

Council Agenda



Contact: Steven Corrigan, Democratic Services Manager
Telephone number 01235 547675
Email: steven.corrigan@southandvale.gov.uk
Date: 11 October 2011
Website: www.whitehorsedc.gov.uk

Summons to attend a meeting of Council

to be held on Wednesday 19 October 2011 at 7pm
Guildhall, Abingdon

A handwritten signature in black ink, appearing to read "M Reed".

Margaret Reed
Head of Legal and Democratic Services

A large print version of this agenda is available. In addition any background papers referred to may be inspected by prior arrangement.

Please note that this meeting will be held in a wheelchair accessible venue. If you would like to attend and have any special access requirements, please let the Democratic Services Officers know beforehand and they will do their very best to meet your requirements.

Members are reminded of the provisions contained in the code of conduct adopted on 30 September 2007 and standing order 34 regarding the declaration of personal and prejudicial interests.

Note: please remember to sign the attendance register.

Agenda

Open to the Public including the Press

Map and vision

(Page 7)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is

http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp

The council's vision is to build and safeguard a fair, open and compassionate community.

PRAYERS

1. Apologies for absence

To receive apologies for absence.

2. Declarations of interest

To receive any declarations of personal or personal and prejudicial interests in respect of items on the agenda for this meeting.

3. Minutes

To adopt and sign as a correct record the council minutes of the meeting held on 13 July 2011.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Statements, petitions and questions from the public relating to matters affecting Council

Any statements, petitions and questions from the public under standing order 32 will be made or presented at the meeting.

6. Urgent business

Any non exempt urgent business will be considered at this point in the meeting.

7. Petitions under standing order No.13

To receive petitions from members of the council under standing order 13 (if any).

8. Questions under standing order 12

To receive questions from members of the council under standing order 12 as follows:

1. Question from Councillor Jerry Patterson to the Leader of the Council. "Does the Leader of the Council believe in evidence based policies to run the Vale?"
2. Question from Councillor Bob Johnston to Councillor Elaine Ware. "Does the Councillor accept that successful policies to promote town centre vitality require a mixture of the economic, environmental and social strands?"
3. Question from Councillor Bob Johnston to Councillor Elaine Ware. "Does the Councillor accept that any Vale policy which increases air pollution in town centres is undesirable?"
4. Question from Councillor Bob Johnston to Councillor Elaine Ware. "Did she as a portfolio holder find the recent debate at Scrutiny on monitoring free car parking useful? "
5. Question from Councillor Jerry Patterson to Councillor Roger Cox. "Does the Councillor accept that the Council should use its best endeavour to maintain a five year supply of building land?"

9. Recommendations from the Cabinet and committees

(Pages 8 - 17)

At its meeting on 8 July 2011 Cabinet considered a report on the council's car parking policy and agreed to introduce two hours free parking at all Vale car parks.

Scrutiny Committee, at its meeting on 24 August, considered a call-in of the decision. The committee did not recommend an alternative course of action. Council is asked to consider the following recommendation from Cabinet:

RECOMMENDATION TO COUNCIL: to approve a supplementary revenue estimate of £75,000 to fund these changes in the current financial year, with the money taken from the new homes bonus reserve.

10. Virements

(Pages 18 - 19)

In accordance with the virement policy, all virements of £10,000 and over and

virements across service areas require prior authorisation of the executive and must be reported to the council. Details are **attached** to this agenda.

11. Management restructure - amendment to the council's constitution

At its meeting in December 2010 Council agreed to authorise the head of legal and democratic services to amend the constitution to reflect the re-allocation of duties to alternative heads of service following the retirement of Mike Mackay, Head of Commercial Services. Following the departure of a number of service managers the chief executive undertook a further review of the management structure. In deleting the post of head of commercial services from the establishment he confirmed the temporary arrangements reported at the December meeting and appointed service managers to cover the work of those service managers who had departed. One of these appointments, that of Liz Hayden as service manager for community safety, licensing, land charges and business support working to the head of legal and democratic services, involves the transfer of responsibility of community safety from the head of corporate strategy to the head of legal and democratic services.

In order to ensure the council's constitution reflects these changes Council is asked to authorise the head of legal and democratic services to make the necessary changes to the council's constitution.

RECOMMENDATION: to authorise the head of legal and democratic services to make the necessary changes to the council's constitution to reflect the allocation of community safety to the head of legal and democratic services and the permanent reallocation of services following the retirement of the head of commercial services.

12. The Local Authorities (Members' Allowances) (England) Regulations 2003. Appointments to the Independent Remuneration Panel

At its meeting on 21 May 2008 Council appointed the following persons to the Independent Remuneration Panel until May 2011:

1. Dr Robert Smith
2. Dr Charles Swaisland
3. Mr Marc Thompson
4. Mr James Davies
5. Mr Stephen King

Council is asked to re-appoint the above to undertake reviews of the Members' Allowances Scheme.

RECOMMENDATION

That Council appoint the following persons to the Independent Remuneration Panel to undertake a review of the Members' Allowances Scheme until May 2016:-

- (1) Dr Robert Smith
- (2) Dr Charles Swaisland

- (3) Mr Marc Thompson
- (4) Mr James Davies
- (5) Mr Stephen King

13. Report of the leader of the council

(1) Urgent executive decisions

In accordance with the overview and scrutiny procedure rules, an executive decision can be taken as a matter of urgency, if any delay by the call-in process would seriously prejudice the council's or the public's interest. Treating the decision as a matter of urgency must be agreed by the chair of the Scrutiny Committee and must be reported to the next meeting of the council, together with the reasons for urgency.

To receive any details of urgent executive decisions taken since the last ordinary meeting of the council, (if any).

(2) Delegation of executive functions

To receive details of any changes to the scheme of delegation to Cabinet members.

(3) Matters affecting the authority arising from meetings of joint committees, partnerships and other meetings

To receive the report of the leader (if any).

14. Notices of motion under standing order 11

To receive the following notices of motion under standing order 11.

1. Motion to be proposed by Councillor Kate Precious and seconded by Councillor John Amys:

" The Council notes the great success of the Vale's Community Safety Partnership's Faringdon Project to improve public confidence, public safety and encourage community cohesion. This Council welcomes the work of the Partnership across the District and restates commitment to the Partnership. The Council also requests the Partnership to investigate initiating similar projects in the Vale, particularly in Grove, where there concern over anti-social behaviour is a significant issue."

2. Motion to be proposed by Councillor Richard Webber and seconded by Councillor Jenny Hannaby:

"This Council believes that all receipts from the "New Homes Bonus" should be spent on infrastructure within the Vale."

3. Motion to be proposed by Councillor Dudley Hoddinott and seconded by Councillor Debby Hallett.

“Council requests the Chief Executive to write to Eric Pickles MP to ask that the £250 million fund for weekly collections of waste be distributed on a per capita basis among all the waste collection authorities so that it can be used to pay for more recycling.”

4. Motion to be proposed by Councillor Bob Johnston and seconded by Councillor Ron Mansfield.

“This Council believes that the current proposal by the Parliamentary Boundary Commission to place Radley in a future Henley Constituency is fundamentally flawed. Radley has nothing in common with the proposed new Henley and is physically separated from it by the Thames, with no direct road connection whatsoever. This Council believes that if a rebalancing in the number of electors is required to equalise the new constituencies, then this would be better achieved by transferring a suitably sized area in the Gosford/Yarnton/Water Eaton area adjacent to similar areas which are already proposed to form part of the new Henley Constituency. This would leave Radley as an integral part of its present constituency. Council resolves to make representations accordingly.”

5. Motion to be proposed by Councillor Yvonne Constance and seconded by Councillor Matthew Barber

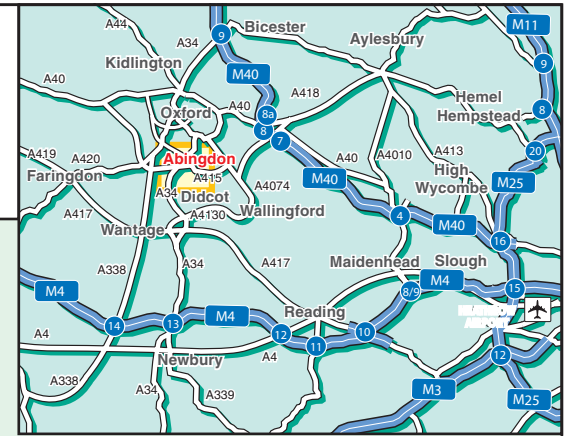
“Council instructs the chief executive to consult with group leaders on the process for recognizing those who have made a significant contribution to the Vale of White Horse by creating Freemen of Vale”.

6. Motion to be proposed by Councillor Matthew Barber and seconded by Councillor Roger Cox

“That this council’s current vision statement “to build and safeguard a fair, open and compassionate community” is replaced with the following “taking care of your interests throughout the Vale with Enterprise, Energy and Efficiency”.”

Exempt information under section 100A(4) of the Local Government Act 1972

None



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By rail – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit www.nationalrail.co.uk or call 08457 484950

By bus – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council’s website at www.oxfordshire.gov.uk. Contact details for bus operators can be found on the travel information pages on our website www.whitehorsedc.gov.uk

Parking – details of car parks charges can be found on our website

KEY: Car Parks

	Abbey Close
	Cattle Market
	Charter Multi-storey
	Civic
	Rye Farm
	Hales Meadow
	Audlett Drive
	West St Helen Street

Report to:

Audit and Governance Committee Cabinet Council

Report of: Head of Finance

Author: Steve Lawrence

Tel: 01235 540321

E-mail: steve.lawrence@southandvale.gov.uk

Cabinet Member responsible: Matthew Barber

Tel: 07816 481452

E-mail: matthew.barber@southandvale.gov.uk

To: Audit and Corporate Governance Committee on: 28 September 2011

To: Cabinet on: 7 October 2011

To: Council on: 19 October 2011

Report 29/11

Treasury management outturn 2010/11

Recommendation to council

To approve the treasury management outturn report for 2010/11;

To approve the actual 2010/11 prudential indicators (appendix 1).

To note the prospects for the return on investments from 2011/12 onwards.

Purpose of Report

1. The purpose of this report is to advise councillors of the performance of the treasury management function (the management of our investments) for the financial year 2010/11. This complies with the requirements of the CIPFA treasury management code of practice and the council's Treasury Management Practice 6 (TMP6).

Strategic Objectives

2. The report helps us to achieve our strategic objective of managing our business effectively by providing transparency and demonstrating effective management of our investments. The income from the investment portfolio contributes to the in-year revenue budget.

Background

3. As part of the 2010/11 budget setting process, council approved the treasury management strategy for 2010/11 on 17 February 2010. The treasury management strategy sets the parameters within which officers manage the council's treasury management activities.
4. This report outlines the performance over the last financial year of those funds managed in-house and those managed by *Investec Asset Management*, the Council's appointed investment manager. The Fund Manager's performance is reviewed by *Sector*, the Council's investment adviser. In addition, the report explains how background events in the financial markets and economy have affected investments and returns for 2010/11 and presents Members with a general overview of the current situation in the investment market.

Economic conditions in 2010/11 and looking forward

5. In 2010/11 the global financial markets were concerned with: the financial crisis in the euro-zone triggered by the threat of sovereign debt default by Greece; a last minute rescue from a total collapse of the euro single currency mechanism and, more recently, the announcement by the US Federal reserve Bank that it intends to keep its central rate unchanged until mid 2013.
6. In the UK, the coalition Government announced the most severe austerity package of public sector spending cuts since the Second World War, the effects of which are expected to have an impact on local government for many years to come.
7. Deposit rates picked up modestly in the second half of the year as rising inflationary concerns, and strong first half growth, fed through market expectations of the prospects of an early increase in the BoE Bank Rate. However, in March 2011, slowing actual growth, together with projected weak growth prospects, saw a market consensus of expectations of the first UK rate rise move back from May to August 2011 despite high inflation. However, the disparity of expectations on domestic economic growth and inflation encouraged a wide range of views on the timing of the start of increases in Bank Rate in a band that ranged from May 2011 through to early 2013. This sharp disparity was also seen in MPC voting which, by year-end, had three members voting for a rise while others preferred to continue maintaining rates at ultra low levels.
8. The Bank of England base rate started the year at 0.5 per cent and remained at this historically low level throughout 2010/11.
9. Consequently, both short and long term investment rates remained at extremely low levels throughout 2010/11.
10. The BoE has forecast that inflation will remain above target throughout 2012 but will return to target by 2013/14. There is a general consensus amongst economic commentators that interest rates will rise only very gradually through to 2014. This view is opposed by a small number of commentators who are worried by the potential inflationary pressures further quantitative easing (QE) may generate.

11. The economic environment remains difficult for the council and concerns over investment counterparty risk persist. This means that the council continues to maintain investments with high quality counterparties for relatively short periods. The obvious downside of this is that investment returns continue to remain low.

Base rate and LIBID rate

12. The London Interbank Bid Rate (LIBID) is the benchmark used to compare treasury management performance against because historically it has reflected the market conditions at which rates the banks lend to each other. The 7 day LIBID rate started 2010/11 at 0.42 per cent and moved slowly to close the year at 0.45 per cent, whilst base rate in comparison remained constantly at 0.50 per cent throughout 2010/11.

Icelandic bank collapse

13. The Council still holds a fixed-term deposit of £1m with Landsbanki, one of the Icelandic banks in administration, which should have been repaid in October 2008. Recovery of these investments by public authorities is being pursued as a group action by the LGA through the Icelandic courts and the Council is still anticipating to receive a substantial proportion of this deposit (and accrued interest) back.
14. On 1 April 2011 the Reykjavik District Court confirmed that local authority claims qualified for priority under Icelandic bankruptcy legislation. On this basis the estimated recoverable amount has remained the same at 94.85% although repayments will be received in stages up to 2018 with the first amount due in December 2011.

Treasury activities in 2010/11

Investment income

15. The actual investment income achieved in 2010/11 was £0.262 million. This was below the original budget forecast of £0.490 million by £0.228 million, although actual outturn was ahead of the revised forecast made in February 2011 by £21,900.

Out-turn compared with budget – investment income earned

	Fund manager	In-house team	total
Original budget 2010-11	£ 309,000	£ 180,900	£ 489,900
Actual out-turn 2010-11	£ 181,060	£ 80,840	£ 261,900
Out-turn short of budget by:	£ 127,940	£ 100,060	£ 228,000

The actual return achieved was 53.5% of the budget. This was largely due to the fact that interest rates have held at an historic low; this was not anticipated when the budget for 2010/11 was being drawn up in December 2009. The majority of forecasters were predicting that interest rates would have to start rising to combat rising inflation, probably reaching 4.8% in 2012. In the event rates have hardly moved at all and are not expected to for some time. Also because of the turmoil in the financial markets the council was restricting investments in order to reduce counterparty risk.

In-house Investment Performance

- 16 At the beginning of 2010/11 the in-house team had a debit balance of £1.843m due to the need to borrow short-term over the year-end. During the year the maximum investment holding was £24.2m and the total of investments made (turnover) was £88.64m. In-house investment income in the year amounted to £80,840 on an average invested balance of £11.968m - an average return of 0.675%. On 31 March 2011 the in-house team had a debit balance of £0.477m (again as a result of short-term borrowing at year-end).
- 17 It was necessary to borrow 3 times in the year to cover temporary cash flow shortages; a total of £3.5m for a total 29 days at an average 0.48%.
- 18 It is difficult to set targets for this sort of operation which aims to maximise returns within the constraints of security, liquidity and flexibility. Some measure of achievement can be obtained by looking at the rates achieved compared to a benchmark. The annual investment strategy says the target should be the widely published 7-day LIBID rate which is appropriate to the short-term nature of the council's investments.

In-house investment performance against benchmark.

Rate of return:	2008/09	2009/10	2010/11
In-house investment team	4.84%	1.07%	0.675%
In-house investment team (incorporating Landsbanki capital loss)	4.44%		
7 day LIBID	3.60%	0.37%	0.42%
LIBID exceeded by:	1.24 or 0.84%	0.70%	0.255%

- 19 The Council only holds funds to meet its daily cash-flow requirements and also invests the council tax and business rate receipts for a short temporary period until they are due to be paid over to precepting authorities or central government. In 2010/11 the weighted average life (WAL) of the council's investments was 22 days (2009/10, 19 days). WAL on any day is the remaining period of investments adjusted for the different amounts. The current, restricted availability of suitable counter-parties (i.e. the financial institutions to whom we are willing to lend) and the present very low rates available has meant that it has not been possible to achieve the rates of return seen in previous years.
- 20 Another performance target for the in-house team is the full investment of balances held. The low rates available mean that it costs more to lend £400,000 overnight than the interest received so funds are left in the bank accounts. The average balance at the bank at the end of the day during 2010/11 was £228,319.

External Fund Managers

- 21 The performance in 2010/11 is set out below showing the fund manager's return before payment of fees.

Sum Managed at 1.4.2010	£15,313,518
Sum Managed at 31.3.2011	<u>£15,494,584</u>
Increase in value during year (gross)	£ 181,066

The Council's money is held in what is known as a 'cash plus' fund; because of the nature and spread of the fund, the manager will generally hold a wider range of investments than the in-house team; these are within the legal constraints that apply to local authorities and the requirement for security mentioned above. This includes certificates of deposit (CDs) and government-issued stock (gilts) which may be held with the intention of making a return, not just from the yield, but from changes in value over a period. For this reason the return above may be unrealised at the year-end and the fund manager is allowed to retain this increased value within the fund until it is needed to be paid over to the council. This longer-term view can also mean that the fund might have investments temporarily showing a loss. These will rise in value as the maturity date approaches.

- 22 The result for *Investec* shown above equates to a gross rate of return (i.e. before fees) of 1.18% (1.00% after fees). References to fees relate to the actual charges made per quarter. In accordance with industry practice the fund manager deducts the fees from the sums held but these are accounted for as a revenue cost by the Council.

Investec Performance over 3 years (net of fees)

Rate of return:	2008/09	2009/10	2010/11
Investec Asset Management	7.42%	1.31%	1.00%
7 day LIBID	3.60%	0.37%	0.42%
LIBID exceeded by:	3.82%	0.94%	0.58%
Comparable LA funds average*	6.48%	1.37%	0.89%
Average exceeded/(short) by:	0.94%	(0.06%)	0.11%

- 23 The Council's investment advisers (*Sector*) provide the comparative figures* and have reported on the state of the market and the performance of the fund manager (*Investec*). They commented that the uncertain economic climate led fund managers generally to take a very cautious approach.

Looking Forward

- 24 The outlook for returns on cash investments in 2011/12 is still poor. Markets are continuing to remain volatile and unpredictable. Economic recovery is likely to be slow and prolonged with the Monetary Policy Committee becoming more concerned with poor economic growth and downplaying inflation concerns.
- 25 The estimate of investment income for the 2011/12 budget was based on economic predictions in December 2010, which had the BoE base rate starting to rise in 2011-12 and reaching 4% in 2014. The most recent forecasts are that base rate will not start to rise until the last quarter of 2012 and will only reach 2.5% by 2014. This will not have much effect on the estimate for 2011-12 which was based

on rates staying low but will mean a reduction in the predicted income over the 5 years of the medium term financial plan.

Land and Property

- 26 The council holds a portfolio of non-operational assets, which includes land, offices and shops that are let on a commercial basis. These assets had a net book value of £30.7 million (£29.0 million as at 31 March 2009) and generated income of £1.52 million (£1.65 million in 2009/10). This is equivalent to a return of 5.0% (2009/10, 5.7%). At March 2011 the ratio of property to cash investments was 66:34.
- 27 The Economy, Leisure and Property (ELP) team manages investment property ensuring that rent is collected and rent reviews are implemented. The performance of the investment property is assessed annually to determine if assets should be retained or disposed of.

Treasury Management Advisors

- 28 Together with South Oxfordshire District Council, we appointed Butlers, a business division of ICAP Securities Ltd, as our treasury advisors in July 2008. We awarded a three year contract to July 2011 which has been extended until 2012; this costs £9,375 in the current year and has produced efficiency savings for both councils over the contract period in terms of costs for South Oxfordshire District Council, and in terms of an increased range of services for the Vale of White Horse District Council. In October 2010, ICAP transferred Butlers to Sector Treasury Services Ltd and assigned the contract as allowed under the original agreement.

Prudential Indicators

- 29 As part of the 2010/11 budget setting process the council set a number of prudential indicators. These indicators establish the parameters within which we manage the overall capital and treasury management functions.
- 30 The Council is debt free and has no borrowing so the majority of the indicators are negative and therefore prove to be difficult to relate to the day-to-day treasury management activities. This does not mean however that the council should not still monitor its performance against the indicators
- 31 During 2010/11 the council has performed within all the parameters set out under the prudential code during 2010/11. The details of the actual indicators against the budget are shown in appendix one.

Financial Implications

- 32 The report gives financial information to help Members oversee the treasury management function.

Legal Implications

- 33 All the council's investments are, and will continue to be, within its legal powers.

34 There are no other legal implications of this report.

Risks

35 Treasury investments are made using the following principles (listed in order of priority):

- Security – certainty of return of the principal invested.
- Liquidity – the principal is returned at the time required for effective cashflow management.
- Yield – the Council achieves the best return on investment as possible without unnecessary exposure to risk.

36 Treasury Management Practices are recommended by CIPFA and are reviewed on a regular basis. These advocate the best practice to follow in order to reduce the level of risk involved in the treasury activities as much as possible; however, with the volatility of the markets, there will always be an element of exposure to risk. To reduce risk to its absolute minimum would mean that the level of return on investments will severely impact upon the revenue income of the Council.

Conclusion

37 The return on cash invested in 2010/11 was lower than initially anticipated due to the sustained very low interest rates – the outturn position was close to that expected during budget monitoring revisions.

38 The budgeted net income for 2011/12 is £371,800 and the current view is that this may still be achieved. Any variation will be shown in the in-year budget monitoring reports. However, the income over the next 4 years will be reduced from that forecast in the medium term financial plan and this will be reflected in the 2012-13 budget-setting process.

Appendix

1. Outturn against Prudential Indicators 2010/11

Background Papers

- CIPFA Code of Practice for Treasury Management in the Public Sector.
- Chartered Institute of Public Finance and Accounting (CIPFA) Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes
- Treasury Management Strategy 2010/11 – Council 17 February 2010.
- Fund Manager review March 2011 issued by Sector 11 August 2011.

Treasury management outturn 2010/11

Annual report on the actual prudential indicators 2010/11

Prudential indicators set the parameters within which the council manages the overall capital and treasury management functions. It is a requirement of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities for the council to set prudential indicators for each financial year, and to report on performance against those indicators. The performance for 2010/11 is reported in detail below.

The council's capital expenditure and financing 2010/11

- 1 The council incurred capital expenditure on long term assets. Capital expenditure may either be:
 - financed immediately from capital receipts, capital grants and contributions, or revenue; or,
 - if insufficient financing is available, or a decision is taken not to apply capital resources, the expenditure will be funded by borrowing.
- 2 The council has previously fully financed its capital expenditure and does not therefore have a current borrowing need.
- 3 The wider treasury activities also include managing the council's cash flows and the investment of surplus funds. These activities are structured to manage risk first and foremost, then to ensure funds are available when needed (liquidity) and then to optimise performance.
- 4 Actual capital expenditure forms one of the required prudential indicators. Capital expenditure for the year was £4.727 million which is shown in the table below, together with how the expenditure was financed.

Capital Expenditure & Financing	2009/10 actual £m	2010/11 working budget £m	2010/11 actual £m
Non-HRA capital expenditure	2.136	5.991	4.727
HRA capital expenditure	nil	nil	nil
Total capital expenditure	2.136	5.991	4.727
Resourced by:			
Capital receipts	1.358	5.142	4.133
Capital grants	0.636	0.689	0.557
Developer & other contributions	0.142	0.160	0.037
Total resources applied	2.136	5.991	4.727

The council's overall borrowing need

- 5 The Capital Financing Requirement (CFR) is designed to measure the authority's underlying need to borrow for, or finance by other long-term liabilities, capital expenditure. It is not a straightforward concept especially in a debt-free authority since it is designed to show that medium and long term net borrowing will only be for a capital purpose. Borrowing may not necessarily take place externally but the authority may be, in effect, lending to itself. Any change in the CFR would show

an increase or decrease in borrowing and the cost would fall on the council tax. The CFR at the year-end is calculated from figures on the council's balance sheet. A positive figure would show a borrowing requirement.

	£'000
CFR at beginning of year	(22)
Movement in year	0
Closing balance at 31.03.2011	(22)
Closing balance calculation	
Property, plant and equipment	38,222
Investment property	30,652
Intangible assets	86
Assets held for sale or surplus	303
Capital adjustment account	(68,982)
Revaluation reserve	(303)
CFR from balance sheet	(22)

Prudential indicators and compliance issues.

- 6 Some of the prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:
- 7 **The authorised limit** - The authorised limit is the “affordable borrowing limit” required by section three of the Local Government Act 2003. The council is not permitted to borrow in excess of this level once it is set. As detailed in the main report it was necessary to borrow 3 times in the year to cover temporary cash flow shortages. The total outstanding was always within the authorised limit.
- 8 **The operational boundary** – The operational boundary is the expected borrowing position of the council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
- 9 **Actual financing costs as a proportion of net revenue stream** - This indicator is meant to show the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (the budget requirement). In an authority with borrowing it would show how affordable the repayments are. In a debt-free authority it shows the contribution of income on cash invested to the net cost of services.

	2010/11
Original indicator - authorised limit	£5m
Maximum borrowing position at any time	£3m
Original indicator - operational boundary	£2m
Average borrowing position over all days when borrowing outstanding	£1.4m
Financing costs as proportion of net revenue stream	(2.03%)

Treasury Position at 31 March 2011

10 The figures in this report are based on the principal amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest.

11 During 2010/11 the treasury position compared with the previous year was:

	31 March 2010		31 March 2011	
	Principal	Average Rate	Principal	Average Rate
Total Debt	£2.7m	0.46%	£1.5m	0.47%
Fixed Interest Investments	£0.5m	0.45%	nil	
Instant access (money market fund)	£0.09m	0.43%	£0.58m	0.61%

12 **Investment policy** – The council’s investment policy is governed by DCLG and CIPFA guidance, which is implemented in the annual investment strategy approved by council on 17 Feb 2010. The investment activity during the year conformed to the approved strategy, and the council had no liquidity difficulties.

13 **Resources** – The council’s longer term cash balances are a mixture of revenue and capital resources, although these will be influenced by cash flow variations (debtors and creditors). The council’s core cash resources are as follows:

Balance sheet resources	31 March 2010	31 March 2011
	£m	£m
Balances	2.163	3.326
Earmarked reserves	1.000	0.751
Grants and other contributions	0.859	1.194
Usable capital receipts	9.776	7.662
Total	13.798	12.933

14 The council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

Note for Council

Key to type

- 1 Within a subjective within a cost centre
- 2 Within a cost centre but across subjective headings
- 3 Within the cost centres of a service area
- 4 Across service areas
- 5 Over £10,000

**Budget virement requests approved by Cabinet on 9 September 2011
for noting by Council**

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
23/06/2011	4511	CM31	Communications	4512	CH11	IT Operations	20,000	11.3%	To transfer part of the website software budget to IT as they are carrying out a one-off project to improve online services	5
23/06/2011	4511	CM31	Communications	4512	CH11	IT Operations	14,000	7.9%	To transfer part of the website software budget permanently to IT as they are now responsible for the joint hosting contract.	5
23/06/2011	9401	HM31	Temporary Accommodation	4407	HM31	Temporary Accommodation	49,500	11.4%	To recode savings bid H&H-11/12-7 which varies rents for temporary accommodation. The saving should have been a reduction in expenditure but has been treated as an increase in income.	5
23/03/2011	9027	HM31	Temporary Accommodation	4400	HM31	Temporary Accommodation	25,000	n/a	The Vale will receive a one-off increase in Homelessness Grant funding in 2011/12. This virement creates a matching income budget for the grant and an expenditure budget for use of the grant.	5
23/06/2011	1001/1003/1005	SR11	ELP Support	5130	SR11	ELP Support	9,400	12.1%	A part time admin post in Economy, Leisure & Property is being replaced by a shared admin post which will be a South post with a recharge to Vale. This virement removes the Vale salary budget and creates a budget for the recharge from South (£4,360). The balance (£5,040) is moved to Contingency (SB31).	2
02/08/2011	4400	SD01	Sports Development	3008	SD01	Sports Development	1,000	10.1%	To create budget for travel expenses and other general office expenses (equipment, telephones etc) in the Sports Development cost centre using predicted underspend on the fees and services budget.	2
				3010			930			2
				4000			500			2
				4504			500			2
02/08/2011	4400	SD02	Go Active	1001/1003/1005	SD02	Go Active	7,780	66.7%	The contract for the Go Active Co-ordinator has been extended for 3 months from November 2011. The salary costs are to be met from a reduction in expenditure on fees and services.	2

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
17/08/2011	5130	PS21	Facilities Management	1001/1003	PS21	Facilities Management	10,000	85.0%	To provide budget for employment of Wendy Beasley to oversee completion of the office moves. Management Team agreed that the recharge budget for Wendy's old post could fund this with the balance going towards the management savings target.	5
				4901	SB31	Contingency	18,450			
24/08/2011	9027	CG11	Community Grants	4705	CG11	Community Grants	52,000	n/a	The Council has been awarded performance reward grant. This virement creates a budget for the income and a matching expenditure budget to allow the grant to be used.	5
Total Virements							209,060			

Summary	Total
Total Type 1	0
Total Type 2	20,110
Total Type 3	0
Total Type 4	0
Total Type 5	188,950
Total	209,060