fund with the exception of the Housing Revenue Account balance, the Collection Fund or any funds held in trust. A statement showing the forecast balances of revenue and capital reserves is provided at Appendix C.

14.2 Existing Balances

The **General Fund working balance** is required so that the council has sufficient funds available to meet its cash flow requirements and to protect services against unforeseen events that have a financial consequence and are not included in the budget framework. The forecast of revenue reserves reflects the Council's policy, as set out in the Medium term financial plan and maintains the General Fund balance at just under 15% of net expenditure.

Other reserves currently held include:-

- The **Insurance Reserve** – is available to be utilised during 2011/12 to meet the costs in respect of any planning determination appeals. During the year a review of the risk profile has been undertaken and a shift towards internal self insurance has been agreed with the Council's insurers. This has the advantage of using the internal resources and thereby reducing external insurance premiums. The levels of excess amounts have been reviewed and therefore the level of the reserve has been stabilised to ensure sufficient internal resource is available for any insurance costs that may arise.
- The **Employees Pension Reserve** - is held to protect the Council from large increases in employer's contribution rate following the actuaries triennial valuations and related issues. Any changes in employer contribution rates as a result of the findings of the Public Service Pensions Commission (chaired by Lord Hutton) are likely to see reductions in funding requirements. Although adequate for its current purposes this reserve will be reviewed in lieu of the "Hutton" findings at the end of the financial year.
- Any annual surpluses from the chargeable element of Building Control activities are set aside in the **Building Control reserve** and used to finance service improvements and offset any future deficits. Following a review of the service it is anticipated the modest surplus contributions will be made to the reserve of the period of the budget. However, this will be subject to review following the recent introduction of a new structure of fees and charges.
- The **Priority Themes and service improvement reserve** – The balance on this reserve is forecast to be £3.099M as at 31 March 2012. However this reserve will be undertaking a review in response to the recent updated Council priorities and focus as identified in the proposed new Corporate Plan. This reserve will be fully utilised in order to assist in the delivery of the ambitions of the Council by making available the necessary funding for the projects that are being proposed. **The Working balance of the HRA – The working balance** on the HRA is projected to be £9.578M as at 31st March 2012. The use of the balances will be reviewed following the changes to the financial model of the HRA. These proposals will be incorporated into the updated business plan and the Council's aspirations for the delivery of social housing in the district.
- **Special Expense Reserve** – This reserve (which is made up of individual SEA reserve balances) is utilised to financially support transactions and future spending proposals in respect of the special expense areas. The reserve will be used during 2012/13 to finance specific spending proposals in respect of the Grantham SEA.

SECTION F

15. Prudential Code

15.1 The Council complies with the Prudential Code for controlling Local Government Capital Finance. The key objectives of the code are to ensure that:

- Capital Investment Plans are affordable, prudent and sustainable
- All external borrowings and other long term liabilities are within prudent and sustainable levels
- Treasury Management decisions are taken in accordance with good practice and in a manner that supports prudence, affordability and sustainability
- The Local Authority is accountable for decisions made
- It supports local strategic planning, local asset management planning and proper option appraisal.

15.2 The Council's current financial planning systems demonstrate the affordability of the capital programme and the 2012/13 estimates have been prepared in the context of these plans and controls.

16 Treasury Management and Investment Strategy

16.1 In accordance with the requirements of Local Government Act 2003 a Treasury Management Strategy is provided within Appendix E outlining the Council's prudential indicators for 2012/13 – 2014/15 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements as required by the Local Government Act 2003:

- The reporting of the prudential indicators setting out the expected capital activities as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Appendix E Section);
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year (Appendix E Section 1);
- The treasury management strategy statement which sets out how the Council's treasury service will support the capital decisions taken above in accordance with the CIPFA Code of Practice on Treasury Management (Appendix E Section 2);
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss (in accordance with the CLG investment guidance) (Appendix E Section 3);

- 16.2 A review of the Treasury Management strategy has taken place in conjunction with the Council's treasury management advisors to ensure the strategy provides a framework for effective, efficient treasury management activity and ensure the Council's exposure to risk is minimised. Whilst it is widely acknowledged that exposure to risk cannot be removed, good governance and scrutiny arrangements help to ensure the exposure is minimised. The Council's arrangements in respect of robust monitoring and reporting of treasury management activities are based on best practice. Specifically, Governance and Audit Committee ensure the governance and scrutiny function is undertaken on behalf of the Council and during the past year has received specific treasury management training and receives regular half yearly reporting information.

The strategy has been updated to reflect the impending HRA self-financing payment which required changes to the Operational Boundary and Authorised Limits, which council approved at their meeting on 8th December 2011. As regards the Investment Strategy two changes have been made. The first is to include criteria of allowing investments to be placed with Part-nationalised institutions as these counterparties would fall within the specified investment category to reflect their high credit quality as they are part owned by the government. The second is to remove the group limit on Money Market Funds (whilst maintaining a limit of £5m per fund) to reflect their high credit worthiness and allow the Council more flexibility to utilise these investment options.

17 Collection Fund

- 17.1 All transactions associated with Council Tax are shown in the Collection Fund.
- 17.2 To comply with CIPFA's Best Value Accounting Code of Practice authorities are required to forecast the out-turn on the Collection Fund as at 31st March each year in order to distribute this amount to precepting bodies in the following financial year (together with any remaining unallocated surplus from previous years).
- 17.3 For this financial year SKDC has forecast the out-turn for 2011/12 and in 2012/13 will distribute this forecast together with the remaining surplus from the 2010/11 out-turn. Remaining surplus (or deficit) from previous years occurs when there is a difference between the forecast for that year and the actual out-turn.
- 17.4 Any surplus or deficit arising from Council Tax transactions is shared between South Kesteven District Council, Lincolnshire County Council and Lincolnshire Police (the precepting bodies) in proportion to their demands on the Collection Fund.
- 17.5 The accumulated surplus on the Collection Fund at 31st March 2011 was £261K of which £255K will have been distributed during 2011/12. The forecast out-turn for 2011/12 is a surplus of £6K. This leaves a total of £12K for distribution in 2012/13. This will be distributed as follows:

	£K
Lincolnshire County Council	9
Lincolnshire Police	2
South Kesteven District Council	<u>1</u>
Total Surplus on Collection Fund	12

- 17.6 The amounts due to Lincolnshire County Council and Lincolnshire Police will be distributed on a pro rata basis, utilising the precept mechanism.
- 17.7 The council tax income budget for 2011/12 was produced based on an anticipated increase in tax base of 1.01% - the same increase as in the previous year. This has resulted in a forecast of a very small surplus in 2011/12.
- 17.8 Since 2004/5 Council billing authorities have had the powers to reduce the discount on second homes from 50% to a minimum of 10%, this has the effect of generating additional income for the billing authority and the precepting authorities (the County Council and the Police Authority). In 2005/6 the discount was reduced to the minimum of 10%. The County Council and the Police Authority agreed that the additional income would be spent within the district on agreed schemes of mutual benefit.
- 17.9 The amount due from the County Council for 2011/12 is £93K and from the Police Authority is £16K. It is estimated that the amount for 2012/13 will be £100K, and £17K respectively. This is proposed to be utilised on an equal basis to help fund the work of the CCTV monitoring centre and to provide Disabled Facilities Grants. At the time of compiling the report it is anticipated that Lincolnshire County Council will propose a council tax freeze for 2012/13 and Lincolnshire Police Authority are reviewing a number of potential scenarios. The actual position will be confirmed in readiness for the Budget report to Council on 1st March 2012.

18 Statement by Chief Finance Officer (S151 officer)

- 18.1 The 2012/13 Budget and indicative budgets for 2013/14 to 2014/15 have been drawn up to take account of the Council's various strategies, policies and the financial context, in particular:
- The Corporate Plan
 - The Medium Term Financial Plan (MTFP)
 - Service Strategies and Plans
 - The economic context and recent grant announcements
 - The 2011/12 forecast outturn

The medium term financial plan (MTFP) was reviewed and updated in December 2010 to reflect the current financial climate and the framework in which the Council's budgets are allocated. It sets out how the Council is responding to the significant changes to the financial climate over the next 4 financial years. The budget framework proposals have been prepared within the context of the MTFP, the HRA business plan and the recent national grant settlements.

18.2 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer must report on:

- (a) the robustness of the estimates made for the purposes of the budget calculations and
- (b) the adequacy of the proposed financial reserves

18.3 In recommending the budget to the Council, the Cabinet must take account of the advice of the Chief Finance Officer in respect of the above. For 2012/13 I can advise that the budget presented to the Cabinet is robust in its formulation and the level of reserves is adequate for the organisation.

19 Risks to the budget

19.1 In formulating my opinion the following risks and factors have been taken into account.

- a. The **grant settlement from Government** has been announced for 2012/13 only. Thereafter the grant settlement process is changing with the introduction of the localisation of business rates. Full details of the potential impact this will for the Council are not yet available but preliminary analysis has determined this new financing arrangement could prove challenging. These changes also brings opportunities as future funding will be closely aligned to local economic growth which should be complemented by the Council's ambitions for stimulating the local economy.
- b. The impact of the **economic climate** will place higher demand on particular services in relation to social care and well being, specifically benefit advice and support and homelessness. This may create additional resource pressures in these service areas.
- c. **Fees and Charges income** – The report has identified a continued shortfall in the projected income levels for next year based on the current year's forecasting. The income forecasts will need to be carefully monitored to identify any further reduction in levels and whether there is any identified improvement in the future years. The review of fees and charges that is currently underway is vitally important in order to develop a local charging policy that clearly identifies charges based on cost recovery and where further opportunities for income generation exist.
- d. **Investment Income** – the forecast in respect of investment income is included in the budget proposals and shows an improvement over the three year period. Given the current volatility in respect of the economic market there is a risk of investment income not achieving this level.
- e. The future financial viability of the **Housing Revenue Account** will need to be updated and reviewed following the implementation of the self financing system which will be effective from 1st April 2012. Specifically this will update the repayment schedule that has been implemented which will then demonstrate the financial viability of the HRA over the 30 year plan. This

will also assist strategic decision making in respect of investment and refurbishment of the housing stock.

- f. **Council Tax benefit changes** – With effect from 1st April 2012, the Council will be directly responsible for setting and implementing a local policy with respect to the administration and grant of council tax benefit. These changes are being introduced in the context of a 10% reduction in grant award whilst adhering to the national compliance of protecting prescribed vulnerable groups. Significant work will be required to model different scenarios of the financial impact on those claimants (such as working age claimants) who will be receiving a reduced amount in benefit assistance. The Council will need to consider the potential impact this will have on the claimants themselves and the wider impact this could have including a reduction in collection of rent and council tax and increased pressure on some key front line services.
- g. **Council tax setting levels** – capping powers will be utilised for the setting of the 2012/13 council tax levels and the Council will be exposed to the risk should it decide to set a council tax higher than the 3.5% level that the Government has indicated would be acceptable.

20 **Comments of the Monitoring Officer**

The budget forms part of the Council's Budgetary Framework. Members should have regard to the comments of the Council's Chief Financial Officer which are set out in section 18 above when making their recommendations to Council in accordance with the Local Government Act 2003. Any budget must be set in accordance with the Budget and Policy Framework Procedure Rules as set out at part 4 of the Constitution.

21 **Appendices:**

- Appendix A – Revenue Estimate 2012/13 and indicative budgets 2013/14, and 2014/15
- Appendix B – Capital Estimates 2012/13 to 2014/15
- Appendix C – Reserves Statement
- Appendix D – Fees and charges 2012/13
- Appendix E – Treasury Management Strategy

SUMMARY OF GENERAL FUND ESTIMATES**APPENDIX A**

	2011/12 Estimate Base <u>£'000</u>	2012/13 Indicative Base <u>£'000</u>	2013/14 Indicative Base <u>£'000</u>	2014/15 Indicative Base <u>£'000</u>
Community and Environment Focus	8,856	9,383	9,350	9,442
Corporate Focus	4,359	3,912	3,936	4,069
Development and Growth Focus	3,170	2,219	1,985	2,004
Special Expense Areas	565	594	609	626
<u>NET COST OF SERVICES</u>	<u>16,950</u>	<u>16,108</u>	<u>15,880</u>	<u>16,141</u>
Interest and Investment Income	(230)	(298)	(297)	(484)
Interest Payable	154	154	128	37
Minimum Revenue Provision	194	186	179	172
Depreciation Charged to Revenue Accounts	(2,669)	(2,566)	(2,698)	(2,759)
Revenue Contribution to Capital	500	659	500	500
Movement on Reserves				
-Net Movement in General Fund Specific Reserves	(71)	(216)	395	357
-(Decrease)/Increase in General Fund Working Balance	0	0	0	0
	<u>(2,122)</u>	<u>(2,081)</u>	<u>(1,793)</u>	<u>(2,177)</u>
<u>BUDGET REQUIREMENT - GENERAL FUND</u>	<u>14,828</u>	<u>14,027</u>	<u>14,087</u>	<u>13,964</u>
Formula Grant	(8,350)	(7,369)	(7,366)	(7,018)
Council Tax Freeze Grant	(157)	(316)	(157)	(157)
Council Tax Collection Fund Surplus	(30)	0	0	0
<u>DISTRICT COUNCIL TAX REQUIREMENT (EXCL PARISHES)</u>	<u>6,291</u>	<u>6,342</u>	<u>6,564</u>	<u>6,789</u>
SKDC Budget Requirement	5,738	5,783	5,986	6,193
Bourne Special Expense Area	25	25	26	27
Deepings Special Expense Area	13	13	13	13
Grantham Special Expense Area	436	442	457	473
Langtoft Special Expense Area	8	8	8	8
Stamford Special Expense Area	71	71	73	75
Parish Precepts	1,350	1,399	1,442	1,490
<u>COUNCIL TAX REQUIREMENT (INCL PARISHES)</u>	<u>7,641</u>	<u>7,741</u>	<u>8,005</u>	<u>8,279</u>

BAND D CHARGES**APPENDIX A**

	<u>2011/12 Estimate Base</u>	<u>2012/13 Indicative Base</u>	<u>2013/14 Indicative Base</u>	<u>2014/15 Indicative Base</u>
Band D Properties on which charges are based	46,744.4	47,105.8	47,576.9	48,052.6
Relating to Special Expense Areas				
Bourne Special Expense Area Charge	4,908.1	5,005.5	5,055.6	5,106.1
Deepings Special Expense Area Charge	4,483.2	4,511.2	4,556.3	4,601.9
Grantham Special Expense Area Charge	11,118.9	11,274.8	11,387.5	11,501.4
Langtoft Special Expense Area Charge	757.5	752.8	760.3	767.9
Stamford Special Expense Area Charge	7,077.1	7,131.8	7,203.1	7,275.1
<u>BAND D CHARGES</u>				
South Kesteven District Council Charge	£122.76	£122.76	£125.82	£128.88
Bourne Special Expense Area Charge	£5.04	£5.04	£5.13	£5.22
Deepings Special Expense Area Charge	£2.88	£2.88	£2.88	£2.88
Grantham Special Expense Area Charge	£39.24	£39.24	£40.14	£41.13
Langtoft Special Expense Area Charge	£10.17	£10.17	£10.35	£10.53
Stamford Special Expense Area Charge	£9.99	£9.99	£10.17	£10.35
<u>2012/13- SKDC Band D Charge (exc. SEA)</u>				
SKDC Band A	£81.84			
SKDC Band B	£95.48			
SKDC Band C	£109.12			
SKDC Band D	£122.76			
SKDC Band E	£150.04			
SKDC Band F	£177.32			
SKDC Band G	£204.60			
SKDC Band H	£245.52			

Summary of Revenue Estimates**Community and Environment Focus**

Priority Area	2011/12 Original Base £	2012/13 Estimate Base £	2013/14 Indicative Base £	2014/15 Indicative Base £
Air Pollution	33,611	63,037	64,979	65,060
Animal Health And Welfare	6,761	6,330	6,393	6,449
Arts And Events	37,699	29,326	27,884	26,321
Bourne Corn Exchange	146,215	154,690	146,221	151,334
Bourne Leisure Centre	329,571	202,798	184,222	188,672
Citizens Advice Bureau	60,174	59,774	52,782	52,795
Climate Change	56,151	56,388	56,854	57,355
Closed Circuit Television	308,352	271,233	270,031	270,242
Community Activities	139,709	121,184	122,937	124,220
Community Safety	195,690	179,915	182,117	184,486
Control Of Dogs	68,752	65,401	65,389	65,685
Deepings Leisure Centre	262,834	291,072	324,005	342,630
Emergency Planning	47,576	45,249	45,407	45,579
Enforcement	93,995	75,195	75,915	76,486
Fairs	(15,683)	0	8,796	(8,796)
Food Safety	237,944	216,156	218,069	220,408
Gambling Licensing	10,165	0	0	0
Grantham Meres Leisure Centre	773,945	692,317	712,446	733,386
Green Waste Collection	462,533	240,448	220,908	286,698
Guildhall Arts Centre	502,254	513,640	527,829	540,027
Hackney Carriage Registration	0	0	0	0
Health & Safety Enforcement	120,655	100,238	101,180	102,392
Health & Well-Being	3,992	28,839	29,147	29,470
Helpline	112,688	71,432	60,031	44,717
Homelessness	316,260	323,439	296,642	285,649
Housing Solutions	276,089	151,749	153,312	157,024
Infectious Disease Control	41,667	37,702	38,071	38,583
Leisure Grants And Loans	(6,117)	0	0	0
Liquor Licensing	(379)	0	0	0
Local Licences	83	0	0	0
Markets	50,887	39,518	35,979	21,256
Noise Control	97,405	75,010	74,545	80,452
Private Sector Landlords	302,819	365,987	254,276	241,849
Public Conveniences	135,943	142,144	144,728	147,714
Public Health	192,340	162,852	164,171	165,941
Sports Stadium	173,544	177,395	185,130	191,684
Stamford Arts Centre	526,521	553,133	570,837	575,983
Stamford Leisure Centre	238,543	284,980	269,334	278,628
Street Scene	1,012,607	1,038,795	1,039,224	1,047,757
Waste Management	2,460,792	2,515,406	2,589,554	2,573,707
Water Quality	22,443	29,661	29,884	30,218
Front-line Services	9,837,030	9,382,433	9,349,229	9,442,061
Leisure & Amenities Admin	0	130,175	131,409	132,708
Waste & Recycling Management	264,582	271,729	276,271	281,253
Support Services	264,582	401,904	407,680	413,961
Net General Fund Charge	9,837,030	9,382,433	9,349,229	9,442,061

Summary of Revenue Estimates**Corporate Focus**

Priority Area	2011/12 Original Base £	2012/13 Estimate Base £	2013/14 Indicative Base £	2014/15 Indicative Base £
Alma Park, Grantham	9,057	11,001	11,425	11,857
Awarded Watercourses	32,704	32,924	33,032	33,130
Benefits Administration	(120,422)	107,246	112,751	138,528
Building Control	140,671	158,715	169,315	169,133
Bus Stations	78,330	86,349	90,200	89,142
Car Parks	(591,083)	(548,898)	(637,556)	(655,930)
Closed Burial Grounds	48,621	45,341	46,202	47,101
Corporate Costs	1,619,374	815,326	832,526	846,313
Council Tax Admin & Enforcement	746,401	664,321	656,515	630,806
Cycle Centre & Cycleways	12,811	14,871	15,607	16,777
Democratic Representation	967,438	874,776	889,950	917,972
District Elections	182,341	25,856	26,197	26,649
Drainage Rates	637,739	614,423	632,426	652,578
Flood Prevention	105,849	90,855	95,183	98,830
Footway Lighting	228,311	201,987	208,628	215,592
Graham Hill Way, Bourne	(23,043)	(20,305)	(19,873)	(21,843)
Grantham Canal	17,325	17,283	17,466	17,621
Hollis Road, Grantham	(6,962)	(6,893)	(7,067)	(7,845)
Leisure Premises	(10,530)	(8,418)	(7,586)	(7,013)
Miscellaneous Property	90,178	88,146	106,221	103,289
Mowbeck Way, Grantham	(6,132)	(7,044)	(7,322)	(7,304)
NDR Admin & Enforcement	(25,508)	(22,850)	(26,090)	(24,851)
Non-District Elections	0	3,213	3,257	3,312
Northfields, Market Deeping	(354,968)	(352,832)	(348,923)	(345,010)
Pension Costs	78,219	79,986	82,391	84,859
Play Areas & Open Spaces	347,470	281,786	287,676	293,831
Register Of Electors	225,819	240,306	242,622	304,422
Reputation, Communications & Consultation	0	342,806	347,258	352,380
Street Furniture	33,488	31,378	32,293	33,281
Street Grass Cutting	0	0	0	0
Travellers Rest Caravan Site	0	0	0	0
Treasury Management	47,795	50,422	51,332	51,355
Front-line Services	4,511,293	3,912,077	3,936,056	4,068,962
Assets & Facilities Management	731,351	512,929	517,359	518,647
Communications	217,893	0	0	0
Customer Services	883,150	874,383	873,398	887,246
Democratic Services	110,041	105,403	106,727	108,577
Financial Services	951,004	913,105	932,527	939,864
Human Resources	285,276	291,348	279,871	283,810
I.C.T. Services	1,037,239	1,068,436	1,091,560	1,110,068
Income Recovery Service	0	50,010	50,548	51,090
Legal Services	271,134	239,303	242,173	245,926
Operational Management	599,503	659,153	665,974	676,785
Performance Management	148,732	0	0	0
Procurement	33,589	34,200	35,000	35,880
Strategic Management	655,842	732,036	740,087	752,686
Support Services	5,924,754	5,480,306	5,535,224	5,610,579
Net General Fund Charge	4,511,293	3,912,077	3,936,056	4,068,962

Summary of Revenue Estimates**Development and Growth Focus**

Priority Area	2011/12 Original Base £	2012/13 Estimate Base £	2013/14 Indicative Base £	2014/15 Indicative Base £
Conservation	36,137	85,984	86,625	87,442
Development Management	626,515	726,461	716,982	710,103
Economic Development	631,563	746,271	644,581	758,421
Land Charges	0	0	0	0
Planning Policy & Partnerships	689,133	606,635	482,647	392,786
Street Naming & Numbering	53,894	53,733	54,315	55,068
Front-line Services	2,037,242	2,219,084	1,985,150	2,003,820
Development & Growth Admin	0	138,803	140,131	141,699
Support Services	0	138,803	140,131	141,699
Net General Fund Charge	2,037,242	2,219,084	1,985,150	2,003,820

Summary of Revenue Estimates**Special Expense Areas**

Priority Area	2011/12 Original Base £	2012/13 Estimate Base £	2013/14 Indicative Base £	2014/15 Indicative Base £
Bourne Special Expense Area	24,513	25,074	25,945	26,334
Deepings Special Expense Area	13,654	13,412	14,163	15,352
Grantham Special Expense Area	415,964	448,976	459,705	471,814
Langtoft Special Expense Area	17,104	17,144	17,814	18,528
Stamford Special Expense Area	93,555	89,887	91,622	94,010
Front-line Services	564,790	594,493	609,249	626,038
Less Capital charges adjustment	(58,555)	(57,836)	(60,303)	(62,893)
Net General Fund Charge	506,235	536,657	548,946	563,145

HRA REVENUE SUMMARY

Detail	2011/12	2011/12	2012/13	2013/14	2014/15
	Original Base	Forecast Outturn	Estimate Base	Indicative Base	Indicative Base
	£'000	£'000	£'000	£'000	£'001
INCOME					
Dwelling Rents	(21,174)	(21,210)	(22,780)	(23,898)	(25,054)
Non Dwelling Rents	(262)	(262)	(281)	(289)	(299)
Charges for Services and Facilities	(1,212)	(1,213)	(1,275)	(1,314)	(1,359)
Other Income	(60)	(60)	(60)	(60)	(60)
TOTAL INCOME	(22,708)	(22,745)	(24,396)	(25,561)	(26,772)
EXPENDITURE					
Repair and Maintenance	6,178	6,174	7,489	7,237	6,853
Supervision and Management - General	2,705	2,543	2,637	2,666	2,691
Supervision and Management - Special	2,001	1,828	2,003	2,046	2,098
Housing Revenue Account Subsidy	11,451	11,394			
Major Repairs Allowance	(3,673)	(3,673)			
Repayment Of Principal*	0	0	2,376	2,459	2,545
HRA share of Corporate and Democratic Costs	296	296	296	296	296
Depreciation and Impairment of Fixed Assets	4,325	4,325	5,200	5,200	5,200
Debt Management Expenses	28	28	23	23	23
Provision for deferred charges	0	0	0	0	0
Provision for bad debts	50	50	50	150	160
Transfer to General Fund in respect of Rent Rebates	200	200	40	35	30
TOTAL EXPENDITURE	23,561	23,165	20,114	20,112	19,896
NET COST OF HRA SERVICES	853	420	(4,282)	(5,449)	(6,876)
Interest Payable and Similar Charges	95	130	4,414	4,295	4,190
Interest and Investment Income	(236)	(209)	(204)	(301)	(391)
DEFICIT (SURPLUS) FOR THE YEAR ON THE HRA	712	341	(72)	(1,455)	(3,077)
MOVEMENT ON THE HRA BALANCE					
(Deficit)/Surplus for the Year	(712)	(341)	72	1,455	3,077
Transfer from Major Repairs Reserve (Depn less MRA)	652	652	0	0	0
Revenue Contributions to Capital	(1,000)	0	0	0	0
Housing Revenue Account balance at start of Year	7,408	8,171	8,482	8,554	10,009
Housing Revenue Account Balance at end of year	6,348	8,482	8,554	10,009	13,086

Major Repairs Reserve balance at start of Year	5,404	5,348	3,611	4,400	5,791
Transfer from Major Repairs Reserve (Depn less MRA)	(652)	(652)	0	0	0
Depreciation	4,325	4,325	5,200	5,200	5,200
Capital Financing	(5,491)	(5,410)	(4,411)	(3,809)	(4,707)
Major Repairs Reserve balance at end of Year	3,586	3,611	4,400	5,791	6,284

* Note: From the 1st April 2012 there will be a change in the financial management of the Housing Revenue Account whereby a self-financing model will be adopted in line with Government proposals. The figure shown is based on a traditional repayment of principle. The actual financing arrangement will be implemented on 26th March 2012 which will require the HRA summary statement to be updated.

GENERAL FUND

Description		2011/2012 Forecast Outturn £'000	2012/2013 Estimate Base £'000	2013/2014 Indicative Base £'000	2014/2015 Indicative Base £'000
GROW THE ECONOMY					
Town Centre Development					
1	Town Centre Projects - Bourne Core Area	150	2,150	50	-
2	Business Innovation Centre	-	100	150	50
3	Station Approach	-	700	500	-
4	Public Realm	-	-	-	-
5	Shop front scheme	80	130	80	80
6	Serviced Land	-	1,000	1,000	500
		230	4,080	1,780	630
SUPPORT GOOD HOUSING FOR ALL					
7	Regional Housing Grant				
8	Better Homes Grant	250	300	-	-
9	Warm Front Top Ups	5	-	-	-
10	Empty Homes Grant	50	100	-	-
11	Handy Person Scheme	10	-	-	-
12	Disabled Facilities Grant	500	500	500	500
		815	900	500	500
PROMOTE LEISURE,ARTS & CULTURE					
Provision for Existing Assets					
13	BMS Trend System - Bourne Leisure Centre	47	-	-	-
14	Bourne Leisure Centre Improvements	-	39	12	12
15	Air Handling Unit - Stamford Leisure Centre	20	-	-	-
16	Pool Hall Emergency Lighting - Stamford Leisure Centre	10	-	-	-
17	BMS Trend System - Stamford Leisure Centre	47	-	-	-
18	Stamford Leisure Centre Improvements	-	15	-	21
19	Pool Air Handling Unit - Deepings Leisure Centre	-	-	-	80
20	Deepings Leisure Centre Improvements	-	35	14	-
21	Swimming Pool Air Handling Unit - Grantham Meres Leisure Centre	-	18	-	-
22	Roof and Clock Tower Refurbishment - Guildhall Arts Centre	100	-	-	-
23	Stamford Museum Alterations	-	100	-	-
24	Heating System Alterations, Stamford Arts Centre	-	35	-	-
25	Box Office System	50	-	-	-
		274	242	26	113
KEEP SK CLEAN, GREEN & HEALTHY					
26	Street Scene Vehicle Procurement	710	690	605	761
27	Wheelie Bin Replacements	70	70	70	70
28	Cemetery Works	122	-	-	-
29	Cycle/Footpath Improvements	-	30	30	40
30	Sudbrook Sewer	-	20	-	-
31	Joint authority CCTV function	-	99	-	-
32	Air Quality Monitor Provision and Brook Street/ Manthorpe Road	-	16	-	-
		902	925	705	871
WELL RUN COUNCIL					
33	Contingency	66	-	-	-
34	Area Offices Customer Service Centre Upgrades	-	170	-	-
35	New Asset Management Software Package	-	40	-	-
36	ICT System Replacements and Delivery	50	120	-	-
		116	330	-	-
37	TOTAL GENERAL FUND CAPITAL PROGRAMME	2,337	6,477	3,011	2,114

HOUSING INVESTMENT PROGRAMME

Description	2011/2012	2012/2013	2013/2014	2014/2015
	Forecast Outturn £'000	Estimate Base £'000	Indicative Base £'000	Indicative Base £'000
<u>HOUSING REVENUE ACCOUNT</u>				
Repairs and Improvements				
1 Upgrading Sheltered Housing Scheme	50	100	-	-
2 Structural Improvements	100	-	-	-
3 Passenger Lift, Rectory Close Barrowby	31	60	-	-
4 Refurbishment works to Rectory Close, Barrowby	-	250	-	-
5 Scooter store, Hilary close, Stamford	-	25	-	-
Energy Efficiency Initiatives:				
6 Windows	100	-	125	-
7 Central Heating, Ventilation and boiler replacements	1,650	1,400	1,200	1,000
Refurbishment and Improvement:				
8 Property Refurbishments	114	70	70	70
9 Re-roofing	93	915	725	760
10 Re-wiring	270	175	460	500
11 Kitchen & Bathroom Refurbishments	1,350	750	850	2,000
12 Communal Doors	60	-	-	-
13 Chimney works	10	165	115	150
14 Wall Finishes	12	-	-	-
15 DDA compliance	400	-	-	-
16 Fire risk assessment work	-	-	-	-
17 Essential Works	153	150	150	150
18 Bin Stores, Earlsfield Estate	60	40	-	-
19 Refurbishment of Homeless Units	37	-	-	-
20 Hard Wiring of fire alarms	270	-	-	-
21 Disabled Adaptations	35	-	-	-
22 Contingency	150	-	-	-
	4,945	4,100	3,695	4,630
IT Software				
23 Upgrade Tunstall system	-	82	-	-
24 Vehicle management system for repairs	-	50	-	-
25 Mobilisation of Craft Working	-	104	-	-
	-	236	-	-
Purchase of Vehicles				
26 Repairs Lorry	-	-	38	-
27 Tenancy and Care Services	465	75	76	77
	465	75	114	77
28 TOTAL - HOUSING INVESTMENT PROGRAMME	5,410	4,411	3,809	4,707

SUMMARY FINANCING STATEMENT

	Description	2011/2012 Forecast Outturn £'000	2012/2013 Estimate Base £'000	2013/2014 Indicative Base £'000	2014/2015 Indicative Base £'000
	<u>HOUSING REVENUE ACCOUNT</u>				
1	Stock Improvements	4,945	4,100	3,695	4,630
2	IT Software	-	236	-	-
3	Purchase of Vehicles	465	75	114	77
4	TOTAL - HOUSING REVENUE ACCOUNT	5,410	4,411	3,809	4,707
	<u>OTHER SERVICES</u>				
5	Grow the economy	230	4,080	1,780	630
6	Support good housing for all	815	900	500	500
7	Promote leisure,arts and culture	274	242	26	113
8	Keep SK clean, green and healthy	902	925	705	871
9	Well run council	116	330	-	-
10	TOTAL - OTHER SERVICES	2,337	6,477	3,011	2,114
11	TOTAL - CAPITAL PROGRAMME	7,747	10,888	6,820	6,821
	<u>GENERAL FUND FINANCED BY:</u>				
12	Supported Borrowing	-	-	-	-
13	Unsupported Borrowing	-	-	-	-
14	Specific Reserve - Capital	1,243	387	-	-
15	Usable Capital Receipts	-	4,752	2,232	1,335
16	Capital Grants and Contributions				
	- Disabled Facility Grant	254	254	254	254
	- Regional Housing Allowance	315	400	-	-
17	Direct Revenue Financing				
	- Cemetery works	25	25	25	25
	- Contribution from Revenue	500	659	500	500
18	TOTAL - GF CAPITAL PROGRAMME	2,337	6,477	3,011	2,114
	<u>HRA FINANCED BY:</u>				
19	Major Repair Reserve	5,410	4,411	3,809	4,707
20	Contribution from Revenue				
21	Capital Grants (Ground Source Heat Pumps)				
22	TOTAL - HRA CAPITAL PROGRAMME	5,410	4,411	3,809	4,707
23	TOTAL - CAPITAL PROGRAMME	7,747	10,888	6,820	6,821

RESERVES STATEMENT

	Balance as at 31 March 2011 £'000	Transfer to Reserve in year £'000	Transfer from Reserve in year £'000	Balance as at 31 March 2012 £'000	Movement on Reserve in year £'000	Balance as at 31 March 2013 £'000	Movement on Reserve in year £'000	Balance as at 31 March 2014 £'000	Movement on Reserve in year £'000	Balance as at 31 March 2015 £'000
General Fund										
Capital Reserve										
General Fund Capital Reserve	1,630	-	(1,243)	387	(387)	-	-	-	-	-
Revenue Reserves										
Insurance Reserve	650	-	-	650	-	650	-	650	-	650
Pensions Reserve - Former Employees	307	-	-	307	-	307	-	307	-	307
- Current Employees	1,485	-	-	1,485	-	1,485	-	1,485	-	1,485
Building Control	0	-	-	0	8	8	10	18	13	31
SEA Reserve	84	-	(7)	77	(13)	64	(5)	59	4	63
Service Specific Funds	638	-	-	638	-	638	-	638	-	638
Capacity Building, Priority Setting and Service Improvement Reserve	3,099	-	-	3,099	59	3,158	401	3,559	340	3,899
	6,263	-	(7)	6,256	54	6,310	406	6,716	357	7,073
Unapplied Grants										
General Grants	1,285	-	-	1,285	-	1,285	-	1,285	-	1,285
HPDG	603	-	(169)	434	(270)	164	(144)	20	(20)	0
New Homes Bonus*	0	666	-	666	1,289	1,955	1,873	3,828	2,420	6,248
	1,888	666	(169)	2,385	1,019	3,404	1,729	5,133	2,400	7,533
Working Balance	2,370	-	-	2,370	-	2,370	-	2,370	-	2,370
Total General Fund Reserves	12,151	666	(1,419)	11,398	686	12,084	2,135	14,219	2,757	16,976
Net Movement in General Fund Specific Reserves										
Housing Revenue Account(HRA)										
Capital Reserve										
Major Repairs Reserve	5,348	3,673	(5,410)	3,611	789	4,400	1,391	5,791	493	6,284
Working Balance	8,171	-	311	8,482	72	8,554	1,455	10,009	3,077	13,086
Housing Revenue Account										
Total HRA Reserves	13,519	3,673	(5,099)	12,093	861	12,954	2,846	15,800	3,570	19,370
Other Capital Reserves										
Useable Capital Receipts Reserve	7,951	329	0	8,280	(3,612)	4,668	(35)	4,633	(78)	4,555
Total Other Capital Reserves	7,951	329	0	8,280	(3,612)	4,668	(35)	4,633	(78)	4,555
Total Reserves	33,621	4,668	(6,518)	31,771	(2,065)	29,706	4,946	34,652	6,249	40,901

* provisional allocations from 2012/13 are based on projected housing growth in the district

CAR PARK CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	CAR PARKS - GRANTHAM				
1	SHORT STAY (except Wharf Road Grantham)				
	Up to 30 mins	01/04/11	0.50	0.50	Inclusive
	Up to 1 hour	01/04/11	0.80	0.80	Inclusive
	Up to 2 hours	01/04/11	1.30	1.30	Inclusive
	Up to 3 hours	01/04/11	1.80	1.80	Inclusive
	Up to 4 hours	01/04/11	3.00	3.00	Inclusive
	Over to 4 hours	01/04/11	4.00	4.00	Inclusive
	SHORT STAY Wharf Road Grantham				
	Up to 30 mins	01/04/11	0.50	0.50	Inclusive
	Up to 1 hour	01/04/11	0.80	0.80	Inclusive
	Up to 2 hours	01/04/11	1.30	1.30	Inclusive
	Up to 3 hours	01/04/11	1.80	1.80	Inclusive
	Up to 4 hours	01/04/11	6.00	6.00	Inclusive
	Over to 4 hours	01/04/11	8.00	8.00	Inclusive
2	LONG STAY				
	Up to 3 hours	01/04/11	1.80	1.80	Inclusive
	Up to 4 hours	01/04/11	2.50	2.50	Inclusive
	All Day	01/04/11	3.00	3.00	Inclusive
3	LONG STAY SEASON TICKETS				
	(Monday to Friday)				
	Per Quarter	01/04/11	99.00	99.00	Inclusive
	Per 6 months	01/04/11	190.00	190.00	Inclusive
4	LONG STAY SEASON TICKETS				
	(Monday to Saturday)				
	Per Quarter	01/04/11	120.00	120.00	Inclusive
	Per 6 months	01/04/11	230.00	230.00	Inclusive
	Season Ticket Discount Offer	Purchase	Additional Tickets Free		
		4	1		
		8	2		
		15	5		
5	EXCESS CHARGE NOTICES				
	Failure to display	01/04/11	80.00	80.00	O/Scope
	Fine after discount for Payment in 7 Days	01/04/11	40.00	40.00	O/Scope
	Parking for longer etc.	01/04/11	60.00	60.00	O/Scope
	Fine after discount for Payment in 7 Days	01/04/11	30.00	30.00	O/Scope

CAR PARK CHARGES

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	CAR PARKS - STAMFORD				
1	SHORT STAY				
	Up to 30 mins	01/04/10	0.50	0.50	Inclusive
	Up to 1 hour	01/04/10	0.80	0.80	Inclusive
	Up to 2 hours	01/04/10	1.30	1.30	Inclusive
	Up to 3 hours	01/04/10	1.80	1.80	Inclusive
	Up to 4 hours	01/04/10	3.00	3.00	Inclusive
	Over to 4 hours	01/04/10	4.00	4.00	Inclusive
2	LONG STAY				
	Up to 3 hours	01/04/10	1.80	1.80	Inclusive
	Up to 4 hours	01/04/10	2.50	2.50	Inclusive
	All Day	01/04/10	3.00	3.00	Inclusive
3	COACH PARKING (ALL DAY)				
	Cattle Market	01/04/10	10.00	10.00	Inclusive
4	LONG STAY SEASON TICKETS (Monday to Friday)				
	Per Quarter	01/04/10	99.00	99.00	Inclusive
	Per 6 months	01/04/10	190.00	190.00	Inclusive
5	LONG STAY SEASON TICKETS (Monday to Saturday)				
	Per Quarter	01/04/10	120.00	120.00	Inclusive
	Per 6 months	01/04/10	230.00	230.00	Inclusive
	Season Ticket Discount Offer	Purchase	Additional Tickets Free		
		4	1		
		8	2		
		15	5		
6	EXCESS CHARGE NOTICES				
	Failure to display	01/04/10	80.00	80.00	O/Scope
	Fine after discount for Payment in 7 Days	01/04/10	40.00	40.00	O/Scope
	Parking for longer etc.	01/04/10	60.00	60.00	O/Scope
	Fine after discount for Payment in 7 Days	01/04/10	30.00	30.00	O/Scope

MARKETS

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	MARKETS - GRANTHAM				
1	Standard Stall (3.05m x 1.22m)	01/04/12	21.00	21.50	Exempt
	Standard Casual Stall (3.05m x 1.22m)	01/04/12	23.00	23.50	Exempt
2	Pitch (3.05m x 3.05m)	01/04/12	19.50	20.00	Exempt
	Casual Pitch (3.05m x 3.05m)	01/04/12	20.00	20.50	Exempt
	Hot food units	01/04/12	23.00	23.50	Exempt
3	<u>Vehicles parked for storage</u>				
	Cars and light vans	01/04/12	6.20	6.40	Inclusive
	Large vehicles	01/04/12	9.50	9.80	Inclusive
	MARKETS - STAMFORD				
4	Standard Stall (3.05m x 1.22m)	01/04/12	22.50	23.00	Exempt
	Standard Casual Stall (3.05m x 1.22m)	01/04/12	25.00	25.50	Exempt
5	Pitch (3.05m x 3.05m)	01/04/12	20.00	20.50	Exempt
	Casual Pitch (3.05m x 3.05m)	01/04/12	22.00	22.50	Exempt
	Hot food units	01/04/12	25.00	25.50	Exempt
6	Craft Fair - Table	01/04/12	23.00	23.50	Exempt
7	Craft Fair - Stall	01/04/12	28.00	28.50	Exempt
8	<u>Vehicles parked for storage</u>				
	Cars and light vans	01/04/12	6.20	6.40	Inclusive
	Large vehicles	01/04/12	9.50	9.80	Inclusive
	MARKETS - BOURNE				
9	Standard Stall (3.05m x 1.22m)	01/04/12	18.00	18.50	Exempt
	Standard Casual Stall (3.05m x 1.22m)	01/04/12	19.00	19.50	Exempt
10	Pitch (3.05m x 3.05m)	01/04/12	15.00	15.50	Exempt
	Casual Pitch (3.05m x 3.05m)	01/04/12	15.00	15.50	Exempt
11	<u>Vehicles parked for storage</u>				
	Cars and light vans	01/04/12	6.20	6.40	Inclusive
	Large vehicles	01/04/12	9.50	9.80	Inclusive
12	Hire of stall for private function (collection only)*	01/04/12	10.00	10.30	Exempt
13	FOR ALL MARKETS				
	Farmers Markets - supply of stall cover in addition to standard stall charge	01/04/07	1.00	1.00	Exempt
	Fruit and Veg Excessive Waste Surcharge	01/04/10	£5 per stall	£5 per stall	

* any associated costs with delivery and set up will be charged accordingly

BUS STATIONS

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	BUS STATION - GRANTHAM				
1	Per departure	01/04/11	0.75	0.75	Inclusive
2	<u>Minimum Charge</u> 1-75 departures per annum	01/04/11	50.00	50.00	Inclusive
	BUS STATION - STAMFORD				
3	Per departure	01/04/11	0.75	0.75	Inclusive
4	<u>Minimum Charge</u> 1-75 departures per annum	01/04/11	50.00	50.00	Inclusive
	BUS STATION - BOURNE				
5	Per departure	01/04/11	0.75	0.75	Inclusive
6	<u>Minimum Charge</u> 1-75 departures per annum	01/04/11	50.00	50.00	Inclusive

CYCLE CENTRE CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	CYCLE CENTRE AT ST CATHERINE'S ROAD GRANTHAM				
1	<u>13 weeks charge</u>				
	Small locker	01/04/12	26.50	27.00	Inclusive
	Large locker	01/04/12	31.50	32.50	Inclusive
2	<u>26 weeks charge</u>				
	Small locker	01/04/12	42.00	43.00	Inclusive
	Large locker	01/04/12	51.50	53.00	Inclusive
3	<u>52 weeks charge</u>				
	Small locker	01/04/12	60.00	62.00	Inclusive
	Large locker	01/04/12	73.50	76.00	Inclusive
4	Deposit for entry key and locker key	01/04/12	10.50	10.80	Inclusive

COMMUNITY ASSETS

BOURNE LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>BOURNE LEISURE CENTRE</u>				
1	<u>Swimming pool</u>				
	Swimming - full rate	01/04/12	4.30	4.45	Inclusive
	Swimming - concession	01/04/12	2.85	2.90	Inclusive
	Under 5's	01/04/12	0.75	0.75	Inclusive
	Parent and toddler session	01/04/12	4.40	4.50	Inclusive
	Exclusive pool hire (per hour)	01/04/12	127.35	131.68	Inclusive
	LCC Schools (per individual)	01/04/12	1.00	1.00	Inclusive
2	<u>Main Hall (per hour)</u>				
	Sporting - full rate	01/04/12	47.90	49.55	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
	Badminton - full rate	01/04/12	10.40	10.50	Inclusive
	Cricket nets - full rate	01/04/12	47.90	49.45	Inclusive
	Table tennis - full rate per hour	01/04/12	5.80	6.00	Inclusive
3	<u>Fitness Room (per hour)</u>				
	Individual use - full rate	01/04/12	7.00	7.25	Inclusive
4	<u>Miscellaneous (per hour)</u>				
	Crèche (per child)	01/04/12	2.50	2.60	Inclusive
	Activity room/meeting room - full rate	01/04/12	21.00	22.00	Inclusive
	Spectator (per individual)	01/04/12	1.00	1.05	Inclusive
5	<u>Hire of equipment</u>				
	Racket and balls (all types of rackets and balls)	01/04/12	1.90	2.00	Inclusive

COMMUNITY ASSETS

BOURNE LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>BOURNE LEISURE CENTRE</u>				
6	<u>Membership</u>				
	Adult member	01/04/12	20.60	21.30	Inclusive
	Junior (U16)	01/04/12	10.00	10.35	Inclusive
	Club	01/04/12	39.10	40.45	Inclusive
	Concessionary	01/04/12	10.00	10.35	Inclusive
	Family membership	01/04/12	43.00	45.00	Inclusive
	THE LIST OF CHARGES IS NOT DEFINITIVE AND ARE NON-MEMBER RATES LOWER CHARGES ARE AVAILABLE FOR LEISURE CENTRE MEMBERS.				

COMMUNITY ASSETS

DEEPINGS LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>DEEPINGS LEISURE CENTRE</u>				
1	<u>Swimming pool</u>				
	Swimming - full rate	01/04/12	3.80	3.95	Inclusive
	Swimming - concession	01/04/12	2.45	2.50	Inclusive
	Under 5's	01/04/12	0.65	0.65	Inclusive
	Parent and toddler session	01/04/12	3.90	4.05	Inclusive
	Exclusive pool hire (per hour)	01/04/12	80.00	85.00	Inclusive
2	<u>Main Hall (per hour)</u>				
	Sporting - full rate	01/04/12	43.40	45.00	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
	Badminton - full rate	01/04/12	11.10	11.15	Inclusive
	Roller skating - adult	01/04/12	2.80	2.90	
	Roller skating - concession	01/04/12	2.30	2.40	Inclusive
	Cricket nets - full rate	01/04/12	43.40	45.00	Inclusive
	Table tennis - full rate per hour	01/04/12	6.50	6.70	Inclusive
3	<u>Squash Court (per 40 mins) - full rate</u>	01/04/12	7.30	7.55	Inclusive
4	<u>Second Hall (per hour)</u>				
	Sporting - full rate	01/04/12	21.10	22.00	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
5	<u>Fitness Room (per hour)</u>				
	Individual use - full rate	01/04/12	4.60	4.80	Inclusive
6	<u>Miscellaneous (per hour)</u>				
	Crèche (per child)	01/04/12	1.70	1.75	Inclusive
	Activity room/meeting room - full rate	01/04/12	13.00	14.00	Inclusive
	Sports bar - full rate	01/04/12	13.00	14.00	Inclusive
	Committee room - full rate	01/04/12	8.80	7.34	Inclusive
	Whole bar area - full rate	01/04/12	25.90	28.00	Inclusive
	Spectator (per individual)	01/04/12	1.20	1.20	Inclusive

COMMUNITY ASSETS

DEEPINGS LEISURE CENTRE

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	<u>DEEPINGS LEISURE CENTRE</u>				
7	<u>Hire of equipment</u>				
	Table tennis bat/ball	01/04/12	1.90	2.00	Inclusive
	Skate Hire / Shuttlecock	01/04/12	1.90	2.00	Inclusive
	Badminton/tennis/squash racket	01/04/12	1.90	2.00	Inclusive
8	<u>Synthetic Pitch(per hour)</u>				
	Full synthetic pitch - full rate	01/04/12	43.30	45.00	Inclusive
	Six-a-side - full rate	01/04/12	16.90	17.47	Inclusive
	Floodlights (full pitch) - full rate	01/04/12	17.50	18.10	Inclusive
	Floodlights (six-a-side) - full rate	01/04/12	5.50	6.70	Inclusive
9	<u>Outdoor Facilities (per hour)</u>				
	Tennis court - full rate	01/04/12	9.20	10.00	Inclusive
	Netball - full rate	01/04/12	18.95	19.59	Inclusive
10	<u>Outdoor pitches</u>				
	per pitch (2 hours) - full rate	01/04/12	48.95	51.00	Inclusive
	Includes marking our and accommodation				

COMMUNITY ASSETS

GRANTHAM MERES LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>THE GRANTHAM MERES LEISURE CENTRE</u>				
1	<u>Swimming pool</u>				
	Swimming - full rate	01/04/12	4.30	4.45	Inclusive
	Swimming - concession	01/04/12	2.85	2.95	Inclusive
	Under 5's	01/04/12	0.75	0.75	Inclusive
	Parent and toddler session	01/04/12	4.45	4.60	Inclusive
	Exclusive pool hire (per hour)	01/04/12	124.80	130.00	Inclusive
	LCC Schools (per individual)	01/04/12	1.00	1.00	Inclusive
2	<u>Main Hall (per hour)</u>				
	Sporting - full rate	01/04/12	67.30	70.00	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
	Badminton - full rate	01/04/12	10.00	10.35	Inclusive
	Climbing wall - full rate	01/04/12	6.80	7.05	Inclusive
	Table Tennis Centre Hall	01/04/12	50.40	52.10	Inclusive
	Table tennis - full rate per hour	01/04/12	5.90	6.10	Inclusive
3	<u>Second Hall (per hour)</u>				
	Sporting - full rate	01/04/12	32.10	33.20	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
4	<u>Fitness Room (per hour)</u>				
	Individual use - full rate	01/04/12	7.50	7.80	Inclusive
5	<u>Miscellaneous (per hour)</u>				
	Activity room/meeting room - full rate	01/04/12	13.80	14.50	Inclusive
	Sports bar - full rate	01/04/12	16.10	16.70	Inclusive
	Function room - full rate	01/04/12	13.80	15.30	Inclusive
	Spectator (per individual)	01/04/12	1.10	1.15	Inclusive
6	<u>Hire of equipment</u>				
	Table tennis bat/ball	01/04/12	2.00	2.10	Inclusive
	Badminton/tennis/squash racket	01/04/12	2.00	2.10	Inclusive

COMMUNITY ASSETS

GRANTHAM MERES LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>THE GRANTHAM MERES LEISURE CENTRE</u>				
7	<u>Synthetic Pitch(per hour)</u>				
	Full synthetic pitch - full rate	01/04/12	47.10	49.00	Inclusive
	Six-a-side - full rate	01/04/12	16.80	17.35	Inclusive
	Floodlights (full pitch) - full rate	01/04/12	19.25	19.90	Inclusive
	Floodlights (six-a-side) - full rate	01/04/12	6.60	6.80	Inclusive
8	<u>Outdoor Facilities (per hour)</u>				
	Floodlights - full rate	01/04/12	7.70	7.95	Inclusive
	Tennis court - full rate	01/04/12	11.20	12.60	Inclusive
	Netball - full rate	01/04/12	17.20	18.00	Inclusive
9	<u>Membership</u>				
	Adult member	01/04/12	22.20	22.95	Inclusive
	Junior (U16)	01/04/12	10.60	11.00	Inclusive
	Concessionary	01/04/12	10.60	11.00	Inclusive
	Family membership	01/04/12	51.20	52.95	Inclusive
	THE LIST OF CHARGES IS NOT DEFINITIVE AND ARE NON-MEMBER RATES LOWER CHARGES ARE AVAILABLE FOR LEISURE CENTRE MEMBERS.				

COMMUNITY ASSETS

STAMFORD LEISURE CENTRE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	<u>STAMFORD LEISURE CENTRE</u>				
1	<u>Swimming pool</u>				
	Swimming - full rate	01/04/12	4.30	4.40	Inclusive
	Swimming - concession	01/04/12	2.85	2.95	Inclusive
	Under 5's	01/04/12	0.75	0.75	Inclusive
	Parent and toddler session	01/04/12	4.50	4.65	Inclusive
	Exclusive pool hire (per hour)	01/04/12	127.30	131.50	Inclusive
	LCC Schools (per individual)	01/04/12	1.00	1.05	Inclusive
	Spectator (per individual)	01/04/12	1.20	1.15	Inclusive
2	<u>Membership</u>				
	Adult member	01/04/12	22.20	22.95	Inclusive
	Junior (U16)	01/04/12	10.60	11.00	Inclusive
	Concessionary	01/04/12	10.60	11.00	Inclusive
	Family membership	01/04/12	51.20	52.95	Inclusive
	THE LIST OF CHARGES IS NOT DEFINITIVE AND ARE NON-MEMBER RATES LOWER CHARGES ARE AVAILABLE FOR LEISURE CENTRE MEMBERS.				

COMMUNITY ASSETS

SPORTS STADIUM

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	SOUTH KESTEVEN SPORTS STADIUM				
1	<u>Track Hire</u>				
	Adult	01/04/12	41.50	43.00	Inclusive
	Concession	01/04/12	25.90	27.00	Inclusive
	Floodlights	01/04/12	32.40	33.50	Inclusive
	Commercial	01/04/12	Negotiable	Negotiable	Inclusive
	Non sporting/non commercial	01/04/12	49.70	51.39	Inclusive
2	<u>Individual use (per hour)</u>				
	Adult	01/04/12	3.50	3.70	Inclusive
	Concession	01/04/12	2.30	2.35	Inclusive
	Spectator (per individual)	01/04/12	1.10	1.15	Inclusive
	Hire of equipment (per booking)	01/04/12	20.60	21.30	Inclusive
	Setting up time - by SKDC	01/04/12	20.60	21.30	Inclusive
3	<u>Football pitch hire</u>				
	Pitch hire (up to 2 hours):				
	Adult	01/04/12	115.40	119.00	Inclusive
	Concession	01/04/12	69.25	71.50	Inclusive
	Floodlights (per match)	01/04/12	65.20	67.40	Inclusive
	Commercial (per hour)	01/04/12	Negotiable	Negotiable	Inclusive
4	<u>Individual room hire (per hour)</u>				
	P.A. room	01/04/12	12.70	13.15	Inclusive
	Committee room	01/04/12	12.70	13.15	Inclusive

COMMUNITY ASSETS

CULTURAL SERVICES

	Detail	Effective Date	2011/12	2012/13	VAT
	ARTSCENE MEMBERSHIP - ARTS CENTRES				
1	<u>Annual membership</u>		£	£	
	Individual	01/04/12	18.00	18.50	Inclusive
	Double	01/04/12	23.00	23.50	Inclusive
	STAGED PERFORMANCES				
	The theatres and ballrooms are available for hire for theatrical productions, concerts, lectures, demonstrations, films and other performing arts events. Prices are as below.				
	Guildhall Arts Centre, Grantham		£	£	
2	<u>Theatre Hire</u>				
	Performances -Commercial	01/04/12	280.00	285.00	Exempt
	Performances - Non Profit making	01/04/11	235.00	235.00	Exempt
	Dress rehearsals	01/04/12	180.00	185.00	Exempt
	Rehearsals (incl tech)	01/04/12	115.00	118.00	Exempt
	Lecture/demonstrations (Daytime)	01/04/12	85.00	87.00	Exempt
	Lecture/demonstrations (Evening)	01/04/12	185.00	190.00	Exempt
	Set up charge/technical support (max. 8 hours)	01/04/12	115.00	118.00	Exempt
3	Stamford Arts Centre				
	<u>Theatre Hire</u>				
	Performances -Commercial	01/04/12	295.00	300.00	Exempt
	Performances - Non Profit making	01/04/11	260.00	260.00	Exempt
	Dress rehearsals	01/04/12	180.00	185.00	Exempt
	Rehearsals (incl tech)	01/04/12	115.00	118.00	Exempt
	Lecture/demonstrations (Daytime)	01/04/12	85.00	87.00	Exempt
	Lecture/demonstrations (Evening)	01/04/12	185.00	190.00	Exempt
	Set up charge/technical support (max. 8 hours)	01/04/12	115.00	118.00	Exempt
	Technical surcharge per hire	01/04/12	51.00	52.00	Exempt
4	Bourne Corn Exchange				
	<u>Theatre Hire - Main Hall</u>				
	Performances	01/04/11	115.00	115.00	Exempt
	Dress rehearsals	01/04/11	90.00	90.00	Exempt
	Rehearsals	01/04/11	75.00	75.00	Exempt
	Set up charge/technical support (max. 8 hours)	01/04/11	115.00	115.00	Exempt
	Performers Right Society charges may be applicable in addition to the above rates				
	Hire conditions are available giving details of equipment and support offered; quotations provided on request.				

CULTURAL SERVICES

	Detail	Effective Date	2011/12	2012/13	VAT
WEDDING RECEPTIONS, PARTIES AND OTHER ROOM HIRE					
All three venues are available for wedding parties and similar functions. Packages are available to include provision of bars and catering. Prices are as below.					
5	Guildhall Arts Centre, Grantham		£	£	
	<u>Casually let rooms (per hour)</u>				
	Ballroom - day rate up to 6pm	01/04/12	31.00	32.00	Exempt
	Ballroom - hourly evening rate 6 to 11pm	01/04/12	51.00	52.00	Exempt
	Ballroom - whole evening 6 to 11pm parties	01/04/12	265.00	270.00	Exempt
	Ballroom - whole evening 6 to 11pm concerts	01/04/12	210.00	215.00	Exempt
	Ballroom - (all day) Wedding rate	01/04/12	410.00	420.00	Exempt
	Ballroom - (all day) Wedding rate including setting up charge previous evening	01/04/12	675.00	695.00	Exempt
	Use of Ballroom kitchen per day	01/04/12	51.00	52.00	Exempt
	<u>Meeting rooms (per hour)</u>				
	Newton Room	01/04/12	26.00	26.50	Exempt
	Studio 4	01/04/12	21.00	21.50	Exempt
6	Bourne Corn Exchange				
	<u>Casually let rooms</u>				
	Main Hall - hourly rate	01/04/11	36.00	36.00	Exempt
	Main Hall -Friday or Saturday whole evening 6pm-12pm incl prem rate	01/04/11	260.00	260.00	Exempt
	Main Hall - (all day) 9am to 12pm excluding kitchen	01/04/11	410.00	410.00	Exempt
	Main Hall - (all day) 9am to 12pm including kitchen	01/04/11	465.00	465.00	Exempt
	Kitchen hire per day	01/04/12	125.00	62.50	Exempt
	Room set up or clear down as per hourly rate or part thereof	01/04/11	36.00	36.00	Exempt
	Room set up or clear down after midnight per hour or part thereof	01/04/11	51.00	51.00	Exempt
7	Stamford Arts Centre				
	<u>Casually let rooms (per hour)</u>				
	Ballroom - day rate up to 6pm	01/04/12	31.00	32.00	Exempt
	Ballroom - hourly evening rate 6 to 11pm	01/04/12	51.00	52.00	Exempt
	Ballroom - whole evening 6 to 11pm parties	01/04/12	400.00	410.00	Exempt
	Ballroom - whole evening 6 to 11pm concerts	01/04/12	305.00	310.00	Exempt
	Function ballroom/Blue room - (all day) Wedding rate	01/04/12	735.00	755.00	Exempt
	Function ballroom/Blue room Wedding rate including setting up charge previous evening	01/04/12	1,135.00	1,160.00	Exempt
	<u>Meeting rooms - per hour</u>				
	Blue Room/Rehearsal evening	01/04/12	21.00	21.40	Exempt
	Blue Room/Rehearsal daytime	01/04/12	16.00	16.30	Exempt
	Ireson/Burley/Exeter Room evening	01/04/12	15.00	15.30	Exempt
	Ireson/Burley/Exeter Room daytime	01/04/12	13.00	13.20	Exempt
	Additional cleaning charge for social functions	01/04/12	55.00	56.00	Inclusive
Performers Right Society charges may be applicable in addition to the above rates					
ROOM HIRE					
Meeting Rooms and function halls may be available for hire at each venue, prices from £10 per hour off peak. Additional meeting rooms may be available at the main council offices Grantham. Information available upon request.					

STREET SCENE

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
1	Green Waste				
	Green Waste bin (joining fee, first bin only)	01/04/12	26.00	10.00	O/Scope
	Additional Green Waste Bin	01/04/10	26.00	26.00	O/Scope
	Annual collection charge (first bin)	01/04/12	n/a	25.00	O/Scope
	Annual collection charge (each subsequent bin)	01/04/12	n/a	10.00	O/Scope
2	Other street scene charges				
	Additional Silver Recycling Bin	01/04/10	26.00	26.00	O/Scope
	Additional clear recycling sacks (pack of 15)	01/04/10	1.25	1.25	O/Scope
	Replacement of damaged wheelie bins*	01/04/10	26.00	26.00	O/Scope
	Replacement of damaged wheels and axles*	01/04/10	20.00	20.00	O/Scope
	Replacement of bin lid pegs*	01/04/10	5.00	5.00	O/Scope
3	Domestic Refuse Collection				
	Bulk household items - first item	01/04/03	10.00	10.00	O/Scope
	- each additional item	01/04/03	5.00	5.00	O/Scope
	Fridge collection	01/04/03	10.00	10.00	O/Scope
	Provision of additional recycling bags (per pack - 14 bags)	01/04/10	5.00	5.00	O/Scope
4	Private Street Cleansing	01/04/10	Based on cost recovery		
	*where bins have been damaged by the resident				

MOT TESTING

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
1	MOT Testing				
2	Classes 1 and 2				
	Motorcycles	01/04/10	29.65	29.65	O/Scope
	Motorcycles with sidecar	01/04/10	37.80	37.80	O/Scope
3	Class 3				
	3 Wheeled Vehicles (up to 450kg unladen weight)	01/04/10	37.80	37.80	O/Scope
4	Class 4				
	Cars (up to 8 passenger seats) and Motor Caravans	01/04/10	54.85	54.85	O/Scope
	3 Wheeled Vehicles (over 450kg unladen weight)	01/04/10	54.85	54.85	O/Scope
	Quads (max unladen weight 400kg - for goods vehicles 550kg and max net power of 15kw)	01/04/10	54.85	54.85	O/Scope
	Dual Purpose Vehicles	01/04/10	54.85	54.85	O/Scope
	Private Hire Vehicles and PSVs (up to 8 seats)	01/04/10	54.85	54.85	O/Scope
	Goods Vehicles (up to 3,000kg DGW)	01/04/10	54.85	54.85	O/Scope
	Ambulances and Taxis (Taxis and Private Hire Vehicles may be subject to additional local requirements)	01/04/10	54.85	54.85	O/Scope
	Private Passenger Vehicles and Ambulances	01/04/10	54.85	54.85	O/Scope
5	Class 7				
	Goods Vehicles (over 3000kg up to 3500kg DGW)	01/04/10	58.60	58.60	O/Scope

NOTES

Fees fixed in accordance with Vehicle and Operator Standards Agency - these will be confirmed by April 2012

ENVIRONMENTAL HEALTH

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	ENVIRONMENTAL HEALTH				
1	Premise Registration Fees				
	Acupuncture	01/04/12	123.50	125.00	O/Scope
	Tattooing	01/04/12	123.50	125.00	O/Scope
	Ear Piercing	01/04/12	123.50	125.00	O/Scope
	Electrolysis	01/04/12	123.50	125.00	O/Scope
	Skin Piercing	01/04/12	123.50	125.00	O/Scope
	Skin Permanent Marking	01/04/12	123.50	125.00	O/Scope
2	Additional Individual Registration Fees				
	Acupuncture	01/04/12	61.50	63.00	O/Scope
	Tattooing	01/04/12	61.50	63.00	O/Scope
	Ear Piercing	01/04/12	30.50	31.00	O/Scope
	Electrolysis	01/04/12	61.50	63.00	O/Scope
	Skin Piercing	01/04/12	61.50	63.00	O/Scope
	Skin Permanent Marking	01/04/12	61.50	63.00	O/Scope
3	<u>Unsound Food</u>				
	Voluntary Surrender Certificate	01/04/12	33.00	34.00	Inclusive
4	<u>Frozen Food Exports</u>				
	Inspection and Certification	01/04/12	67.00	69.00	Inclusive
	Certification only	01/04/12	24.50	25.00	Inclusive
5	<u>Control of dogs</u>				
	Collecting and detaining stray dogs	01/04/96	25.00	25.00	O/Scope
	Kenneling charge	01/04/12	14.50	14.90	O/Scope
6	<u>Vehicle Salvage Operators</u>				
	Application	01/04/12	75.00	77.00	O/Scope
	Renewal	01/04/12	63.00	65.00	O/Scope
7	Dog Fouling Penalty	01/04/09	75.00	75.00	O/Scope
8	Litter - Fixed Penalty Notice	01/04/09	75.00	75.00	O/Scope
	ENQUIRIES IN CONNECTION WITH CONTAMINATED LAND				
9	Enquiries	01/04/12	108.00	110.00	O/Scope
10	Private sector housing charges	01/04/12		Hourly Rate	O/Scope
11	Immigration inspections	01/04/12		Hourly Rate	O/Scope

ENVIRONMENTAL HEALTH

	Detail	Effective Date	2011/12 £	2012/13 £	VAT	
	POLLUTION PREVENTION AND CONTROL ACT 2010					
	AIR POLLUTION FEES AND CHARGES SCHEME					
1	Initial application for permitting	01/04/10	1,579.00	1,579.00	O/Scope	
	Additional fee for operating without a permit except:-	01/04/10	1,137.00	1,137.00	O/Scope	
	- where the process comprises one or more waste oil burning appliance under 0.4MW	01/04/10	148.00	148.00	O/Scope	
	Additional fee for operating without a permit - where the process relates to the unloading of petrol into storage tanks at a service station	01/04/10	148.00	148.00	O/Scope	
	Additional fee for operating without a permit -where the process relates to Dry Cleaners	01/04/10	148.00	148.00	O/Scope	
	Additional fee for operating without a permit PVR I & II combined	01/04/10	68.00	68.00	O/Scope	
	Vehicle refinishers (VR's)	01/04/10	246.00	246.00	O/Scope	
	- mobile screening and crushing plant	01/04/10	346.00	346.00	O/Scope	
	- for the third to seventh application	01/04/10	1,579.00	1,579.00	O/Scope	
	- for the eighth and subsequent applications	01/04/10	943.00	943.00	O/Scope	
	477.00	477.00			O/Scope	
	Where an application for any of the above is for a combined Part B and waste application, add an extra £294 to the above amounts					
2	Substantial changes to permits (Schedule 7) except:-	01/04/10	1,005.00	1,005.00	O/Scope	
	- where the process comprises one or more waste oil burning appliance under 0.4MW	01/04/10	98.00	98.00	O/Scope	
	- where the charge is to implement an upgrading plan	01/04/10	141.00	141.00	O/Scope	
	- where the process relates to the unloading of petrol into storage tanks at a service station	01/04/10	98.00	98.00	O/Scope	
	-where the process relates to Dry Cleaners	01/04/10	98.00	98.00	O/Scope	
	Transfer of a permit	01/04/10	162.00	162.00	O/Scope	
	- in respect of a waste oil burner less than 0.4 MW	01/04/11	75.00	75.00	O/Scope	
	-where the process relates to Dry Cleaners	01/04/11	75.00	75.00	O/Scope	
	- where the process relates to the unloading of petrol into storage tanks at a service station	01/04/11	75.00	75.00	O/Scope	
	Partial transfer of a permit	01/04/10	476.00	476.00	O/Scope	
	- in respect of a waste oil burner less than 0.4 MW	01/04/10	45.00	45.00	O/Scope	
	- where the process relates to the unloading of petrol into storage tanks at a service station	01/04/10	45.00	45.00	O/Scope	
	-where the process relates to Dry Cleaners	01/04/10	45.00	45.00	O/Scope	
3	Temporary transfer for mobiles					
	First transfer	01/04/10	51.00	51.00	O/Scope	
	Repeat transfer	01/04/09	10.00	10.00	O/Scope	
	Repeat following enforcement or warning	01/04/10	51.00	51.00	O/Scope	
4	Annual Subsistence Charge					
	Standard Process LOW	01/04/10	739.00	739.00	O/Scope	
	Standard Process MEDIUM	01/04/10	1,111.00	1,111.00	O/Scope	
	Standard Process - HIGH	01/04/10	1,672.00	1,672.00	O/Scope	
	except:-		LOW	LOW	MED	
	oil burning appliance under 0.4MW	01/04/10	76.00	76.00	151.00	227.00
	- where the process relates to the unloading of petrol into storage tanks at a service station	01/04/10	108.00	108.00	216.00	326.00
	PVR I & II combined	01/04/10	218.00	218.00	349.00	524.00
	Vehicle refinishers	01/04/10	76.00	76.00	151.00	227.00
	petrol into storage tanks at a service station	01/04/10	76.00	76.00	151.00	227.00
	-where the process relates to Dry Cleaners	01/04/10	76.00	76.00	151.00	227.00
	- odourising of natural gas	01/04/10	76.00	76.00	151.00	227.00

NOTES

The above fees are those currently proposed by DEFRA, a full copy of which can be viewed on their website

www.defra.gov.uk

ENVIRONMENTAL HEALTH

	Detail	Effective Date	2011/12	2012/13	2012/13	2012/13	2012/13	VAT
	POLLUTION PREVENTION AND CONTROL ACT 2010		£		£			
	AIR POLLUTION FEES AND CHARGES SCHEME							
5	LAPPC mobile plant charges			Application fee	LOW	MED	HIGH	
	Number of permits							
	1	01/04/12		1,579	618.00	989.00	1,484.00	O/Scope
	2	01/04/12		1,579	618.00	989.00	1,484.00	O/Scope
	3	01/04/12		943	368.00	590.00	884.00	O/Scope
	4	01/04/12		943	368.00	590.00	884.00	O/Scope
	5	01/04/12		943	368.00	590.00	884.00	O/Scope
	6	01/04/12		943	368.00	590.00	884.00	O/Scope
	7	01/04/12		943	368.00	590.00	884.00	O/Scope
	8 and over	01/04/12		477	189.00	302.00	453.00	O/Scope
6	LA-IPPC							
	Application (LA element)	01/04/10	3,218.00	3,218.00				O/Scope
	Additional fee for operating without a permit	01/04/10	1,137.00	1,137.00				O/Scope
	Annual subsistence LOW	01/04/10	1,384.00	1,384.00				O/Scope
	Annual subsistence MEDIUM	01/04/10	1,541.00	1,541.00				O/Scope
	Annual subsistence HIGH	01/04/10	2,233.00	2,233.00				O/Scope
	Late Payment Fee	01/04/10	50.00	50.00				O/Scope
	Substantial variation	01/04/10	1,309.00	1,309.00				O/Scope
	Transfer	01/04/10	225.00	225.00				O/Scope
	Partial transfer	01/04/10	668.00	668.00				O/Scope
	Surrender	01/04/10	668.00	668.00				O/Scope

NOTES

The above fees are those currently proposed by DEFRA, a full copy of which can be viewed on their website

www.defra.gov.uk

LICENSING CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	LICENCES				
1	Small lotteries - Registration	01/09/07	40.00	40.00	O/Scope
2	Small lotteries - Renewal	01/09/07	20.00	20.00	O/Scope
3	<u>Hackney Carriage and Private Hire</u>				
	Driver's licence - annual	01/04/12	76.00	78.00	O/Scope
	Driver's licence - Replacement	01/04/12	11.00	11.30	O/Scope
	Dual licence - supplementary charge	01/04/12	89.00	90.00	O/Scope
	Annual vehicle licence:				
	Private Hire	01/04/10	179.00	183.00	O/Scope
	Hackney Carriage	01/04/10	195.00	200.00	O/Scope
	Lost plate replacement fee	01/04/12	34.00	35.00	Inclusive
	Private Hire operators licence - annual	01/04/10	96.00	98.00	O/Scope
4	Refund for unexpired months/days due to replacement of vehicle				
	Private Hire	01/04/12	Monthly 14.49	Daily 0.50	O/Scope
	Hackney Carriage	01/04/12	16.53	0.55	O/Scope
5	One-off admin charge in respect of refund				
	Hackney Carriage	01/04/12	17.50	18.00	O/Scope
	Private Hire	01/04/12	16.50	17.00	O/Scope
6	Re-test of applicant's knowledge examination - following previous failure to reach required standard	01/04/12	20.50	21.00	O/Scope
7	<u>Animals Licences</u>				
	Animal Boarding Establishments	01/04/12	85.00	87.00	O/Scope
	Dog Breeding Establishments	01/04/12	85.00	87.00	O/Scope
	Pet Shops	01/04/12	85.00	87.00	O/Scope
	Riding Establishments	01/04/12	85.00	87.00	O/Scope
	Dangerous Wild Animals	01/04/12	85.00	87.00	O/Scope
	Sex Establishments	01/04/12	1,380.00	1,420.00	O/Scope
8	<u>Street Trading</u>				
	Daily (payable monthly in advance)	01/04/12	16.50	17.00	O/Scope
	Stamford Pedestrian Precinct	01/04/12	21.00	21.50	O/Scope

LICENSING CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	LICENCES				
1	Premise Licences* New application and variation Non-domestic RV				
	0-£4300	24/11/05	100.00	100.00	O/Scope
	£4301-£33000	24/11/05	190.00	190.00	O/Scope
	£33001-£87000	24/11/05	315.00	315.00	O/Scope
	£87001-£125000	24/11/05	450.00	450.00	O/Scope
	£125001+	24/11/05	635.00	635.00	O/Scope
2	multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises Non-domestic RV				
	0-£4300	24/11/05	n/a	n/a	O/Scope
	£4301-£33000	24/11/05	n/a	n/a	O/Scope
	£33001-£87000	24/11/05	n/a	n/a	O/Scope
	£87001-£125000	24/11/05	900.00	900.00	O/Scope
	£125001+	24/11/05	1,905.00	1,905.00	O/Scope
3	Annual charge* Non-domestic RV				
	0-£4300	24/11/05	70.00	70.00	O/Scope
	£4301-£33000	24/11/05	180.00	180.00	O/Scope
	£33001-£87000	24/11/05	295.00	295.00	O/Scope
	£87001-£125000	24/11/05	320.00	320.00	O/Scope
	£125001+	24/11/05	350.00	350.00	O/Scope
4	multiplier applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premises Non-domestic RV				
	0-£4300	24/11/05	n/a	n/a	O/Scope
	£4301-£33000	24/11/05	n/a	n/a	O/Scope
	£33001-£87000	24/11/05	n/a	n/a	O/Scope
	£87001-£125000	24/11/05	640.00	640.00	O/Scope
	£125001+	24/11/05	1,050.00	1,050.00	O/Scope

NOTES

Fees fixed by Government- these will be confirmed by April 2012

- * There are additional fees for premises licence applications, and the annual fee for exceptionally large scale events (5000+), unless certain conditions apply. Please refer to Regulation 4(4) and 4(5) of the Licensing Act 2003 (Fees) Regulations 2005

LICENSING CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	LICENCES				
	Additional Fees				
1	Additional Premises Licence Fee				
	Number in attendance at any one time				
	5000-9999	24/11/05	1,000.00	1,000.00	O/Scope
	10000-14999	24/11/05	2,000.00	2,000.00	O/Scope
	15000-20109	24/11/05	4,000.00	4,000.00	O/Scope
	20000-29999	24/11/05	8,000.00	8,000.00	O/Scope
	30000-39999	24/11/05	16,000.00	16,000.00	O/Scope
	40000-49999	24/11/05	24,000.00	24,000.00	O/Scope
	50000-59999	24/11/05	32,000.00	32,000.00	O/Scope
	60000-69999	24/11/05	40,000.00	40,000.00	O/Scope
	70000-79999	24/11/05	48,000.00	48,000.00	O/Scope
	80000-89999	24/11/05	56,000.00	56,000.00	O/Scope
	90000 and over	24/11/05	64,000.00	64,000.00	O/Scope
2	Additional annual fee payable if applicable				
	Number in attendance at any one time				
	5000-9999	24/11/05	500.00	500.00	O/Scope
	10000-14999	24/11/05	1,000.00	1,000.00	O/Scope
	15000-20109	24/11/05	2,000.00	2,000.00	O/Scope
	20000-29999	24/11/05	4,000.00	4,000.00	O/Scope
	30000-39999	24/11/05	8,000.00	8,000.00	O/Scope
	40000-49999	24/11/05	12,000.00	12,000.00	O/Scope
	50000-59999	24/11/05	16,000.00	16,000.00	O/Scope
	60000-69999	24/11/05	20,000.00	20,000.00	O/Scope
	70000-79999	24/11/05	24,000.00	24,000.00	O/Scope
	80000-89999	24/11/05	28,000.00	28,000.00	O/Scope
	90000 and over	24/11/05	32,000.00	32,000.00	O/Scope

NOTES

These charges are statutory set by Government and will be confirmed in April 2012

LICENSING CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £
	LICENCES			
	Other Fees			
3	Application for the grant or renewal of a personal licence	24/11/05	37.00	37.00
	Temporary Event Licence	24/11/05	21.00	21.00
	Theft, loss etc of premises licence or summary	24/11/05	10.50	10.50
	Application for a provisional statement where premises being built etc	24/11/05	315.00	315.00
	Notification of change of name or address	24/11/05	10.50	10.50
	Application to vary licence to specify individual as premises supervisor	24/11/05	23.00	23.00
	Application for transfer of premises licence	24/11/05	23.00	23.00
	Interim authority notice following death etc of licence holder	24/11/05	23.00	23.00
	Theft, loss etc of certificate or summary	24/11/05	10.50	10.50
	Notification of change of name or alteration to club rules	24/11/05	10.50	10.50
	Change of relevant registered address of club	24/11/05	10.50	10.50
	Theft, loss etc of temporary event notice	24/11/05	10.50	10.50
	Theft, loss etc of personal licence	24/11/05	10.50	10.50
	Duty to notify change of name or address	24/11/05	10.50	10.50
	Right of freeholder etc to be notified of licensing matters	24/11/05	21.00	21.00

NOTES

These charges are statutory set by Government and will be confirmed in April 2012

LICENSING CHARGES

VAT
O/Scope
O/Scope
O/Scope
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LICENSING CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	LICENCES				
	Gambling Fees				
1	Bingo Premises Licence				
	Fast Track Advance Application*	01/04/12	255.00	265.00	O/Scope
	Non - Fast Track Advance Application	01/04/12	585.00	605.00	O/Scope
	Application Fee for Provisional Status	01/04/12	610.00	630.00	O/Scope
	License for Provisional Statement Premises	01/04/12	405.00	420.00	O/Scope
	Application Fee New Premises	01/04/12	640.00	660.00	O/Scope
	Annual Fee	01/04/12	430.00	445.00	O/Scope
	Variation of Licence	01/04/12	585.00	605.00	O/Scope
	Transfer Fee	01/04/12	490.00	505.00	O/Scope
	Application For Reinstatement	01/04/12	490.00	505.00	O/Scope
2	Adult Gaming Centre				
	Fast Track Advance Application*	01/04/12	255.00	265.00	O/Scope
	Non - Fast Track Advance Application	01/04/12	540.00	560.00	O/Scope
	Application Fee for Provisional Status	01/04/12	560.00	580.00	O/Scope
	License for Provisional Statement Premises	01/04/12	355.00	370.00	O/Scope
	Application Fee New Premises	01/04/12	585.00	605.00	O/Scope
	Annual Fee	01/04/12	375.00	390.00	O/Scope
	Variation of Licence	01/04/12	540.00	560.00	O/Scope
	Transfer Fee	01/04/12	440.00	455.00	O/Scope
	Application For Reinstatement	01/04/12	440.00	455.00	O/Scope
3	Family Entertainment Centre				
	Fast Track Advance Application*	01/04/12	255.00	265.00	O/Scope
	Non - Fast Track Advance Application	01/04/12	540.00	560.00	O/Scope
	Application Fee for Provisional Status	01/04/12	560.00	580.00	O/Scope
	License for Provisional Statement Premises	01/04/12	355.00	370.00	O/Scope
	Application Fee New Premises	01/04/12	585.00	605.00	O/Scope
	Annual Fee	01/04/12	375.00	390.00	O/Scope
	Variation of Licence	01/04/12	540.00	560.00	O/Scope
	Transfer Fee	01/04/12	440.00	455.00	O/Scope
	Application For Reinstatement	01/04/12	440.00	455.00	O/Scope
4	Betting Premises				
	Fast Track Advance Application*	01/04/12	255.00	265.00	O/Scope
	Non - Fast Track Advance Application	01/04/12	540.00	560.00	O/Scope
	Application Fee for Provisional Status	01/04/12	560.00	580.00	O/Scope
	License for Provisional Statement Premises	01/04/12	355.00	370.00	O/Scope
	Application Fee New Premises	01/04/12	585.00	605.00	O/Scope
	Annual Fee	01/04/12	375.00	390.00	O/Scope
	Variation of Licence	01/04/12	540.00	560.00	O/Scope
	Transfer Fee	01/04/12	440.00	455.00	O/Scope
	Application For Reinstatement	01/04/12	440.00	455.00	O/Scope
5	Miscellaneous				
	Change of Circumstances	01/04/12	26.00	27.00	O/Scope
	Fee for copy of licence	01/04/12	15.50	16.00	O/Scope

SPECIAL EXPENSE AREAS

APPENDIX D

OUTDOOR RECREATION

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	OUTDOOR RECREATION				
1	<u>Pitches - Football/Rugby</u> Senior pitch letting (2 hrs), marking out and changing accommodation included:				
	Full rate	01/04/12	40.00	41.00	Inclusive
	Concessions	01/04/12	24.00	24.50	Inclusive
2	Junior pitch (ages 11-16) letting (2 hrs) and marking out: Full rate	01/04/12	17.50	18.00	Inclusive
3	Mini pitch letting (ages 8-11) (1 hr) and marking out: Full rate	01/04/12	10.50	10.80	Inclusive
4	<u>Tennis Court</u> Hard Courts		Free	Free	
5	<u>Cricket</u> Per Match	01/04/12	37.80	38.50	Inclusive

NOTESGrantham

Dysart Park - tennis

Harrowby Lane - football

Wyndham Park - tennis

Stamford

Empingham Road - football, rugby, cricket

Uffington Road - football, cricket

Bourne

Recreation Road - football

SPECIAL EXPENSE AREAS

APPENDIX D

CEMETERY CHARGES

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	GRANTHAM CEMETERY				
	TRADITIONAL BURIAL GROUND				
1	Exclusive Right of Burial (Not exceeding 50 years) Standard grave space - Parishioners	01/04/12	446.00	455.00 *	Exempt
2	<u>Interment</u> Person aged 16 years or over - single depth Person aged 16 years or over - double depth Child stillborn or below 16 years Each additional coffin space	01/04/12 01/04/12 01/04/12 01/04/12	456.00 507.00 199.00 158.00	465.00 520.00 205.00 163.00	Exempt Exempt Exempt Exempt
3	<u>Licence for the Erection of Memorials</u> Headstone (not exceeding 3 feet in height) Headstone (each additional 6 inches) Metal faced tablet Additional inscription	01/04/12 01/04/12 01/04/12 01/04/12	110.00 110.00 76.00 43.00	113.00 113.00 78.00 44.00	Exempt Exempt Exempt Exempt
4	<u>Re Open Graves</u> Interment Fee - single depth Interment Fee - double depth Interment ashes into grave	01/04/12 01/04/12 01/04/12	456.00 507.00 132.00	465.00 520.00 135.00	Exempt Exempt Exempt
	WOODLAND BURIAL GROUND				
5	All inclusive charge covering standard grave space, single depth interment, tree and plaque - Parishioners	01/04/12	1,016.00	1,045.00 *	Exempt
	*Please note there is a 50% additional charge for Non Parishioners (i.e. outside of Grantham boundary)				

BUILDING CONTROL CHARGES

Table A - Use this table if you intend to build a NEW DOMESTIC DWELLING of up to 300m²									
Category of work	Full Plans Applications						Building Notice Applications		
	Plan Charge			Inspection Charge			Building Notice Charge		
	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £
Single new dwelling up to 150m ² floor area (including single storey garage)	175.00	35.00	210.00	262.50	52.50	315.00	437.50	87.50	525.00
Single new dwelling over 150m ² and up to 300m ² floor area (including single storey garage)	208.34	41.66	250.00	312.50	62.50	375.00	520.84	104.16	625.00
For more than one new dwelling, or for dwellings over 300m ² floor area, please contact us on 01476 406187 or e-mail bcontrol@southkesteven.gov.uk for a quotation									

Where a standard charge for the work to be carried out is not specified in Tables A to D, involves more than one type of work or at the request of the relevant person, a quotation for the work will be given in accordance with the Building (Local Authority Charges) Regulations 2010.

Where the application is for a Regularisation Certificate, the charge will be the Building Notice charge for that type of work plus 30%. Note however that VAT is not payable on applications for a Regularisation Certificate.

BUILDING CONTROL CHARGES

Table B - Use this table for CERTAIN SMALL DOMESTIC BUILDINGS and EXTENSIONS									
Category of work	Full Plans Applications						Building Notice Applications		
	Plan Charge			Inspection Charge			Building Notice Charge		
	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £
Extension or loft conversion where floor area does not exceed 20m ²	141.67	28.33	170.00	212.50	42.50	255.00	354.17	70.83	425.00
Extension or loft conversion where the floor area exceeds 20m ² but does not exceed 60m ²	175.00	35.00	210.00	262.50	52.50	315.00	437.50	87.50	525.00
Erection or extension of a domestic garage or carport up to 60m ²	91.67	18.33	110.00	137.50	27.50	165.00	229.17	45.83	275.00
Conversion of a domestic garage into a habitable room(s)	91.67	18.33	110.00	137.50	27.50	165.00	229.17	45.83	275.00
Note that where more than one extension or loft conversion form part of the same application and are to be built at the same time, the floor areas can be added together and a single charge paid based on the total floor area.									

Where a standard charge for the work to be carried out is not specified in Tables A to D, involves more than one type of work or at the request of the relevant person, a quotation for the work will be given in accordance with the Building (Local Authority Charges) Regulations 2010.

Where the application is for a Regularisation Certificate, the charge will be the Building Notice charge for that type of work plus 30%. Note however that VAT is not payable on applications for a Regularisation Certificate.

BUILDING CONTROL CHARGES

Table C - Use this table for CERTAIN SPECIFIED ALTERATIONS to a DOMESTIC DWELLING									
Category of work	Full Plans Applications						Building Notice Applications		
	Plan Charge			Inspection Charge			Building Notice Charge		
	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £
Renovation of a thermal element to a single existing dwelling (eg external insulation)	125.00	25.00	150.00				125.00	25.00	150.00
Replacement of windows/external doors of an existing dwelling (where all are replaced at the same time)	125.00	25.00	150.00				125.00	25.00	150.00
Any electrical work to a dwelling other than a complete rewire	154.17	30.83	185.00				154.17	30.83	185.00
Electrical work involving the complete re-wiring of an existing dwelling	208.34	41.66	250.00				208.34	41.66	250.00
Removal of a single load bearing wall or chimney stack in an existing dwelling	125.00	25.00	150.00				125.00	25.00	150.00
Installation of insulation into the cavity wall of an existing dwelling	66.67	13.33	80.00				66.67	13.33	80.00
Installation of PV panels or solar heating system to an existing dwelling	154.17	30.83	185.00				154.17	30.83	185.00
Installation of a controlled fitting to an existing dwelling (see list)*	154.17	30.83	185.00				154.17	30.83	185.00
Re roofing of an existing dwelling	125.00	25.00	150.00				125.00	25.00	150.00
Note - where work described in table C is to be carried out at the same time as work described in table B, then the table C charge will be reduced by 50%.									

Where a standard charge for the work to be carried out is not specified in Tables A to D, involves more than one type of work or at the request of the relevant person, a quotation for the work will be given in accordance with the Building (Local Authority Charges) Regulations 2010.

Where the application is for a Regularisation Certificate, the charge will be the Building Notice charge for that type of work plus 30%. Note however that VAT is not payable on applications for a Regularisation Certificate.

BUILDING CONTROL CHARGES

Table D - Building Control fees for OTHER WORK									
Estimated cost of the building work	Full Plans Applications						Building Notice Applications		
	Plan Charge			Inspection Charge			Building Notice Charge		
	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £	Net Charge £	VAT £	Gross Charge £
Work for which the estimated cost is up to £5,000	83.34	16.66	100.00	125.00	25.00	150.00	208.34	41.66	250.00
Work for which the estimated cost is over £5,000 and up to £20,000	133.34	26.66	160.00	200.00	40.00	240.00	333.34	66.66	400.00
Where the estimated cost exceeds £20,000, please contact us on 01476 406187 or e-mail bcontrol@southkesteven.gov.uk for a quotation									

Where a standard charge for the work to be carried out is not specified in Tables A to D, involves more than one type of work or at the request of the relevant person, a quotation for the work will be given in accordance with the Building (Local Authority Charges) Regulations 2010.

Where the application is for a Regularisation Certificate, the charge will be the Building Notice charge for that type of work plus 30%. Note however that VAT is not payable on applications for a Regularisation Certificate.

BUILDING CONTROL CHARGES

	Detail	Effective Date	2011/12	2012/13	VAT
				£	
	BUILDING CONTROL CHARGES				
1	<u>Ordnance Survey Plans</u>				
	Building Regs application site plans				
	Scale 1 - 500 rural & urban (up to 6 No.)	01/04/10	10.00	10.00	Zero rated
	Scale 1 - 1250 rural & urban (up to 6 No.)	01/04/10	26.00	26.00	Zero rated
	Scale 1 - 1250 rural & urban (7-8 No.)	01/04/10	28.00	28.00	Zero rated
	Scale 1 - 1250 rural & urban (9-10 No.)	01/04/10	32.00	32.00	Zero rated
	Scale 1 - 1250 rural & urban (11 No.)	01/04/10	36.00	36.00	Zero rated
	Scale 1 - 2500 rural (up to 6 No.)	01/04/10	26.00	26.00	Zero rated
	Scale 1 - 2500 rural (7-8 No.)	01/04/10	28.00	28.00	Zero rated
	Scale 1 - 2500 rural (9-10 No.)	01/04/10	32.00	32.00	Zero rated
	Scale 1 - 2500 rural (11 No.)	01/04/10	36.00	36.00	Zero rated
	Scale 1 - 2500 urban starts at £52 (but this scale is not required)				
2	<u>Plans and drawings produced in Dept. - Copies</u>				
	Copies of building control notices are available upon request				

LAND CHARGES

	Detail	Effective Date	2011/12	2012/13	VAT
			£	£	
	LOCAL LAND CHARGE FEES				
1	Registration of a Charge on Part II of Register	01/04/11	75.00	75.00	O/Scope
2	Filing a Definitive Certificate of Lands Tribunal	01/04/11	3.00	3.00	O/Scope
3	Filing adjustment etc. for variation - cancellation of entry in Part II	01/04/11	8.00	8.00	O/Scope
4	Inspection of documents filed under Rule 10	01/04/11	3.00	3.00	O/Scope
5	Official search (including issue of Certificate) - whole of register	01/04/12	12.50	13.00	O/Scope
6	Office copy of entry in Register	01/04/12	11.50	12.00	O/Scope
7	Con 29 Part I enquiries - one parcel of land - each additional parcel	01/04/11 01/04/12	82.00 13.50	82.00 14.00	O/Scope O/Scope
8	Supplementary Part II enquiries - each printed enquiry except question 5 - Question 5 optional enquiry - Solicitor/Clients own enquiry - Question 22 common land	01/04/12 01/04/12 01/04/12 01/04/12	11.50 14.50 14.50 14.50	12.00 15.00 15.00 15.00	O/Scope O/Scope O/Scope O/Scope
9	Enquiries by personal searchers (per item)	01/04/12	14.50	15.00	O/Scope
10	Commercial Basic Search LLC1 and CON 29R	01/04/11	123.00	123.00	O/Scope
11	Expedited Search - 3 Day Turnaround	01/04/12	27.50	30.00	O/Scope
	CON29R UNREFINED DATA CHARGES				
12	Building Regulations Q1.1 (F to H)	01/04/12	8.12	6.85	O/Scope
13	Nearby Railway Schemes Q3.5	01/04/12	1.94	1.00	O/Scope
14	Outstanding Notices Q3.7 (A-D & F)	01/04/12	7.26	5.75	O/Scope
15	Contravention of Building Regulations Q3.8	01/04/12	1.72	1.50	O/Scope
16	Notices, Orders, Directions and Proceedings under Planning Acts Q3.9 (A-N)	01/04/12	5.47	4.70	O/Scope
17	Conservation Area Q3.10 (B)	01/04/12	2.17	1.00	O/Scope
18	Compulsory Purchase Q3.11	01/04/12	2.42	1.50	O/Scope
19	Contaminated Land Q3.12 (Bi & C)	01/04/12	11.74	10.60	O/Scope

DEVELOPMENT CONTROL

A. OUTLINE APPLICATIONS (residential, commercial and agricultural)	
1. Where the site area does not exceed 2.5 hectares.	£335 for each 0.1 hectare (or part thereof) of site area.
2. Where the site area exceeds 2.5 hectares.	£8,285 and an additional £100 for each 0.1 hectare (or part thereof) in excess of 2.5 hectares up to a maximum of £125,000.
B. FULL APPLICATIONS AND RESERVED MATTERS	
1. Extensions or alterations to a dwelling and works within the curtilage, eg domestic outbuildings, garages, fences, walls etc.	£150 per dwelling (where the applications relate to 2 or more dwelling houses, £295).
2. Erection of new dwellings (a) 50 or fewer (b) 51 or more	£335 for each dwelling £16,565 and an additional £100 for each dwelling in excess of 50, up to a maximum of £250,000.
3. Erection of buildings other than dwellings, glasshouses, or plant and machinery.	(a) Where no floor space is to be created, or works not creating more than 40 sq m. of additional floor space £170. (b) Works creating more than 40 sq m. but not exceeding 75 sq m. of additional floor space £335, (c) Works creating more than 75 sq m. but not exceeding 3750 sq m. of additional floor space £335 for each 75 sq m of that area (or part thereof). (d) Works creating more than 3750 sq m. of additional floor space, £16,565 and an additional £100 for each 75 sq m. (or part thereof) in excess of 3750 sq m. up to a maximum of £250,000.
4. Erection, on land for the purposes of agriculture, of buildings to be used for agricultural purposes (other than buildings in section 5 below).	(a) Where gross floor space created does not exceed 465 sq m., £70 (b) Where floor space created is between 465 sq m. and 540 sq m., £335 (c) Where floor space created is between 540 sq m. and 4215 sq m., £335 for the first 540 sq m. and an additional £335 for each 75 sq m. (or part thereof) in excess of 540 sq m. (d) Where the floor space created exceeds 4215 sq m., £16,565 and an additional £100 for each 75 sq m. (or part thereof) in excess of 4215 sq m. up to a maximum £250,000.
5. Erection of glasshouses on land used for the purposes of agriculture.	(a) Works creating floor space not exceeding 465 sq m., £70. (b) Works creating floor space exceeding 465 sq m. £1870.
6. The construction of car parks, service roads and other means of access on land used for the purpose of a single undertaking, where the development is required for a purpose incidental to the existing use of land.	£170.00
7. The erection, alteration or replacement of plant machinery.	(a) Where the site area does not exceed 5 hectares, £335 for each 0.1 hectare (or part thereof) of the site area. (b) Where the site area exceeds 5 hectares, £16,565, and an additional £100 for each 0.1 hectares (or part thereof) in excess of 5 hectares, up to a maximum of £250,000.
8. The carrying out of any operations associated with exploratory drilling for oil or natural gas.	(a) Where the site area does not exceed 7.5 hectares, £335 for each 0.1 hectare (or part thereof) of the site area. (b) Where the site area exceeds 7.5 hectares, £25,000 and an additional £100 for each 0.1 hectares (or part thereof) in excess of 7.5 hectares, up to a maximum of £250,000.

Note:

Awaiting Government approval of proposed deregulation for the setting of planning fees which will result in new fees and charges being agreed

DEVELOPMENT CONTROL

C. CHANGES OF USE (land and buildings)	
1. Change of use or subdivision of an existing single dwelling house.	(a) Where the change of use is to use as 50 or fewer dwelling houses, £335 for each additional dwelling. (b) Where the change of use is to use as more than 50 dwelling houses, £16,565 and an additional £100 for each dwelling house in excess of 50, up to a maximum of £250,000.
2. Change of use to one or more dwelling houses of any other building.	(a) Where the change of use is to use as 50 or fewer dwelling houses, £335 for each dwelling. (b) Where the change of use is to use as more than 50 dwelling houses, £16,565 and an additional £100 for each dwelling house in excess of 50, up to a maximum of £250,000.
3. The making of a material change in the use of a building or of land (other than a material change of use coming within any of the above categories).	£335
D. CERTIFICATE OF LAWFULNESS	
1. For existing use.	Same fee as if a planning application was being submitted.
2. For proposed use.	Half the equivalent planning fee.
E. OTHER OPERATIONS/APPLICATIONS	
1. For non-compliance with, or variation of conditions including retention of temporary buildings, continuation of temporary use etc.	£170.00
2. The carrying out of any other operations not coming in any of the above categories.	£170 for each 0.1 hectare (or part thereof) of the site area, up to maximum of £250,000.
F. ADVERTISEMENTS	
1. Relating to a business on the premises or advance signs directing the public to a business.	£95.00
2. Other advertisements.	£335.00
G. APPROVAL OF DETAILS	
1. Agricultural or forestry development.	£70.00
2. Demolition of buildings.	£70.00
3. Development by telecommunications code system operators.	£335.00
H. CONCESSIONARY FEES AND EXEMPTIONS	
1. NO FEE REQUIRED (a) Works to improve the disabled persons access to a public building or alterations to accommodate a registered disabled persons access, safety, health or comfort at that persons dwelling house. (b) Application requires because of the removal of permitted development rights by a condition, Article 4 direction or local development order. (c) Revised or fresh application for development (or advertisement) of the same character, description, site and applicant within 12 months of refusal or of the making of the earlier application if withdrawn, or within 12 months of expiry of the statutory (d) Revised or fresh application for development of the same character, description, site and applicant within 12 months of receiving permission.	
2. Applications by Parish Councils etc. (including advertisement applications)	Half the normal fee.
3. Alternative applications for one site	Highest of the fees applicable for each alternative and sum equal to half the rest.
4. Development crossing planning authority boundaries.	Only one fee paid to the authority having the larger site but calculated for the whole scheme to special ceiling.
5. Reserved matters where applicants earlier reserved matters applications have incurred total fees equaling that for a full application for the entire scheme.	£335.00
This is only a summary of scales of fees, listing only the most common types of application.	

Note:

Awaiting Government approval of proposed deregulation for the setting of planning fees which will result in new fees and

DEVELOPMENT & GROWTH

DEVELOPMENT CONTROL

charges being agreed

DEVELOPMENT CONTROL

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	PLANNING CHARGES				
1	<u>Ordnance Survey Plans</u>				
	Planning application site plans				
	Scale 1 - 500 rural & urban (up to 6 No.)	01/04/10	10.00	10.00	Zero rated
	Scale 1 - 1250 rural & urban (up to 6 No.)	01/04/10	26.00	26.00	Zero rated
	Scale 1 - 1250 rural & urban (7-8 No.)	01/04/10	28.00	28.00	Zero rated
	Scale 1 - 1250 rural & urban (9-10 No.)	01/04/10	32.00	32.00	Zero rated
	Scale 1 - 1250 rural & urban (11 No.)	01/04/10	36.00	36.00	Zero rated
	Scale 1 - 2500 rural (up to 6 No.)	01/04/10	26.00	26.00	Zero rated
	Scale 1 - 2500 rural (7-8 No.)	01/04/10	28.00	28.00	Zero rated
	Scale 1 - 2500 rural (9-10 No.)	01/04/10	32.00	32.00	Zero rated
	Scale 1 - 2500 rural (11 No.)	01/04/10	36.00	36.00	Zero rated
	Scale 1 - 2500 urban starts at £52 (but this scale is not required)				
2	<u>Charges in connection with land/property transactions</u>				
	Detailed queries on consents involving search for relevant information*	01/04/12	25.00	25.00	Inclusive
	* stated charge plus relevant copying charges				
	Check involving site inspection*	01/04/12	20.00	20.00	Inclusive
	* stated charge plus mileage plus officer hourly rates				

HELPLINE

	Detail	Effective Date	2011/12 £	2012/13 £	VAT
	HELPLINE SERVICE PRIVATE AND PUBLIC SECTOR				
1	<u>Monitoring Costs (per week)</u>				
	Monitoring only	01/04/12	1.61	1.65	Inclusive
	Monitoring and Mobile Warden	01/04/12	4.68	4.80	Inclusive
2	<u>Rented Helpline (per week)</u>				
	Monitoring only	01/04/12	3.82	3.95	Inclusive
	Monitoring and Mobile Warden	01/04/12	6.91	7.10	Inclusive
3	<u>Rented Portal unit (per week)</u>				
	Monitoring only	01/04/12	3.33	3.40	Inclusive
	Monitoring and Mobile Warden	01/04/12	6.43	6.55	Inclusive
4	Daily call-out from the Care Centre	01/04/12	1.61	1.65	Inclusive
5	Responsive visit by Mobile Warden	01/04/12	11.70	12.10	Inclusive
6	Rental of Lifeline Fall Detector	01/04/12	0.59	0.60	Inclusive

Treasury Management Strategy Report 2012/13

This report outlines the Council's prudential indicators for 2012/13 – 2014/15 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements as required by the Local Government Act 2003:

- The reporting of the prudential indicators setting out the expected capital activities as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Code of Practice (section 1);
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year – as required by Regulation under the Local Government and Public Involvement in Health Act 2007 (section 1);
- The treasury management strategy statement which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown in section 2;
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss (in accordance with the CLG (Communities for Local Government) investment guidance) (section 3);

Revised editions of the CLG Investment Guidance (March 2010) and the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were produced in November 2011. The revised guidance arising from these have been incorporated within this report.

The main changes initiated in the revisions above increase the Members' responsibility in this area. This requires greater Member scrutiny of the treasury policies, increased Member training and awareness and greater frequency of information. The Council has already incorporated these changes within its constitution by delegating responsibility for monitoring and revisions to the Treasury Management Strategy to Governance and Audit Committee. In addition to this the committee has undertaken specific Treasury Management training in June 2011. A mid-year report on performance in conjunction with an annual report is presented to the Governance and Audit Committee.

SECTION 1 - THE PRUDENTIAL INDICATORS 2011/12 to 2014/15

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. In addition to this the Council also adopts CIPFA's Treasury Management in the Public Services: code of practice and cross-sectoral guidance notes. This report revises the indicators for 2011/12 and 2012/13, and introduces new indicators for 2013/14 and 2014/15. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy for 2012/13 is included in Section 2 to complement the indicators, and this report includes the prudential indicators relating to the treasury activity.
3. A number of Prudential Indicators covering treasury management have been moved to the Treasury Management Code of Practice. These Treasury Management indicators are contained within this report.
4. A key issue facing the Council is the impact of the planned HRA reform which essentially brings to an end the housing subsidy system and will see the HRA become a standalone business. The Council currently pays into the HRA subsidy system and in order to stop future payments from the 1 April 2012 the Council is required to pay the CLG £122m. The payment is effectively HRA debt, and so the prudential indicators have been adjusted to reflect this change (as approved by Council on 8th December 2011). The actual payment will be made on the 28 March 2012 and the change is expected to be beneficial to the Council.

The Capital Expenditure Plans

5. 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; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:
 - Service objectives (e.g. strategic planning);
 - Stewardship of assets (e.g. asset management planning);
 - Value for money (e.g. option appraisal);
 - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
 - Affordability (e.g. implications for the council tax and rents);
 - Practicality (e.g. the achievability of the forward plan).
6. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.

7. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need. Each year an annual revenue charge (Minimum Revenue Provision) to reduce the borrowing need.
8. The key risks to the plans are that the level of Government support has been estimated and is therefore maybe subject to change. Similarly some of estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to impact of the recession on the property market.
9. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

£m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Capital Expenditure				
Non-HRA	£2.337m	£6.477m	£3.011m	£2.114m
HRA	£5.410m	£4.411m	£3.809m	£4.707m
Financed by:				
Supported Borrowing	£0.000m	£0.000m	£0.000m	£0.000m
Unsupported Borrowing	£0.000m	£0.000m	£0.000m	£0.000m
Capital receipts reserve	£0.000m	£4.752m	£2.232m	£1.335m
Capital grants	£0.569m	£0.654m	£0.254m	£0.254m
Capital reserves	£6.653m	£4.798m	£3.809m	£4.707m
Revenue	£0.525m	£0.684m	£0.525m	£0.525m
Net financing need for the year	0	0	0	0

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

10. 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.
11. Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR

12. The Council is asked to approve the CFR projections below:

£m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Capital Financing Requirement				
CFR – Non Housing	4.663m	4.476m	4.297m	4.125m
CFR - Housing	2.159m	124.480m	124.480m	124.480m
HRA Settlement	122.321m	0.000m	0.000m	0.000m
Total CFR	129.143m	128.956m	128.777m	128.605m
Movement in CFR	122.127m	(0.187m)	(0.179m)	(0.172m)

£m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Movement in CFR represented by				
Net Financing need for the year (above)	0.000m	0.000m	0.000m	0.000m
HRA Settlement	122.321m	0.000m	0.000m	0.000m
Less MRP/VRP and other financing movements	(0.194m)	(0.187m)	(0.179m)	(0.172m)
Movement in CFR	122.127m	(0.187m)	(0.179m)	(0.172m)

13. 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 - MRP), although it is also allowed to undertake additional voluntary payments (VRP). The MRP is the reason for the negative year on year movements in the CFR forecasts shown above.

14. CLG Regulations have been issued 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. The Council is recommended to approve the following MRP Statement.

15. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outline in former CLG Regulations.

16. From 1 April 2008 for all new 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).

17. For authorities who participate in LAMS (Local Authority Mortgage Scheme) using the cash backed option (which the Council is currently considering), the mortgage lenders require a 5 year deposit from the local authority to match the 5 year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application.
18. No revenue charge is currently required for the HRA. However under HRA reform the HRA will be required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations will allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years.
19. Repayments included in annual PFI or finance leases are applied as MRP

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

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

Year End Resources £m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Fund balances	11.398m	12.084m	14.219m	16.976m
Capital receipts	8.280m	4.668m	4.663m	4.555m
HRA reserve	8.482m	8.554m	10.009m	13.086m
Major Repairs Reserve	3.611m	4.400m	5.791m	6.284m
Total Core Funds	31.771m	29.706m	34.652m	40.901m
Working Capital*	(2.370m)	(2.370m)	(2.370m)	(2.370m)
Expected Investments	29.401m	27.336m	32.282m	38.531m

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

Affordability Prudential Indicators

21. 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 asked to approve the following indicators:

22. **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.

%	2011/12 Revised	2012/13 Estimated	2013/14 Estimated	2014/15 Estimated
Non-HRA	(0.51%)	(1.04%)	(1.21%)	(3.24%)
HRA	(0.60%)	20.95%	19.87%	24.24%

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

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

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

£	Original 2011/12	Forward Projection 2012/13	Forward Projection 2013/14	Forward Projection 2014/15
Variance change in original to revised spending programme	-1.44	1.58	0.76	0.51

26. **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 housing stock.

27. Incremental impact of capital investment decisions Housing Rent levels

£	Original 2011/12	Forward Projection 2012/13	Forward Projection 2013/14	Forward Projection 2014/15
Variance change in original to revised spending programme	-173.38	-7.87	-113.65	-116.67

28. This indicator shows the revenue impact on any newly approved schemes if there was no rent restructuring in place. However, there is no actual impact on rent levels through any decisions on capital investments due the operation of rent restructuring currently.

SECTION 2 - TREASURY MANAGEMENT STRATEGY 2012/13 to 2014/15

29. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Section 1 consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets balanced budget requirement under the Local Government Finance Act 1992.
30. 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 – revised November 2011). This Council adopted the Code of Practice on Treasury Management on 23 June 2004, and will adopt the revised Code.
31. As a result of adopting the Code the Council also adopted a Treasury Management Policy Statement which is also a requirement of one of the prudential indicators and is outlined below:
- The organisation defines its treasury management activities as: the management of the organisations investments and cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
 - The organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage risks.
 - The organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principle of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, with the context of effective risk management.
32. The Constitution requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 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 reports are produced after the year-end to report on actual activity for the year as was in year reporting of at least half-yearly.

33. This strategy covers:
1. The Council's debt and investment projections;
 2. The Council's estimates and limits on future debt levels;
 3. The expected movement in interest rates;
 4. The Council's borrowing and investment strategies;
 5. Treasury performance indicators; and
 6. Specific limits on treasury activities.

Debt and Investment Projections 2012/13 – 2014/15

34. 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. The expected maximum debt position during each year represents the Operational Boundary prudential indicator, and so may be different from the year end position.
35. The borrowing position is expected to change significantly in 2012 as, the Council will be required to make a one off payment to the CLG to remove the HRA from the current housing subsidy system. The payment is expected to be £122m. This one off payment is compensation, ensuring the HRA will no longer make future annual payments to the CLG. Therefore, the relevant prudential indicators have been updated to reflect this.
36. The Councils revised treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (CFR), highlighting any over or under borrowing.

£m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
External Debt				
Existing Debt at 1 April	(2.591m)	(124.886)	(122.484m)	(118.999m)
Expected change in debt	0.026m	0.026m	1.026m	0.013m
HRA Settlement	(122.321m)	2.376m	2.459m	2.545m
Debt at 31 March	(124.886m)	(122.484m)	(118.999m)	(116.441m)
CFR	129.143m	128.956m	128.777m	128.605m
Under / (over) borrowing	4.257m	6.472m	9.778m	12.164m
Total Investments at 31 March	31.771m	29.706m	34.652m	40.901m
Investment change	(1.850m)	(2.065m)	4.946m	6.249m
Net Debt	(95.485m)	(95.148m)	(86.717m)	(77.910m)

37. As part of the HRA reform payment to CLG the operational boundary has increased by £130m to £133m. This limit has been set to ensure sufficient headroom is in place to allow the repayment as part of the Councils prudential indicators.

Limits to Borrowing Activity

38. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
39. The Head of Finance 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 this budget report.
40. **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary £m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Debt	2.565m	2.539m	1.513m	1.500m
+ HRA Reform	122.321m	119.945m	117.486m	114.941m
Other long term liabilities	0.000m	0.000m	0.000m	0.000m
Total	124.886m	122.484m	118.999m	116.441m

41. **The Authorised Limit for External Debt** – A further key prudential indicator represents a control on the overall level of borrowing. 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.
42. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. 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 exercised.
43. The Council is asked to approve the following Authorised Limit taking into account the expected self-financing payment to CLG as part of the HRA reform:

Authorised limit £m	2011/12 Revised £	2012/13 Estimated £	2013/14 Estimated £	2014/15 Estimated £
Debt	18.000m	18.000m	18.000m	18.000m
+ HRA Reform	130.000m	130.000m	130.000m	130.000m
Other long term liabilities	-	-	-	-
Total	148.000m	148.000m	148.000m	148.000m

Prospects for Interest Rates

44. The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Annex 1 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view

Annual Average %	Bank Rate	Money Rates		PWLB Rates*		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

* Borrowing Rates

45. Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target. Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

46. Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

47. This challenging and uncertain economic outlook has a several key treasury magement implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;

- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

A more detailed economic outlook for both the Global and UK economy is included in Annex 2.

Borrowing Strategy 2012/13 – 2014/15

48. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained for the borrowing excluding the HRA reform settlement
49. Against this background and the risks within the economic forecast, caution will be adopted with the 2012/13 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
50. The requirement for the HRA reform settlement to be made to the CLG on 28 March 2012 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount of £122m available by the 28th March 2012, so separate borrowing solely for this purpose is anticipated. The PWLB are providing loans at interest rates 0.85% lower than the usual PWLB interest rates solely for the settlement requirements. This provides a compelling reason to utilise this borrowing availability. The exact structure of debt to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council.
51. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
52. The option of postponing borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.

Treasury Management Limits on Activity

53. There are three debt related treasury activity limits. The purpose of these are 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/improve performance. The indicators are:
 - Upper limits on variable interest rate exposure – This 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.

54. The Council is asked to approve the limits:

£m	2011/12	2012/13	2013/14	2014/15
Interest rate Exposures				
	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	133.000m	133.000m	133.000m	133.000m
Limits on variable interest rates based on net debt	40.000m	40.000m	40.000m	40.000m
Maturity Structure of fixed interest rate borrowing 2012/13				
	Lower	Upper	Upper	
Under 12 months	0%	40%	0%	
12 months to 2 years	0%	40%	40%	
2 years to 5 years	0%	100%	100%	
5 years to 10 years	0%	100%	100%	
10 years and above	0%	100%	100%	

Policy on Borrowing in Advance of need

55. The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

56. The Head of Finance may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Head of Finance will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

57. It would not look to borrow more than 24 months in advance of need.

58. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

59. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
60. The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
61. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

SECTION 3 - ANNUAL INVESTMENT STRATEGY 2012/13 to 2014/15

Investment Policy

62. The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
63. In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Sector ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
64. Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.
65. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
66. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.
67. The intention of the strategy is to provide security of investment and minimisation of risk.
68. Investment instruments identified for use in the financial year are listed in Annex 3 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules
69. **Investment Counterparty Selection Criteria** - 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 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.

- 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.
70. The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to either Council or Governance and Audit Committee for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.
71. 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 (where rated). 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. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
72. Credit rating information is supplied by Sector, the Councils treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.
73. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:
- **Banks & Building Societies** – the Council will use a criteria based system covering Banks & Building Societies. (see Annex 3 for specific criteria).
 - The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity)
 - A local authority
 - Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
 - Local Authority Mortgage scheme (although this is classified as being a service investment rather than a treasury investment, and is therefore outside of the Specified / Non-specified categories).

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.

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

74. The proposed criteria for Specified and Non-Specified investments are shown in Annex 3 for approval along with monetary limits for each type of counterparty.

75. **Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Investment Strategy

76. **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

77. **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2013. Bank Rate forecasts for financial year ends (March) are:

- 2011/12 0.50%
- 2012/13 0.50%
- 2013/14 1.25%
- 2014/15 2.50%

78. There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

79. The suggested budgeted investment earnings rates for returns on investments placed for periods up to one year during each financial year for the next three years are as follows:

- 2012/13 1.50%
- 2013/14 1.90%
- 2014/15 3.10%

80. **Investment treasury indicator and limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

81. The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	2012/13	2013/14	2014/15
Principal sums invested > 364 days	£8.000m	£9.000m	£10.000m

82. **Risk Benchmarking** – A development in the revised Codes and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature.

83. These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

84. **Security** - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.1% historic risk of default when compared to the whole portfolio.

85. **Liquidity** – In respect of this area the Council seeks to maintain:

- Bank overdraft - £0.25m
- Liquid short term deposits of at least £3m available with a week's notice.
- Weighted Average Life benchmark is expected to not exceed a maximum of 1 year.

86. **Yield - Local measures of yield benchmarks are :**

- Investments – Internal returns above the 7 day LIBID rate
- Investments – External fund managers - returns 10% above 7 day compounded LIBID.

87. **And in addition that the security benchmark for each individual year is:**

	1 year	2 years	3 years	4 years	5 years
Maximum	0.08%	0.22%	0.37%	0.52%	0.70%

Note: This benchmark is an average risk of default measure (potential loss on investments), and would not constitute an actual expectation of loss against a particular investment.

Performance Indicators

88. 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. Examples of performance indicators often used for the treasury function are:

- 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 (London Interbank Bid Rate)
- Investments – External fund managers - returns 110% above 7 day compounded LIBID.

The results of these indicators will be reported in the Treasury Annual Report.

Policy on Use of External Service Providers

89. The Council uses Sector as its external treasury management advisors.
90. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
91. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Member and Officer Training

92. The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council has addressed this important issue by:
 - Carrying out a programme of specific Treasury Management training with the members of the Governance and Audit Committee
 - Improved Governance arrangements through annual report and midyear strategy revisions had aided the development and knowledge of committee members.
 - Ensuring staff involved in the Treasury Management function are suitably qualified and have access to regular information updates and developments within the treasury arena.

Annex 1 - Interest Rate Forecast 2011/2015

Sector's Interest Rate View															
	Now	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
3 Month LIBID	0.87%	0.70%	0.70%	0.70%	0.70%	0.70%	0.75%	0.80%	0.90%	1.20%	1.40%	1.60%	2.10%	2.40%	2.60%
6 Month LIBID	1.16%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%	1.60%	1.80%	2.00%	2.50%	2.70%	2.90%
12 Month LIBID	1.65%	1.50%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.20%	2.40%	2.60%	3.10%	3.20%	3.30%
5yr PWLB Rate	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
10yr PWLB Rate	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
25yr PWLB Rate	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
50yr PWLB Rate	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate															
Sector's View	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
UBS	2.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
10yr PWLB Rate															
Sector's View	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
UBS	3.33%	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
Capital Economics	3.33%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
25yr PWLB Rate															
Sector's View	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
UBS	4.24%	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
Capital Economics	4.24%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
50yr PWLB Rate															
Sector's View	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
UBS	4.26%	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
Capital Economics	4.26%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	-	-	-	-	-

Annex 2 – Economic Background 2011/2015

Global economy

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing Eurozone sovereign debt crisis which has intensified, rather than dissipated throughout 2011. The main problem has been Greece, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the Euro bloc.

As if that were not enough there is growing concern about the situation in Italy and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the emerging markets but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

UK economy

The Government’s austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment. With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate. For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating. The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation ;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Annex 3

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

CLG issued Investment Guidance in 2010, 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 this 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 23 June 2004 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance has produced its treasury management practices (TMPs). 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 the following:

- The strategy guidelines for choosing and placing 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, although this is defined by the Council, and 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:

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

The criteria enable the Council to choose Specified and Non Specified investments. The rating criteria is based on the Lowest Common Denominator method (LCD - this includes ratings by Standard and Poor's, Moody's and Fitch) and institutions must meet all criteria (where rated) in order for the Council to place investments with them.

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. The Council's Treasury Management Officer is restricted to placing Specified Investment funds with:

Table A – Specified Investments

	Specified Investments Category	Limit																											
a	<p>A body of high credit quality, this category includes the following -</p> <p><input type="checkbox"/> A UK bank or building society awarded a high credit rating by a credit rating agency, meeting the following criteria using the LCD method</p> <table border="1"> <thead> <tr> <th colspan="4">Fitch</th> <th colspan="3">Moody's</th> <th colspan="2">Standard and Poor's</th> </tr> <tr> <th>Short Term</th> <th>Long Term</th> <th>Viability</th> <th>Support</th> <th>Short Term</th> <th>Long Term</th> <th>Financial Strength</th> <th>Short Term</th> <th>Long Term</th> </tr> </thead> <tbody> <tr> <td>F1</td> <td>AA-</td> <td>BB+</td> <td>3</td> <td>P1</td> <td>Aa3</td> <td>C</td> <td>A-1</td> <td>AA-</td> </tr> </tbody> </table> <p><input type="checkbox"/> A body of high credit quality that was an Eligible Institution under the UK Government's Asset protection scheme, and with minimum criteria of F1, A+ and equivalent from Moody's and Standard & Poor's using the LCD method. The counterparty may also have a proportion of the UK government ownership.</p> <p><input type="checkbox"/> Part nationalised banks can be included within specified investments as long as they remain part-nationalised or meet the ratings criteria as outlined above.</p>	Fitch				Moody's			Standard and Poor's		Short Term	Long Term	Viability	Support	Short Term	Long Term	Financial Strength	Short Term	Long Term	F1	AA-	BB+	3	P1	Aa3	C	A-1	AA-	£10m per institution or a maximum of 30% of fixed term investment (whichever is the greatest), £10m per corporate group
Fitch				Moody's			Standard and Poor's																						
Short Term	Long Term	Viability	Support	Short Term	Long Term	Financial Strength	Short Term	Long Term																					
F1	AA-	BB+	3	P1	Aa3	C	A-1	AA-																					
b	The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity)	no amount limit																											
c	UK local authorities	£5m per LA, £10m all LAs																											
d	<p>Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This category covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.</p> <p>CLG Investment Guidance specifies that Money Market Funds with high credit ratings are classified as Specified Investment. These funds are instant access investment. There is possibility that part of the investment may be exposed to counterparties the Council would not approve normally or invest directly. The counterparty risk is mitigated by that –</p> <ul style="list-style-type: none"> • The Fund Managers diversify investment in a range of counterparties; • The Funds are instant access; • The Council only invests in funds rated AAA; • DCLG Investment Guidance classifying such funds as Specified Investment. 	£5m per fund,																											

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:

Amounts invested with any one institution shall not exceed £2m for periods of more than 2 years. Amounts invested with any one corporate group shall not exceed £5m (with the exception of Councils own bank).

Amounts invested in non specified fixed term investment would normally not exceed 25% of total funds placed in fixed term deposit. The Head of Finance has the discretion to exceed the limit within reasons. If these circumstances are required this will be reported back to the appropriate committee.

Table B – Non Specified Investments

	Non Specified Investment Category	Limit
a.	Any institutions meeting the criteria set out for Specified Investments , with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£4m maximum of 2 years per institution
b.	Councils Bank – Should its ratings fall below that required for specified investment, monies will be restricted to instant access.	£7m
c.	Top 10 building societies, by asset value.	£2m, 2 years per institution. £5m for all B/S sector

Local Authority Mortgage Scheme. Under this scheme the Council will place a maximum fund of £5m, with one of the approved lenders participating in the LAMS scheme for a fixed period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and is therefore outside of the Specified / Non specified categories

The Monitoring Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Sector, on a daily basis and 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 Head of Finance, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers –The Council currently uses external fund managers for part of its investment portfolio. The Council is not restricted to placing funds with cash managers, and will manage funds in house, use fund managers, or brokers if it is appropriate to do so.

The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep to the Council’s investment strategy.

Currently the Council has an agreement with Tradition UK and Sterling International. The fund managers are required to adhere to the following:

- All investments restricted to sterling denominated instruments;
- Amounts invested with any one institution or Corporate Group should not exceed the limits specified in Table A and Table B.
- Portfolio management is measured against the return provided by the 3 month sterling LIBID, or in accordance with the measures specified in the contract.

The performance of investment managed by Fund Managers is reviewed at least quarterly by the Head of Finance.

Ethical Investment Statement - The council has approved the following ethical investment statement that will apply to all cash investments made by, or on behalf of, the council

“The Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- encouraging those institutions to adopt and publicise policies on socially responsible investments;
- requesting those institutions to apply council deposits in a socially responsible manner.”

Counterparties shall be advised of the above statement.

Annex 4

Risk Management – The Council undertakes risk assessment for all fixed term deposits. The risk assessment uses the following template –

Risk assessment of new investment (last updated August 2009)

Investment	Institution	Risk Assessment		
Investment Product	Institution name	<i>Risk of the counterparty defaulting on investment</i>		<i>Likelihood</i>
Principal Value	Eligibility	Counterparty on our specified list: Instant access	1.4	
		Counterparty only on non specified list: Instant access	1.7	
		Counterparty on our specified list: <=364 days	2	Unlikely
Term	Limit with this institution	Counterparty only on non specified list: <=364 days	2.4	
		Counterparty only on non specified list: >364 days	3	Likely
Rate	Existing investment value	<i>Impact of losing the investment</i>		<i>Impact</i>
Rate %	Value inc new investment	Total principal less than £700,000	1	Negligible
		Total principal between £700,000 and £1.4m	2	Minor
		Total principal between 1.4m and £3.5m	3	Major
		Total principal greater than £3.5m	4	Critical

Risk Score :

Internal Reference Is it within the limit?

Risk assessed by:

Risk assessment date: