

BOROUGH OF BARROW-IN-FURNESS

EXECUTIVE COMMITTEE

Meeting, Wednesday, 2nd February, 2011
at 2.00 p.m. (Committee Room No. 4)

NOTE: Group Meetings at 1.15 p.m.

A G E N D A

PART ONE

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.

3. **Admission of Public and Press**

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4. Disclosure of Interests.

A Member with a personal interest in a matter to be considered at this meeting must either before the matter is discussed or when the interest becomes apparent disclose

1. ***The existence of that interest to the meeting.***
2. ***The nature of the interest.***
3. ***Decide whether they have a prejudicial interest.***

A note on declaring interests at meetings, which incorporates certain other aspects of the Code of Conduct and a pro-forma for completion where interests are disclosed accompanies the agenda and reports for this meeting.

5. To confirm the Minutes of the meeting held on 15th December, 2010 (copy attached).
6. Apologies for Absence/Attendance of Substitute Members.

FOR DECISION

- (D) 7. Recommendations of the Housing Management Forum, 20th January, 2011.

- (R) 8. Budget Proposal 2011-2012.
- (D) 9. LDF Annual Monitoring Report (AMR).
- (D) 10. Anchor Staying Put – Barrow Home Improvement Agency (HIA).

PART TWO

- (R) 11. Barrow Marina Village – Purchase of Two Freehold Interests: Auto Image and Land Owned by Mr L. Hunt.

NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH 3 OF PART ONE OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND ACCESS TO INFORMATION (VARIATION) ORDER 2006

**NOTE (D) - Delegated
(R) - For Referral to Council**

Membership of Committee

Councillors Guselli (Chairman)
Williams (Vice-Chairman)
Barlow
Doughty
English
Garnett
Hamezeian
Marcus
Pidduck
Richardson
Stephenson
Waiting

For queries regarding this agenda, please contact:

Jon Huck
Democratic Services Manager
Tel: 01229 876312
Email: jwhuck@barrowbc.gov.uk

Published: 25th January, 2011.

EXECUTIVE COMMITTEE

Meeting: 15th December, 2010
at 2.00 p.m.

PRESENT:- Councillors Williams (Vice-Chairman), Dawes (Items 1-13 only), Heath (Items 1-13 only), Garnett, Hamezeian, Pidduck, Pointer, Richardson, Stephenson (Items 1-13 only) and Waiting.

106 – The Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985 and Access to Information (Variation) Order 2006 – Urgent Item

RESOLVED:- That by reason of the special circumstances outlined below the Chairman is of the opinion that the following items of business not specified on the agenda should be considered at the meeting as a matter of urgency in accordance with Section 100(B)(4)(b) of the Local Government Act 1972.

<u>Item</u>	<u>Reason</u>
Ocean Road (Minute No. 119).	To enable Committee to consider the offer to purchase the shops at Flats at Ocean Road before the next meeting on 2nd February, 2010.

107 – The Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985 and Access to Information (Variation) Order 2006

Discussion arising hereon it was

RESOLVED:- That under Section 100A(4) of the Local Government Act, 1972 the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 1 (Minute No. 120) and Paragraph 3 (Minute Nos. 117, 118 and 119) of Part One of Schedule 12A of the said Act.

108 – Minutes

The Minutes of the meeting held on 17th November, 2010 were agreed as a correct record.

109 – Apologies for Absence

Apologies for absence were received from Councillors Barlow, Doughty, English, Guselli and Marcus.

Councillors Dawes, Heath and Pointer substituted for Councillors Guselli, Marcus and Doughty respectively.

110 – Housing Management Forum: Recommendations

The recommendations of the Housing Management Forum held on 2nd December, 2010 were submitted for consideration.

N.B. The Minutes are reproduced as **Appendix 1** to the Minutes of this meeting.

RESOLVED:- That the recommendations of the Housing Management Forum be agreed as follows:-

Rent Payment by Direct Debit: Offering Incentives

To agree the introduction of three free cash draws of £50 per month for a period of six months to encourage the take up and continuation of payment of rent by Direct Debit, to be funded from HRA resources.

Cumbria Choice: Choice-Based Lettings Scheme (CBL)

- (i) To note the progress and date for implementation;
- (ii) To agree amendments to the Allocation Policy; and
- (iii) To agree the future operational arrangements to ensure the effective management of vacancies that arise and the re-letting process.

111 – Council Tax Setting – Council Meeting

The Borough Treasurer informed the Committee that the date for the Council meeting to set the Council Tax for 2011-2012 had been planned for 21st February, 2011. To allow for sufficient time for the precepting authorities to issue notification of their precepts for 2011-2012, and to enable him to incorporate these precepts into the tax calculation he recommended that the date of the meeting be moved to 1st March, 2011 at 2.00 p.m.

RESOLVED:- To agree to the change of date of the Council Tax setting meeting to 1st March, 2011 at 2.00 p.m.

112 – Council Tax Base 2011-2012

The Borough Treasurer informed the Committee that the Council Tax Base calculation had been based on the number of dwellings on the valuation list adjusted by estimates for additions to and deletions from the list. Adjustments had also been made for exempt dwellings, disabled reductions, discounts and successful appeals.

The Council Tax Base for the financial year 2011-2012 had been set at:

The whole Borough area	21,557.44
Barrow unparished area	17,689.00
Dalton with Newton Town Council	2,490.51
Askam and Ireleth Parish Council	1,114.99
Lindal and Marton Parish Council	262.94

The base would be used to set the Council Tax for the financial year 2011-2012.

RESOLVED:- To agree the report of the Borough Treasurer.

113 – New Homes Bonus – Response to Consultation

The Director of Regeneration and Community Services informed the Committee that the Government had stated its intention to reform the planning system in order to encourage the development of new housing. It intended to abolish Regional Spatial Strategies, and the housing targets contained therein, and replace these regional plans with a more localised policy framework.

As a specific encouragement to local planning authorities to allow appropriate housing development in their areas, the Government was proposing to introduce the “New Homes Bonus” (NHB). The Government had released a consultation paper on the operation of the NHB. The consultation period ended on 24th December, 2010.

The NHB would make an incentive payment to local authorities based on the amount of new housing that had been provided. A calculation of NHB would be made annually, based on the amount of new housing provided. The NHB for any given year would be payable each subsequent year for a total of six years.

The Committee considered the principles of the scheme, the calculation of the NHB and the consultation questions.

RESOLVED:- To endorse the response proposed in Section 4 of the report as the Council’s formal response to the consultation exercise.

114 – Petition Scheme

The Director of Corporate Services informed the Committee that the Local Democracy, Economic Development and Construction Act 2009 required every local authority to set up a scheme for handling petitions, and to provide an on-line petition facility, under which anyone may set up a petition on the authority’s website thus giving other petitioners the opportunity to “sign up” to the petition on-line. The Act had prescribed that the online element must be in place by 15th December 2010.

The Act had defined different categories of petitions, and allowed the authority to define the number of signatures required for each category: -

“Petitions for Debate” must be reported to and debated at full Council;

“Petitions to hold an Officer to Account” triggered an open meeting of an Overview and Scrutiny Committee at which the named Officer would report and be questioned on their actions;

“Exempted Petitions” – Petitions received in relation to issues where there were existing statutory consultation mechanisms (e.g. planning and licensing applications) and petitions which fail to gather sufficient support were outside the scope of the Scheme and would be rejected; and

“Ordinary Petitions”, for which the authority could determine how these petitions would be handled.

The Petition Scheme would only apply to petitions which related to matters that the Council had responsibility or which it was able to influence. Petitions related to matters for which the Council had no responsibility may be redirected to an appropriate organisation.

The Committee considered a draft of the Petitions Scheme.

RESOLVED:- (i) To note the report of the Director of Corporate Services; and

(ii) To approve the Petitions Scheme.

115 – Car Parking Charges

The Chief Executive informed the Committee that at the Joint Overview and Scrutiny Committee meeting to review the charges for off street car parking the following recommendations had been made:-

- 1) Increase Pay & Display charges to current Ulverston tariffs from 1st January, 2011 and adopt a policy of matching Ulverston charges from 1st January, 2012.; and
- 2) Increase contracted prices to £700 a year from 1st January, 2011.

Members considered the information and agreed that prior to making a recommendation to the Executive Committee additional information should be sought. Members also agreed that a work group should be established to gather and consider all the necessary factors.

Members requested the work group consider the following:

1. Price comparisons against CIPFA family group authorities and geographical neighbours;

2. Financial tracking of increases by the local authority and the impact on ticket sales and income;
3. The current running costs for car parks and what the income from car parks was currently spent on;
4. The views of town centre retailers and town centre residents on the likely impact of the proposed increases;
5. Explore the possibility of using five percent of the car park budget (25% of the increase proposed) for marketing town centres; and
6. Explore the possibility of using five percent of the car park budget (25% of the increase proposed) for improving town centres.

The price comparison had showed that car park charges in Barrow were in the mid range for the family group and were slightly lower than the average for the Council's geographical nearest neighbours.

Half of the authorities had increased car parking charges since 2008. The other half including Barrow had kept their charges the same. The five authorities where data was available were considering increasing car park charges to £1.20 per hour in 2011/12.

Historical data had showed that immediately following an increase in car parking charges ticket sales had both increased and decreased but the change in the number of tickets sold was not significant and was within normal variation. The data indicated that increasing the parking charges had resulted in an increase in income irrespective of the change in ticket sales.

In the current year the cost of administering off-street parking was anticipated to be £363,000 but would be off set by an income £930,000. The residual income would be used to support the General Fund Budget.

Members of the Joint Overview and Scrutiny Committee met with representatives of town centre retailers and representative of town centre residents.

The general view was that car parking in Barrow should be cheaper than Ulverston but they did not think it appropriate to compare Barrow and Ulverston. They also thought that increasing the car parking charges would have a negative impact on retailing in the town centre because it would reduce the number of people shopping in the town centre. Although that was a widely held view there was no tangible evidence to support that view. They thought that increasing the charges at the beginning of January may deter shoppers from attending the post Christmas sales and would prefer to delay the increase until later in January.

Town centre residents had a mixed view as to whether the increase would affect them because it was already difficult to park on-street near their homes.

Members had agreed that improving and marketing the town centre was important but that it was out with the scope of the review and should be dealt as a separate review.

Having reviewed the information provided the Committee had agreed that although increasing the car parking charges may have negative impact on retailers and residents the Council had to make difficult decisions to protect public services. Members had agreed to support the proposal to increase Pay and Display charges and contracted car parking charges. Members did not think it appropriate to match Ulverston charges from 2012 but the changes in car parking charges in Ulverston should be considered when Barrow's car parking charges were next reviewed.

Management Team had indicated that they welcomed and supported the recommendations of the Joint Overview and Scrutiny Committee and that taking into account the comments of trader's representatives and for technical reasons any increase in pay and display charges could be deferred until 1st February, 2011.

It was moved and seconded and voted upon that the increase in pay and display charges be deferred until 1st April, 2011.

RESOLVED:- (i) To agree to support the proposed increase in charges to £1.10 for up to one hour, £2.10 for up to two hours, £3.00 for up to 3 hours, £3.80 for up to 4 hours and £6 for up to 10 hours from 1st April, 2011;

(ii) To agree to increase contracted prices to £700 per year from 1st January, 2011; and

(iii) To agree not to adopt a policy of matching Ulverston charges from January 2012 but to monitor Ulverston increases on an annual basis and use data to inform further increases in charges.

116 – Disposal of Land on Former West Shop Site, Bridge Road

The Director of Regeneration and Community Services informed the Committee that the Council had acquired the site of the former West Shop in 2003. Since that time a portion of the site had been leased to BAE Systems for car parking and Members had recently approved the tender for construction of an access road, including servicing ducts into the site from Bridge Road. The contract had been programmed to last 14 weeks and commence in early December.

A local business had expressed an interest in buying a plot of land on the site following completion of the access road, but in order to ensure best value was obtained, the site would need to be openly marketed.

As the site had been acquired using North West Development Agency grant, clawback provisions would apply, although the Council's investment in the road would allow it to retain a portion of the capital receipt.

He saw no advantage in selling any of the land unless there were imminent plans for its development and he recommended the attachment of an agreement to any sale requiring its development within a 12 month period of obtaining planning consent which would itself be time limited.

Light or general industrial uses would be appropriate for the site though general office development not linked to an industrial use would not be supported due to potential impact on the town centre.

The site would be marketed freehold or leasehold and subject to planning permission.

RESOLVED:- (i) To agree to market the freehold or leasehold of the remaining former West Shop site either as a whole or in plots; and

(ii) To agree that as part of the disposal to require purchasers or lessees to obtain planning consent within four months of purchase and to undertake the development within 12 months of the grant of planning permission.

117 – Procurement of Utilities

The Chief Executive reminded the Committee that in 2007, the Council had joined the collective utility contracts procured by Cumbria County Council under the collaboration of EPIC. That delivered a saving in agent's fees of £10,000 pa because that had been met by EPIC but there had been no further reduction in price based on economies of scale.

He commented that the Council was best positioned as a smaller organisation to take advantage of lower market prices by remaining independent. That provided the flexibility to make prompt decisions and capture lower costs when market prices were low. The comparison being that joining a larger organisation with an administrative burden had led to tendering taking place when all EPIC members had their paperwork in place rather than at the most advantageous day on the energy markets.

The existing contracts were due for renewal from October 2011 and tracking the current market prices indicated that the markets were currently depressed and a rise in the medium term was expected. If the Council made its own independent decision it would be able to respond promptly to fix a price before the expected market increases. Remaining in partnership with EPIC for utilities would mean that a contract for October 2011 onwards could not be procured until April 2011. That would leave a period of further uncertainty on the price.

To secure guaranteed savings from October 2011, it was recommended selecting an agent who could deliver a compliantly tendered contract at a lower rate fixed now for two years to run from the end of the existing contract.

Council Officers had taken references and carried out a desktop study of the benefits of various available agents.

RESOLVED:- (i) To agree to appoint Energy Team as the Council's preferred utilities procurement agent; and

(ii) To authorise the Chief Executive and Borough Treasurer to enter into future energy supply contracts.

118 – Regional Growth Fund

The Director of Regeneration and Community Services informed the Committee that Government had announced the opening of Round 1 of bidding for Regional Growth Fund (RGF); with a closing date of 21st January, 2011. £1.4bn was available over a three year period 2011 to 2014. Government had indicated they planned at least three rounds of bidding, although there appeared to be a formal commitment to only one further round. A copy of the bidding guidance had been placed in the Members' Room.

The purpose of the fund was to provide support for projects and programmes with significant potential to create long term private sector led economic growth and employment. Particularly in those areas which were currently dependent on the public sector.

Bids could be submitted by private bodies and public/private sector partnerships.

There was no targeting of RGF on either a needs or geographic basis. Given the Fund was available throughout England and that there were significant gaps in Local Enterprise Partnerships coverage, there was no requirement to consult LEP's.

Members were aware of the funding situation on the Waterfront Barrow proposals and Officers were continuing discussions with the Homes and Communities Agency about potential funding for the housing elements of the scheme. However, RGF represented the only medium term opportunity to access the public funding required to develop other elements of the scheme in addition to the housing element. In particular, Waterfront Business Park and other port related land and the Marina and its access canal were likely to require significant public sector funding support.

The bid would seek public sector funding to support the following developments:-

(i) Completion of Marina Village;

- (ii) Completion of the Marina and Marina Access Land;
- (iii) Joint marketing and development of port land to realise opportunities for offshore renewables and energy storage and production; and
- (iv) Development of former shipyard assets as workspace and housing.

It was clear that the bid would face significant competition as the total annual finance available through RGF was around 22% of the resources available to North West Development Agency in its last full year of operation.

It was clearly also more difficult to confirm private sector leverage in areas such as the Borough which were heavily dependent on the public sector.

Careful consideration had been given to these factors and if the bid should be delayed to a future round. Due to the need to maintain momentum in the Waterfront Barrow proposal, he concluded there was an advantage in an early submission.

Although the application process was relatively straightforward, it may be that a small amount of consultancy support was necessary to develop the economic basis of the bid and Members were requested to allocate up to £15,000 for that purpose.

There was no requirement to consult Cumbria Local Enterprise Partnership, however, he would have no objection to doing so provided it did not jeopardise the timetable for submission on 21st January, 2011.

RESOLVED:- (i) To agree to submit a bid to Round 1 of the Regional Growth Fund for implementation of the Waterfront Barrow proposals;

(ii) To agree to allocate up to £15,000 towards the costs of consultancy support for the submission; and

(iii) To agree that approval of the final submission and signature of the Memorandum of Understanding be delegated to the Chief Executive and Chairman of the Executive Committee.

119 – Ocean Road

The Chief Executive informed the Committee that the Council had received an offer to purchase the shops and flats at Ocean Road subject to obtaining planning permission.

The commercial premises at Ocean Road were currently vacant. There were two residential flats, one of which was used for temporary furnished accommodation, the other was occupied.

The tenant had previously registered for a transfer, and could be rehoused to better the tenant's housing needs.

RESOLVED:- (i) To authorise the Chief Executive to rehouse the sitting tenant and make suitable compensation for relocation and disturbance; and

(ii) To authorise the Chief Executive to enter into a formal agreement for sale of the freehold of the property at the District Valuer's recommended "special purchaser valuation".

REFERRED ITEM

THE FOLLOWING MATTER WAS REFERRED TO COUNCIL FOR DECISION

120 – Redundancy Policy – Amendments to Compensation Arrangements

The Chief Executive reported that to incentivise voluntary redundancy, with the aim of reducing the need for compulsory redundancies, a change to the current redundancy compensation and an early retirement provision was proposed.

He reminded the Committee that the Council was facing major constraints on all budgets and was unlikely to be able to make necessary cost reductions over the short to medium term without resorting to redundancies of either a voluntary or compulsory nature.

The Council needed to review its current policies with regards to compulsory/voluntary redundancy.

The changes would be subject to consultation with staff and trade unions in accordance with the Council's procedures.

RECOMMENDED:- To recommend the Council subject to the agreement of the Trade Unions:-

- (i) To incentivise volunteers for redundancy that
 - (a) the Council continued its discretion to pay compensation on the basis of actual pay;
 - (b) the number of weeks entitlement by statutory formula was multiplied by two subject to a maximum of 52 weeks;
- (ii) To agree that Compulsory redundancies would continue to be subject to the statutory scheme calculator using actual weeks pay but with no further enhancements;
- (iii) To agree that enhancements be withdrawn from the Early Retirement Policy; and

- (iv) To agree that future requests for voluntary redundancy/early retirement be submitted to Management Team in the first instance and if they support the application that would be forwarded to the Councils Early Retirement Panel (to be renamed Early Retirement/Voluntary Redundancy Panel) for final decision.

The meeting ended at 3.40 p.m.

HOUSING MANAGEMENT FORUM

Meeting: 2nd December, 2010
at 2.00 p.m.

PRESENT:- Councillors Biggins, Hammond, Irwin, Pointer, Richardson and Waiting.

Tenant Representatives:- Mrs P. Charnley (Chairman), Mrs M. Burgess, Mrs K. Hotchkiss, Miss C. McFayden, Mr T. Slater and Mr W. Ward.

30 – Minutes

The Minutes of the meeting held on 26th August, 2010 were agreed as a correct record.

31 – Apologies for Absence

Apologies for absence were submitted from Councillors Heath and James and Mr A. McIntosh.

32 – Rent Payment by Direct Debit: Offering Incentives

The Housing Manager reported that the Housing Service now offered the facility to tenants to pay their rent by Direct Debit at four weekly, two weekly and monthly intervals.

The purpose of the improvement initiative had been to reduce the number of tenants falling into arrears and reduce the cost of collecting rent. Over the recent past it had been agreed to encourage the use of Direct Debits, in the case of garage occupiers, in that all new licences to occupy would be conditional on payment by Direct Debit. That had worked successfully and there had been little resistance to the process.

Whilst Direct Debit may not be appropriate for all customers, it would be an advantage to encourage as many as possible to move to that method of payment. At present the Council had less than 20% of tenants who paid by Direct Debit and 571 tenants of those were more than one week in arrears. Potentially there were many other tenants who could pay their rent by Direct Debit.

He commented that it was sometimes appropriate to offer incentives to tenants in order to highlight a change in service and to change their behaviour and he suggested that three free cash draws of £50 per month be introduced for all tenants who pay and continue to pay their rent by Direct Debit. He suggested that the incentive be operated for a period of six months and reviewed after that date.

RECOMMENDED:- To agree the introduction of three free cash draws of £50 per month for a period of six months to encourage the take up and continuation of payment of rent by Direct Debit, to be funded from HRA resources.

33 – Cumbria Choice: Choice-Based Lettings Scheme (CBL)

The Housing Manager reminded the Forum that a Countywide Choice-Based Lettings Scheme (CBL) was being progressed.

There were 14 partners including all the district and the majority of housing associations. Accent were participating locally, as were Home Housing Association and Two Castles, who owned property locally.

He informed the Forum that the project team was progressing the necessary operational arrangements for the scheme to be implemented in March 2011.

That included application forms and operating guidance that would be common to all the partners.

Delivery of the service was achieved via an IT system called Abritas. That was a web-based system which would be hosted, managed and maintained by the supplier. It gave greater access to customers through modern communication methods including on-line registration and bidding, automatic telephone and text bidding.

During January to March the Housing Service would be carrying out a review of the Council's current waiting lists and creating a new register using the Abritas system. In that time properties would continue to be allocated in accordance with the Council's current policy.

He also reminded the Forum that at its meeting on 17th June, 2010 it had agreed the draft Allocations Policy.

It had been reported within the previous report to HMF the Project Board commissioned Andy Gale, Specialist Advisor for the Communities and Local Government (CLG), to review the policy on a practitioner basis. Andy Gale had provided a feedback report to the Project Board which had resulted in minor changes to the Allocations Policy.

The changes to the Allocations Policy were considered by the Forum.

He commented that the Housing Services were now also concentrating on how CBL and reletting of vacant properties would be managed. That had included 'mapping' the various stages involved in the process.

A copy of the process map was considered by the Forum.

RECOMMENDED:- (i) To note the progress and date for implementation;

(ii) To agree amendments to the Allocation Policy; and

(iii) To agree the future operational arrangements to ensure the effective management of vacancies that arise and the re-letting process.

34 – Performance Information Report – April 2010 to September 2010

The Housing Manager submitted information relating to a selection of local and national performance indicators and the best value performance indicators. He informed the Forum that the format in which the information was previously presented had been altered. He requested Members' approval of the new format, after which, the information would be completed. The information was as follows:-

Performance Indicator	Actual 2008/9	Actual 2009/10	Apr -Jun	Apr - Sept	TARGET
£ Rents Collection					
£ Rent collected	£ 8,278,622	£ 8,546,587	£2,005,563	£4,291,981	
Rent collected as % of rent owed	97.57%	98.46%	96.31%	96.38%	
£ Current Arrears	£ 219,901	£ 165,452	£179,365	£190,268	
£ Former Arrears	£ 150,501	£ 123,432	£111,664	£125,382	
Write Offs	£ 146,643	£ 129,709	£23,392	£44,945	
Tenants evicted for rent arrears	24	18	1	6	
Current tenants arrears % of rent owed	2.59%	1.91%	NA	4.27%	
Former tenants arrears % of rent owed	1.77%	1.42%	NA	2.82%	
£ Rent arrears Garages	£4,500	£4,094	£4,036	£5,557	
£ Rent Arrears Shops	£29,714	£28,131	£26,578	£28,390	
Void management					
No. of Voids	378	281	67	156	
Average relet time for dwellings (days)	30	31	28	30	
£ rent loss through vacant dwellings	£ 116,363	£ 101,530	£16,715	£35,639	
£ rent loss due to vacant garages		£4,873	£1,268	£2,594	
£ rent loss due to vacant shops		£4,253	£393	£1,253	
% properties accepted on first offer	NA	NA	NA	NA	
Cost per Void (Rents, Repairs, Mgt & Arrears)	NA	NA	NA	£3,158.12	
Homeless average days in temporary dispersed accommodation	56	£47	35	51	
Homeless average days in temporary B&B accommodation	18	22	20	31	
Maintenance					
No. Repair Orders issued	10644	16,709	3518	4405	
% emergency repairs completed on time	89%	97%	99.96%	99.6%	
% urgent repairs completed on time	78%	88%	88.9%	90.4%	
% routine repairs completed on time	79%	93%	94%	92.8%	
% all reactive repairs completed on time	NA	81%	94.60%	94.1%	
Average end-to-end time for all reactive repairs (days)	7.2	12.6	11.1	10.5	
Percentage of repairs completed right first time	NA	NA	NA	NA	
Appointments kept as a percentage of appointments made	NA	97%	NA	NA	
Appointments made as a percentage of repairs orders	NA	100%	NA	NA	
Percentage of dwellings with a valid gas safety certificate	97.9%	99.5%	98.4	99.6	

Average time taken to answer inbound telephone calls (in seconds)	NA	NA	NA	NA
Percentage of homes that fail to meet the Decent Homes Standard	0.2%	0%	0%	0%
*Average energy efficiency rating of dwellings (based on SAP 2005)	75.4%	76.20%	*	
Equality & Diversity				
ASB cases reported	126	213		
Percentage of closed ASB cases that were successfully resolved	NA	13.1%		
% Vulnerable people achieving independent living	61.7%	87%	100%	93%
% Diversity Information : Age	100%	99.90%	99.90%	99.92%
Gender	100%	100%	100%	100%
Ethnicity	24.8%	66.90%	66.90%	94.76%
Disability	24.8%	42.40%	42.40%	44.29%
Sexuality	24.8%	43%	43%	41.26%
Religion or belief	24.8%	43%	43%	42.61%
Percentage of Stage 1 complaints upheld	0	0		
Performance Indicator	Actual 2008/9	Actual 2009/10	Actual 2010/11	TARGET
Satisfaction				
Percentage of leaseholders satisfied with the landlord's services overall	87%	NA	*	
Percentage of tenants satisfied with repairs and maintenance	88%	NA	*	
Percentage of tenants satisfied that their views are taken into account	76%	NA	*	
Percentage of new tenants satisfied with the allocation and letting process		NA	*	
Percentage of residents satisfied with estate services	81%	NA	*	
Value for Money - Cost per property - direct costs				
Major & Cyclical works (service)	£ 1,231.3	£ 1,406.0	*	
Responsive Repairs	£ 606.8	£ 400.5	*	
Void Repairs	£ 93.1	£ 131.8	*	
Rent Arrears & Collection	£ 68.1	£ 79.9	*	
Community Involvement	£ 26.7	£ 30.9	*	
Anti Social Behaviour	£ 25.9	£ 37.2	*	
Neighbourhood Mgt (Estates)	£ 101.3	£ 125.6	*	
Housing Options	£ 53.8	£ 44.6	*	
Leasehold	£ 7.4	£ -	*	
Total staff turnover	5.1%	8%	*	
Ave. working days lost / sickness absence	11.3	14.0	*	
Value for Money - TL Cost per property inc overhead				
Major & Cyclical works (service)	£ 1,266.2	£ 1,457.9	*	
Responsive Repairs	£ 671.0	£ 457.3	*	
Void Repairs	£ 104.2	£ 147.6	*	
Rent Arrears & Collection	£ 124.3	£ 133.6	*	
Community Involvement	£ 44.7	£ 52.7	*	
Anti Social Behaviour	£ 55.3	£ 70.5	*	

Neighbourhood Mgt (Estates)	£ 141.6	£ 177.6	*
Housing Options	£ 95.2	£ 79.9	*
Leasehold	£ 14.0	£ -	*
Overhead cost per property	£ 159.9	£ 172.9	*
TL cost per property	£ 2,676.3	£ 2,750.0	*
Employee cost	£ 1,341,345	£ 1,417,694	*

NA denotes indicator not yet available

* denotes indicator collected annually not quarterly

NEW TENANCIES		6th April 2009 to 4th April 2010
Housing Register		76
Transfers:		32
General		2
Management		2
Medical		13
Under/over Occupancy		15
Homeless		14
Mutual Exchanges		19
Total Relets		141

Housing Property	Dwellings	Dispersed
HSE	1295	0
FLATS	1251	10
BUNGALOWS	156	0
SHOPS	21	0
GARAGES	484	0
TL DWELLINGS	2702	10

SOLD PROPERTIES	No	£
HSE	2	£115,500
FLAT	2	£29,200
TL	4	£144,700

Key:

NA = Data not yet available

Blank boxes = Annual figures to be provided

A Member requested accurate figures relating to the housing waiting list and homelessness be presented at future Forums.

RESOLVED:- (i) That the format of the performance information report be agreed and information noted; and

(ii) That the Homelessness Working Party be tasked with providing the Forum with figures in relation to the housing waiting list and homelessness.

35 – Planned Maintenance Programme 2010/11

The Housing Manager reported at the last meeting on 26th August, 2010 Members had agreed to procure a new Maintenance Contract.

As the response to expressing interest for the contract was extremely low the Housing Manager advised Members that he had instructed to re-advertise, which would delay the process by approximately 8 weeks.

The Housing Manager also reported information relating to the progress of the Planned Maintenance Programme for 2010/11 as at 12th November, 2010. The information is attached as **Appendix A** to these Minutes.

RESOLVED:- To note the information

The meeting closed at 2.30 p.m.

PLANNED MAINTENANCE PROGRAMME 2010/11 @ 12th NOVEMBER 2010

SCHEME	CONTRACTOR OR SUPPLIER	AVAILABLE BUDGET	NO OF PROPERTIES	INVOICES PAID TO DATE	START DATE	ESTIMATED COMPLETION DATE	CONTRACTOR	TARGET COST	OUT TURN ESTIMATE	COMMENTS
REWIRES	CUMBRIA HOUSING PARTNERS	£283,543	Phase 1 - 70 Properties Phase II - 77 Properties	£119,000	01/04/2010 and 01/10/2010	Feb-11	AB MITCHELL (via K Wilson)	£130,000 £155,000	£283,000	90% COMPLETE 50% COMPLETE
BATHROOMS I	CUMBRIA HOUSING PARTNERS	£200,000	82 PROPERTIES PENNINE/RAGLAN COURT	£108,000	Apr-10	Feb-11	AB MITCHELL	£184,218	£200,000	60% COMPLETE
BATHROOMS II	CUMBRIA HOUSING PARTNERS	£100,000	42 PROPERTIES	£26,000	Nov-10	Feb-11	AB MITCHELL	£102,000	£100,000	20% COMPLETE
KITCHENS I	CUMBRIA HOUSING PARTNERS	£500,000	190 PROPERTIES	£113,625	Apr-10	Feb-11	AB MITCHELL	£462,019	£500,000	30% COMPLETE
KITCHENS II	CUMBRIA HOUSING PARTNERS	£225,000	70 PROPERTIES ORMSGILL/WALNEY	£0	Dec-10	Mar-11	AB MITCHELL	£177,000	£225,000	0% COMPLETE
HEATING 1	CUMBRIA HOUSING PARTNERS	£475,000	155 Properties via CHP 20 One Off systems via Integral	£207,000	Apr-10	Feb-11	AB MITCHELL INTEGRAL	£425,000 £100,000	£475,000	70% COMPLETE 15% COMPLETE
HEATING II	CUMBRIA HOUSING PARTNERS	£375,000	90	£37,000	TBC	TBC	AB MITCHELL INTEGRAL	£365,000	£375,000	30% COMPLETE
DOOR ENTRY REPLACEMENTS	SS GROUP	£200,000	ALL FLATS WITH COMMUNAL ENTRANCES	£56,000	Mar-10	Feb-11	SS GROUP	£172,000	£200,000	30% COMPLETE
PAINTING	CUMBRIA HOUSING PARTNERS	£200,000	400	£118,000	Apr-10	Feb-11	GH JONES	£155,000	£160,000	98% COMPLETE

HOUSING MAINTENANCE COMMITMENTS 2010/11 @ 12.11.2010

	Funding Available 2010/11	Gross COMMITMENT	Weekly Available	Gross Comm. as a % funds available	
Tenant Demand Repairs	£900,000.00	£404,780.00	£17,307.69	45%	
Voids	£175,000.00	£101,716.00	£3,365.38	58%	
Gas Servicing	£425,000.00	£122,521.00	£8,173.08	29%	
Decoration Vouchers	£35,000.00	£15,760.00	£673.08	45%	
Fire Damaged properties	NIL	£29,205.00	NIL		Claim via Insurance company
Disrepair Claims	£25,000.00	£278.00	£480.77	1%	
Environmental Impmts	£50,000.00	£24,685.00	£961.54	49%	
Disabled Adaptations	£250,000.00	£160,241.00	£4,807.69	64%	
Electrical Testing	£175,000.00	£31,854.00	£3,365.38	18%	
Door Entry	£120,000.00	£2,318.00	£2,307.69	2%	£100k accrual brought forward from previous year
Total	£2,230,000.00	£893,358.00	£11,923.08		

EXECUTIVE COMMITTEE**(R)
Agenda
Item
8****Date of Meeting: 2nd February, 2011****Reporting Officer: Borough Treasurer****Title: Budget Proposals 2011-2012****Summary and Conclusions:**

This report presents the budget proposals for 2011-2012. The attached budget pack contains four sections that need approval by this Committee. **Section I** (pages 1-12) considers the General Fund budget. **Section II** (page 13) sets the prudential indicators and treasury strategy and limits for the year.

Section III (page 14) proposes a four year capital programme and an update on the current year programme. **Section IV** (pages 15-16) deals with the Housing Revenue Account budget.

Recommendations:

For the following sections Members are recommended to:

Section I (Page 1-12 and Appendix 1 and 2)

1. To set the budget at £13,825,838 with no increase in the Council Tax for Barrow. The annual Band A tax remains at £134.58 and Band D £201.87.
2. To agree the Parish precepts of £102,500; Dalton with Newton £73,000, Askam and Ireleth £27,000 and Lindal and Marton £2,500 parish councils. The total revenue budget including parish precepts is £13,928,338.
3. To agree the proposed targeted savings as detailed on page 5. This may involve amendments to certain elements in the conditions of service for staff which will be the subject of future reports to this committee.
4. To confirm the previous year decision to use the final instalment of £155,000 from reserves set aside in 2009-2010 to soften the impact of lower interest rates on the council tax.
5. To agree that £121,480 is used from the Area Based Grant earmarked reserve to fund the Neighbourhood Management Team for 2011-2012 and £73,440 for 2012-2013.
6. To agree the following changes in earmarked reserves:

- To set aside £1,868,978 from the Transition Grant to be used as follows:
 - £1,698,978 for a restructuring reserve to facilitate the move to a lower support base from central government;
 - £120,000 to fund the CCTV service for 2012-2013; and
 - £50,000 to fund the Neighbourhood Management Team for 2012-2013.
- To reclassify the opportunity fund as follows:
 - £500,000 public buildings reserve; and
 - £303,284 general reserve.

7. To agree the proposed public consultation process (page 11)

8. To approve the medium term budget projections (page 11-12)

Section II (Page 13 and Appendix 3)

1. To adopt the Prudential Indicators and Limits for 2011-12 to 2013-14.
2. To approve the Minimum Revenue Provision (MRP) Statement which sets out Council's policy on MRP.
3. To approve the Treasury Management Strategy 2011-12 to 2013-14, and the treasury Prudential Indicators.
4. Approve the Authorised Limit for borrowing.
5. To approve the Investment Strategy 2011-12 contained in the treasury management strategy, and the detailed criteria included in Part 2 of the report.

Section III (Page 14 and Appendix 4)

To approve and agree to submit the four year Capital Programme for consultation.

Section IV (Page 15-16 and Appendix 5)

To consider the recommendations of the Housing Management Forum regarding the Housing Revenue Account.

Report

The attached **Budget Proposals 2011-2012** pack deals with the four areas that need setting and approval by the Council.

Section I (pages 1-12) includes proposals for the General Fund budget 2011-2012. It is proposed that the budget is to be set at £13,825,838 (excluding parish precepts). This represents no increase Council Tax for Barrow. The annual Band A tax will be £134.58, and Band D tax will be £201.87.

This section also deals with the public consultation process (page 11) to be adopted. Once approved by this Committee, the budget proposals will be made available on the Council's Website and the consultation process will be advertised in the local press. The consultation period will be open until 18th February 2011.

A special joint meeting of the Overview and Scrutiny Committees will be held on 9th February 2011 to consider the budget. A Council meeting on 1st March 2011 is to consider the results of the consultation process and recommend any amendments if necessary. At this meeting, the Council is to approve the budget and set the Council Tax.

Section II (page 13) covers the requirements to set a Treasury Management Strategy and limits on various treasury transactions as well as a number of prudential indicators to monitor the compliance with the strategy.

Section III (page 14) presents a proposed Capital Programme for 2011-2012 to 2014-2015.

Section IV (pages 15-16) deals with the Housing Revenue Account budget 2011-2012. A report was submitted to the Housing Forum for consultation on the 20th January 2011. This Committee is required to consider those recommendations.

(i) Legal Implications

Statutory requirements to set the budget and Council Tax.

(ii) Financial Implications

The budget pack includes details of the financial implications for the years 2010-2011 to 2014-2015.

(iii) Health and Safety Implications

Not Applicable.

(iv) Key Priorities and Corporate Aims

The key priorities are a major consideration in the budget setting process.

(v) Risk Assessment

The assumptions have been assessed using previous trends and current relevant information.

(vi) Equality and Diversity

Not Applicable.

(vii) Health and Well-being Implications

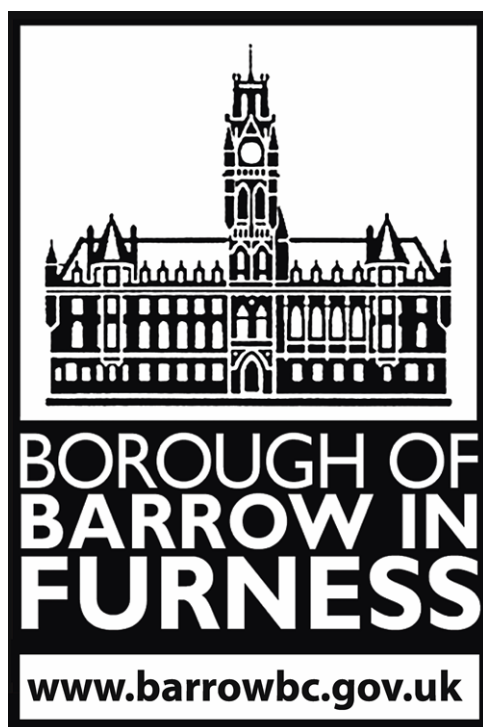
Not Applicable.

Background Papers

Budget preparation files

Financial settlement

Subsidy determination



Budget proposals 2011-2012

Section		Pages
I	General fund revenue budget	1- 12
II	Prudential indicators	13
III	Capital programme	14
IV	Housing revenue account budget	15-16
Appendix		
1	General fund cost centres	17-19
2	Consultation document	20-21
3	Treasury strategy	22-42
4	Detailed capital programme	43-50
5	Housing report	51-55

I General fund revenue budget

Expected outturn 2010-2011

The latest projected forecast for this financial year indicates that there will be a small surplus on the General Fund accumulated revenue balance at the year ending 31st March 2011. The following items are forecast to add to or reduce the General Fund balance at the year end:

Items forecast to add to the balance:	£
Staff vacancy management	178,760
Net treasury transactions	136,390
Recovery of overpayments	45,220
Staff holiday purchase scheme	39,790
Public consultation	34,500
Members training	20,000
Management training	17,410
Various grants	18,310
Solicitors fees	10,000
	500,380
Items forecast to reduce the balance:	
Recycling reward – original 40% target not achievable, now 37%	130,000
Car parking income	116,770
Planning and building control fees	100,000
Reduced free swimming grant	33,000
Refuse contract – vehicles cleaning	25,000
Audit commission fees	23,000
Concessionary travel grant	20,310
Planning appeal costs	16,790
Recycling ranger funding	10,000
Museum NDR	7,530
Director removal expenses	4,170
	486,570
Forecast increase in the General Fund Balance	13,820

The forecast at this stage indicates that there will not be a significant variance from the original budget, however by the end of the financial year there may be the potential for some further variances which will be reported to members when the final outturn for the year is finalised.

The General Fund balance as at the 1st April 2010 was £2,263,306. It is expected that given the current projections, the balance at the 31st March 2011 will be £2,277,126. Under section 25 of the Local Government Act 2003, I am required to give a positive assurance as to the adequacy of the level of balances held by the Council. I am satisfied that the General Fund balance of around £2,000,000 (around 10% to 15% of the net revenue budget) is at an appropriate level.

The financial settlement

The provisional Central Government settlement will be confirmed by the end of January. The provisional figures are shown below; however, any changes will be verbally reported to members at the meeting.

	2011-2012	2012-2013
Revenue Support Grant	6,968,442	6,210,555
Transition Grant	2,407,397	1,920,547

In cash terms the reduction in the core Revenue Support Grant is over 23% compared to 2010-2011. A further reduction of over 10% was announced for 2012-2013.

However, as a smoothing effect and to neutralise the ending of Area Based Grant funding, the Government has also announced a two year only transition grant to enable the Council to move to the new reduced base of central government support.

A further incentive grant to freeze the council tax will be available for 2011-2012 amounting to £108,814 if the Council takes the offer of not increasing the tax in 2011-2012. The government also commits to providing funding in future years to “lock in” the benefits of the one year freeze and help ensure council taxpayers will not face subsequent excessive increases.

Setting the 2011-2012 budget

Initial estimates

Following the Chancellors’ announcement of the Comprehensive Spending Review (CSR) in October and prior to the full financial settlement being available, the Chief Executive issued a briefing paper to members regarding the potential impact of the CSR.

The main assumptions applied to the initial estimates were:

- To inflate the contracts for revenues and benefits and CRM by 3.2%.
- To inflate the contracts for refuse, recycling, street cleaning and grounds maintenance by 3.7%.
- To increase the cost of pension contributions for past employees by 1%.
- To increase National Insurance contributions by 0.75%.
- To take any new borrowing at 6%.
- To earn 0.3% on surplus cash invested.
- A reduction in government support (formula grant) of £1,150,000 for concessionary fares and 8.5% for the CSR; 20.1% in cash terms.
- To take up the Council Tax freeze grant.
- No increase in Council Tax.

With those assumptions and taking into account the other items in the table below, the estimated shortfall in balancing the budget for 2011-2012 was £1,132,624:

Description	£
Remove concessionary travel budget items	(1,016,630)
Staff establishment changes in 2010-11	(85,010)
Reduction in other supplies and services headings	(28,360)
Barrow Football and Rugby converted to one-off grant	(10,000)
Saving from retendered Ring and Ride service	(5,000)
Savings and reductions included in 2011-12 budget:	(1,145,000)
Inflation on contracted services	195,720
Reduced DWP benefits admin subsidy	81,480
Reduced development control income	80,000
Loss of free swimming grant	59,340
Increase in the base of contracted services from 2010-11	56,540
Loss of planning delivery grant	52,000
Natural staff incremental advances	50,430
Contribution to past service pension liability	45,320
National Insurance increased contribution	37,040
Movement in treasury items	29,100
Reduced building control income	17,020
Increased NNDR for Dock Museum rate review	11,600
Additional expenditure included in the 2011-12 budget:	715,590
Movement in reserves year on year:	(126,690)
Decrease in net revenue budget from 2010-11	(556,100)
Funded by:	
Reduction in formula grant of 20.1% in cash terms	1,824,405
New Council Tax freeze grant	(108,795)
Movement in Council Tax base in 2011-12	(2,393)
Change in prior year Council Tax balance	(24,493)
Net decrease in total revenue financing from 2010-11	1,688,724
Shortfall	1,132,624

Targeted savings strategy

A strategy to balance the budget was identified which involved targeting savings of £1,132,000 in the following areas:

Staff Costs £300,000: A 5% reduction in costs through a recruitment managed freeze and controlling vacancy periods and continuation of the wage freeze.

Training £50,000: A 50% reduction in budgeted costs for Officer and Member training and professional development.

Transport £50,000: A 25% reduction from budgeted transport costs by restricting mileage allowances and eliminating low priority journeys outside the Borough and reducing Officers allowances.

Property £125,000: A reduction in the budget for property maintenance by extending planned maintenance and creating a reserve for public buildings repairs.

Supplies and Services £250,000: A reduction in non-contractual expenditure by central control of equipment replacement, extending equipment life and eliminating some discretionary expenditure.

Income £120,000: An increase in discretionary income.

Treasury Management and Use of Balances £237,000: Restructuring the Council's borrowing for capital expenditure and the careful use of balances pending a comprehensive review by the new Council, post May 2011, will be used to balance the account.

This proposed strategy is intended to offer the Council a balanced budget pending the election of a new Council in May 2011 with a 4 year period of office. This will allow an extended period for deliberation and consultation and allow the new Council to make decisions about strategic changes to the Council and its services, which will be required to be undertaken to balance the budget in the long term.

Shortfall following the settlement announcement

The initial estimate assumed a 20.1% reduction in the formula grant in cash terms. However, the settlement announcement in December resulted in a 23.3% reduction in the formula grant. There were a number of other items that were also not included in the initial estimate, as shown below. The loss in grant together with the additional items increased the shortfall to £1,588,969.

Description	£
Initial estimated shortfall	1,132,624
Contribution to past service pension liability	157,350
NNDR - empty property threshold reduced	52,840
Other items reduced in the budget	(45,169)
Post-announcement reduction in formula grant	291,324
Shortfall following settlement announcement	1,588,969

Targeted savings identified

The targeted savings identified from the strategy outlined above amounted to £1,193,100 and are listed in the table below. This left a deficit on the 2011-2012 budget of **£395,869**.

Description	£	£	£
Staff turnover and establishment review			(300,000)
Reduce training and conferences budget:			(50,560)
Management training		(12,210)	
IT training		(1,450)	
Continuing and new essential professional training		(17,860)	
Members training		(12,500)	
Conferences and seminars		(6,540)	
Reduction in transport costs			(50,000)
Reduce repairs and maintenance budget			(125,500)
Supplies and services			(330,450)
Bad debt provision reviewed		(115,000)	
Reduction in other supplies and services headings		(67,190)	
Reduce subscriptions budget:		(34,020)	
Local Government Information Unit	(1,700)		
North West Region Leaders Board	(1,300)		
Nuclear Energy Advisory Forum	(750)		
Arts MailOut	(40)		
Arts - Children & Young People Now	(90)		
Museum Association	(560)		
Cumbria Playing Fields Association	(170)		
Fitness Industry Association	(500)		
Register of Exercise Professionals	(150)		
Cumbria tourist board	(4,170)		
Association of Port Health Authorities	(890)		
Environment Protection UK	(550)		
Keep Britain tidy	(5,000)		
Recycling subscription	(600)		
Development control information services	(2,360)		
AWAZ/Outreach Cumbria/Cumbria Disability	(6,000)		
Association of Town Centre Managers	(450)		
National Association of British Market Authorities	(530)		
Park Mark Subscription	(480)		
Unipol student homes network	(70)		
CIPFA Benchmarking	(430)		
Finance Advisory Network	(3,340)		
Oracle User Group	(870)		
Statistical Information Service online	(2,200)		
CIPFA benchmarking	(600)		
Inhouse User Group	(220)		
Equipment purchases budget		(27,960)	
Reduce public consultation budget		(25,000)	
Remove URC contribution		(25,000)	
Remove Gov-TV budget		(15,000)	
Remove Park Vale grant		(8,880)	
Remove corporate advertising budget		(7,400)	
Remove Locate in Barrow budget		(5,000)	
Increase in car parking income - already agreed at Executive Committee			(166,660)
Movement in treasury items			(169,930)
Savings and reductions included in 2011-12 budget:			(1,193,100)

Transition grant

The transition grant awarded to the Council for two of the four CSR years will be a major factor in forward planning to achieve a balanced budget over the CSR period and beyond.

The transition grant for 2011-12 is £2,407,397 and it is proposed to be used as follows:

Description	£
New transition grant – year 1	(2,407,397)
Used to fund deficit on the 2011-12 budget	395,869
Used to fund CCTV for 2011-12	142,550
Used to fund CCTV for 2012-13	120,000
Used to fund Neighbourhood Management for 2011-12	50,000
Balance of transition grant moved to restructuring reserve	(1,698,978)

Proposed 2011-12 budget

The proposed budget is arrived at by including the following:

Description	Net revenue budget	Total revenue financing	Total shortfall
	£	£	£
2010-11 budget	16,490,318	(16,490,318)	
Remove Area Based Grant: ended 2010-11	(3,091,848)	3,091,848	
2011-12 shortfall after settlement	(391,060)	1,980,029	1,588,969
2011-12 savings identified	(1,193,100)		
New transition grant received in 2011-12		(2,407,397)	
CCTV budget for 2011-12	142,550		
Transition grant carried forward in reserves	1,698,978		
CCTV funding carried forward in reserves	120,000		
Neighbourhood Management in reserves	50,000		
2011-12 budget	13,825,838	(13,825,838)	

The proposed budget is to be set at £13,825,838. This represents no increase in the Council Tax for Barrow. The annual Band A tax will remain at £134.58 and for Band D tax at £201.87.

The budget summary is shown in the table below:

General Fund Budget	Actual 2009-2010	Original Budget 2010-2011	Forecast Outturn Budget 2010-2011	Budget 2011-2012
Subjective Summary				
Staff pay: Council staff numbers p.8	6,007,668	6,133,040	6,133,040	6,057,000
Staff turnover	0	0	(218,550)	(300,000)
Indirect staff costs	104,423	139,690	145,730	111,020
Transport costs	197,361	201,550	206,940	147,390
Property costs	2,143,734	2,078,840	2,130,040	2,020,740
Supplies and services	5,659,796	4,628,310	5,715,020	3,347,960
Contract services	7,175,950	6,046,740	6,062,160	6,358,840
Concessionary travel	1,053,873	1,150,000	1,150,000	0
Housing and Council Tax Benefits	24,044,003	23,585,720	23,585,720	25,440,250
Housing and Council Tax Benefits Grant	(24,223,575)	(23,462,780)	(23,462,780)	(25,317,920)
External income	(11,268,540)	(7,712,290)	(8,389,290)	(7,347,350)
Direct costs	10,894,693	12,788,820	13,058,030	10,517,930
Support services	4,575,598	4,941,420	4,929,820	4,593,830
Depreciation and impairment	6,771,869	1,643,600	1,643,600	1,607,610
Internal income	(5,680,335)	(5,900,020)	(5,962,870)	(5,616,880)
Indirect costs	5,667,132	685,000	610,550	584,560
Net Expenditure	16,561,825	13,473,820	13,668,580	11,102,490
External interest earned	(16,297)	(35,000)	(15,630)	(19,540)
External interest paid on borrowing	601,240	633,000	584,640	621,250
Provision for repayment of borrowing	1,105,260	1,153,530	1,120,620	1,085,680
Items excluded from council tax	(5,085,024)	(1,643,600)	(1,643,600)	(1,607,610)
Items included in council tax	1,691,408	3,105,468	3,005,468	1,107,200
Contribution to / (from) reserves	1,876,125	(94,000)	(116,250)	1,638,868
Contribution to / (from) balances	292,047	0	13,820	0
Net Revenue Budget	17,026,584	16,593,218	16,617,648	13,928,338
Budget Funded By:				
Central government support grant	9,004,688	9,084,171	9,084,171	6,968,442
Transition grant	0	0	0	2,407,397
Council tax freeze funding	0	0	0	108,814
Area based grant / LABGI/HPDG	3,584,121	3,091,848	3,116,278	0
Council tax	4,437,775	4,417,199	4,417,199	4,443,685
Total Revenue Financing	17,026,584	16,593,218	16,617,648	13,928,338

Appendix 1 (page 17-19) includes the General Fund cost centre budgets.

Parish precepts

The net budget includes £102,500 for parish precepts: Dalton with Newton £73,000, Askam and Ireleth £27,000 and Lindal and Marton £2,500 parish councils. The net revenue budget for the Borough excluding the parish precepts is **£13,825,838**.

Council staff numbers

	Headcount	Full time equivalent	£
General Fund employees	252	206.14	6,057,000
Less those recharged in part to the Housing Revenue Account	-	(10.24)	(374,770)
Net General Fund employees	252	195.90	5,682,230
Housing Revenue Account employees	61	51.08	1,297,050
Plus those recharged in part from the General Fund	-	10.24	374,770
Net Housing Revenue Account employees	61	61.32	1,671,820
Total Council employees	313	257.22	7,354,050

As the posts that are recharged to the Housing Revenue Account are all partial, it is not possible to estimate the headcount.

Budget assumptions

Section 25 of the Local Government Act 2003 also requires that I provide a positive assurance about the robustness of estimates made. I am satisfied that the 2011-2012 budget, has been based on sound assumptions and estimates. The following assumptions have been made in setting the budget:

	%
Employer's pension contributions	28.3
Employer's national insurance contributions	8.0
Grounds maintenance contract	3.7
Refuse collection and Street cleaning contract	3.7
Revenues and benefits contract and CRM	3.2
Interest rate for new borrowing	5.6
Interest rate for surplus cash invested	0.3

Budget proposals

These proposals are required to be approved to achieve a balanced budget:

1. To set the budget at £13,825,838 with no increase in the Council Tax for Barrow. The annual Band A tax remains at £134.58 and Band D £201.87.
2. To agree the Parish precepts of £102,500; Dalton with Newton £73,000, Askam and Ireleth £27,000 and Lindal and Marton £2,500 parish councils. The total revenue budget including parish precepts is £13,928,338.
3. To agree the proposed targeted savings as detailed on page 5. This may involve amendments to certain elements in the conditions of service for staff which will be the subject of future reports to this committee.

4. To confirm the previous year decision to use the final instalment of £155,000 from reserves set aside in 2009-2010 to soften the impact of lower interest rates on the council tax.
5. To agree that £121,480 is used from the Area Based Grant earmarked reserve to fund the Neighbourhood Management Team for 2011-2012 and £73,440 for 2012-2013.
6. To agree to the following changes in earmarked reserves:
 - To set aside £1,868,978 from the Transition Grant to be used as follows:
 - £1,698,978 for a restructuring reserve to facilitate the move to a lower support base from central government;
 - £120,000 to fund the CCTV service for 2012-2013; and
 - £50,000 to fund the Neighbourhood Management Team for 2012-2013.
 - To reclassify the opportunity fund as follows:
 - £500,000 public buildings reserve; and
 - £303,284 general reserve.

Statement of reserves

The Council holds a number of earmarked reserves which are funds set aside for specific purposes that will incur costs in later years. The funds are held until the related expenditure is required and are then used with the approval of the Executive Committee. The purpose of an earmarked reserve may only be changed with the approval of the Executive Committee.

The following tables present the earmarked reserves held by the Council up to 2012-2013. The movements included in the tables are those where the timing and value are known. It is likely that all reserves, apart from the general and VAT reserves will be called on during the CSR period. *The leisure centre income reserve is required to supplement the income in 2010-2011 and 2011-2012, the period of reduced and frozen prices previously agreed by the Council; these are calculated on outturn.

Under section 25 of the Local Government Act 2003, I am required to give a positive assurance as to the adequacy of the level of reserves held by the Council. I am satisfied that the General Fund reserves are adequate.

In 2010-2011 the opportunity fund has been reclassified as follows:

Description	£
Opportunity fund at 1/4/10	903,284
Less Barrow football and rugby capital grants	(100,000)
Total to be reclassified	803,284
Public buildings reserve	500,000
General reserve	303,284
Total reclassified	803,284

The movements in reserves for 2010-2011 to 2012-2013 are:

	Balance at 1/04/2010	Used in 2010-11	Added in 2010-11	Balance at 31/3/2011
Description	£	£	£	£
Area based grant	2,238,323	(567,293)	55,796	1,726,826
Opportunity fund	100,000	(100,000)	0	0
Public buildings reserve	500,000	0	0	500,000
General reserve	303,284	0	0	303,284
VAT reserve	517,913	0	0	517,913
Budget setting support	311,000	(156,000)	0	155,000
Industrial units income	262,545	(99,000)	0	163,545
*Leisure centre income	194,261	0	0	194,261
Pay review reserve	175,624	0	0	175,624
Festival fund reserve	114,047	0	0	114,047
Planning delivery grant	73,000	(73,000)	0	0
Market refurbishment	50,650	0	0	50,650
Energy efficiency projects	32,850	(10,449)	0	22,401
Relining cremator	8,601	0	0	8,601
Total earmarked reserves	4,882,098	(1,005,742)	55,796	3,932,152

	Balance at 1/04/2011	Used in 2011-12	Added in 2011-12	Balance at 31/3/2012
Description	£	£	£	£
Area based grant	1,726,826	(1,653,386)	0	73,440
Public buildings reserve	500,000	0	0	500,000
General reserve	303,284	0	0	303,284
VAT reserve	517,913	0	0	517,913
Budget setting support	155,000	(155,000)	0	0
Industrial units income	163,545	0	0	163,545
*Leisure centre income	194,261	0	0	194,261
Pay review reserve	175,624	0	0	175,624
Festival fund reserve	114,047	0	0	114,047
Market refurbishment	50,650	0	0	50,650
Energy efficiency projects	22,401	0	0	22,401
Relining cremator	8,601	0	0	8,601
Existing earmarked reserves	3,932,152	(1,808,386)	0	2,123,766
Restructuring reserve	0	0	1,698,978	1,698,978
CCTV	0	0	120,000	120,000
Neighbourhood Management	0	0	50,000	50,000
Total earmarked reserves	3,932,152	(1,808,386)	1,868,978	3,992,744

	Balance at 1/04/2012	Used in 2012-13	Added in 2012-13	Balance at 31/3/2013
Description	£	£	£	£
Area based grant	73,440	(73,440)	0	0
Public buildings reserve	500,000	0	0	500,000
General reserve	303,284	0	0	303,284
VAT reserve	517,913	0	0	517,913
Industrial units income	163,545	0	0	163,545
*Leisure centre income	194,261	0	0	194,261
Pay review reserve	175,624	0	0	175,624
Festival fund reserve	114,047	0	0	114,047
Market refurbishment	50,650	0	0	50,650
Energy efficiency projects	22,401	0	0	22,401
Relining cremator	8,601	0	0	8,601
Existing earmarked reserves	2,123,766	(73,440)	0	2,050,326
Restructuring reserve	1,698,978	0	1,920,547	3,619,525
CCTV	120,000	(120,000)	0	0
Neighbourhood Management	50,000	(50,000)	0	0
Total earmarked reserves	3,992,744	(243,440)	1,920,547	5,669,851

Public consultation

These proposals, once approved by this committee, will be made available on the Council's Website and the consultation will be advertised in the local paper. Comments and feedback will be invited by the 18th February 2011. A special joint meeting of the Overview and Scrutiny Committees will be held on the 9th February 2011 to consider the budget for 2011-2012. Finally, on the 1st March 2011 a Council meeting is arranged to approve the budget and set the Council Tax. Appendix 2 (page 20-21) contains the consultation document and questions to be used in the process.

Medium term budget projection

Based on the information provided by the financial settlement for 2011-2012, 2012-2013 and the CSR, the budget has been forecast up to 2014-2015. The following assumptions have been applied year on year:

Item	%
Staff pay and members allowances	2.0
Revenues, benefits and CRM contract	3.2
Other contracted services	3.7
Contribution to pension fund for past service	5.5
Interest on new borrowing	5.6
Interest on cash flow	1.3
Formula grant reduction	10.8
Council tax increase	2.5

The three year future forecast of the budget is provided below:

Medium Term Budget Projection	2012-2013	2013-2014	2014-2015
Net revenue budget from previous year	13,825,838	14,216,557	12,893,650
Expected changes -			
Inflationary increases on contracted services	214,390	221,890	229,670
Cost of living rise for staff and members allowances	123,710	124,800	128,240
Natural staff increments including on-costs	53,050	47,880	47,880
Increase in pension payable for previous service	59,670	62,960	66,420
Change in treasury items	(82,600)	140,110	96,100
Changes in reserves	84,609	(1,920,547)	0
Expected change in staff transport costs	(35,350)	0	0
Targeted reduction in the cost of providing CCTV service	(22,550)	0	0
Remove CDRP post and funding: ended mid 2011	(4,210)	0	0
Net revenue budget	14,216,557	12,893,650	13,461,960
Revenue financing -			
Formula grant	(6,210,555)	(5,535,095)	(4,933,095)
Transition grant	(1,920,547)	0	0
Council tax	(4,460,600)	(4,572,120)	(4,686,420)
Total revenue financing	(12,591,702)	(10,107,215)	(9,619,515)
Estimated deficit for the year	1,624,855	2,786,435	3,842,445

However, this forecast will have to be revised following the anticipated service review after the full Council elections in May 2011.

Members should note that these forecasts are only an indication of the likely future levels of expenditure. They are based on current information and assumptions. It is expected that a more accurate picture will be available following the service review later in the year.

II Prudential indicators

The Council is annually required to set and approve a Treasury Management Strategy (Treasury Report) that includes Annual Borrowing Limits and a number of Prudential Indicators. This also includes the Council's strategy for investing, borrowing and exposure to interest rates.

Appendix 3 (page 22-42) contains a full report setting the Treasury Management Strategy for 2011-2012 to 2013-2014.

A summary of the main limits and indicators is show below:

Financial Year 2011-2012	£
Borrowing – Authorised limit	29,000,000
Borrowing – Operational boundary	26,000,000
Capital Financing Requirement	33,158,415
New borrowing required	1,421,424
Ratio of financing costs to net revenue stream – GF	12%

Committee is recommended to:

1. Adopt the Prudential Indicators and Limits for 2011-2012 to 2013-2014.
2. Approve the Minimum Revenue Provision Statement which sets out Council's policy for providing to repay external debt.
3. Approve the Treasury Management Strategy 2011-2012 to 2013-2014, and the treasury Prudential Indicators.
4. Approve the Authorised Limit for borrowing.
5. Approve the Investment Strategy 2011-2012 contained in the treasury management strategy, and the detailed criteria included in Part 2 of the report.

III Capital programme

A detailed four year capital programme is at Appendix 4 (page 43-50).

A summary of the programme and how it is funded is shown below:

2010-11		2011-12	2012-13	2013-14	2014-15
	Investment				
1,933,543	Public housing	2,383,475	2,012,644	2,053,374	2,100,040
1,272,679	Private housing	606,500	599,000	599,000	599,000
2,725,657	Housing Market Renewal	1,028,968	500,000	300,000	0
961,463	Public buildings	392,000	100,000	100,000	100,000
3,921,792	Other public assets	1,639,408	1,215,750	1,140,000	1,140,000
527,068	Other initiatives	715,000	715,000	891,000	891,000
11,342,202	Total Programme	6,765,351	5,142,394	5,083,374	4,830,040
	Funding				
0	Borrowing requirement	1,421,424	2,399,750	1,800,000	1,500,000
5,421,924	Grants	498,455	399,000	399,000	399,000
1,571,584	Capital receipts	998,091	331,000	831,000	831,000
4,348,694	Reserves	3,847,381	2,012,644	2,053,374	2,100,040
11,342,202	Total Funding	6,765,351	5,142,394	5,083,374	4,830,040

The variations to the capital programme compared to the previously reported programme on the 20th October 2010 are listed in Appendix 5.

Committee is recommended to:

1. Approve the capital programme and funding for 2011-2012 to 2014-2015.
2. Approve the variations to the capital programme for 2010-2011.

IV Housing revenue account

Appendix 5 (page 51-55) contains a report covering the Housing Revenue Account budget. This was submitted to the Housing Management Forum meeting on the 20th January 2011.

The recommendations of that meeting will be considered by this committee as a matter of course. However, the main issues to be approved by this committee are:

Expected outturn 2010-2011

The latest forecast suggests that the Housing Revenue Account will be in deficit at the 31st March 2011, this is anticipated to be £52,310 (higher than expected subsidy payments of £194,940 offset by expected staff savings of £113,610).

Balances and reserves

The Housing Revenue Account balance at the 1st April 2010 was £823,061. It is anticipated that the balance will be £770,751 at the end of March 2011.

The Major Repair Reserve balance at the 1st April 2010 was £411,486. It is expected that this amount and the full allocation for 2010-2011 will be fully used on a programme of major repairs. It is also expected that the allocation for the year of £1,915,098 is to be fully used on a programme of major repairs during the year.

Under section 25 of the Local Government Act 2003, I am satisfied that the Housing Revenue Account balance is at an appropriate level.

The subsidy determination

Annual subsidy determination is issued by central government giving each housing authority a share of the central housing support.

The Council receives allowances for:

Category	£
Maintenance allowance	3,062,048
Management allowance	1,883,812
Major repair allowance	1,915,098
Capital financing allowance	955,698
Other items	48,342
Reduced by notional rent income	(8,755,998)

For 2011-2012 the Council will make a net payment of £891,000 to the government.

Setting the budget 2011-2012

The proposed HRA Budget summary budget is:

Housing Revenue Account	Actual 2009-2010	Original Budget 2010-2011	Outturn Budget 2010-2011	New Budget 2011-2012
Income				
Dwelling rents	(8,336,247)	(8,405,900)	(8,405,900)	(8,873,220)
Other rents	(306,845)	(315,360)	(315,360)	(322,480)
Charges for services and facilities	(317,648)	(318,080)	(287,410)	(282,720)
Other income	(38,359)	(41,070)	(104,210)	(28,400)
Total Income	(8,999,099)	(9,080,410)	(9,112,880)	(9,506,820)
Expenditure				
Repairs and maintenance	2,959,661	2,930,280	2,930,280	3,028,330
Supervision and management	2,650,321	2,826,390	2,712,780	2,680,580
Housing subsidy payable	192,219	492,250	687,190	891,000
Depreciation & impairment - Dwellings	274,581	1,530,050	1,530,050	1,622,660
Depreciation & impairment - Operational assets	111,797	132,500	132,500	86,570
Bad debt provision	43,685	90,600	90,600	58,740
Debt management expenses	11,943	12,320	12,320	12,310
Total Expenditure	6,244,207	8,014,390	8,095,720	8,380,190
Net cost of services	(2,754,892)	(1,066,020)	(1,017,160)	(1,126,630)
HRA share of CDC	110,938	124,670	124,670	127,570
HRA share of NDC	(6,579)	0	3,450	38,510
Net cost of HRA services	(2,650,533)	(941,350)	(889,040)	(960,550)
Gains and losses on HRA assets	(35,855)	0	(260,200)	0
Gains and losses on HRA contingent assets	(50,678)	0	(3,590)	0
Interest payable	469,638	407,350	407,350	483,590
Interest on mortgages	(261)	(450)	(450)	(150)
Interest on pension liabilities	830,000	832,000	832,000	830,000
Expected return on pension assets	(478,000)	(609,000)	(609,000)	(478,000)
Surplus on HRA services	(1,915,689)	(311,450)	(522,930)	(125,110)
Statutory debits and credits to the HRA				
Reversal of grants fully released	35,901	0	0	0
Reversal of grants released	46,769	31,690	31,690	23,260
Reversal of impairment loss	(121,307)	0	0	0
HRA premiums on early repayment of debts	251,077	251,120	251,120	130,010
HRA discounts on early repayment of debts	(10,004)	(10,050)	(10,050)	(10,080)
HRA net charges for retirement benefits	(476,834)	(223,000)	(223,000)	(352,000)
Gain on sale of fixed assets	35,855	0	260,200	0
Gain on sale of contingent assets	50,678	0	3,590	0
Gain on previous HRA impairment	1,368,251	0	0	0
Transfer to MRR	641,101	371,800	371,800	269,180
Transfer from MRR	(147,812)	(132,500)	(132,500)	(125,080)
Employer's contribution to pension scheme	264,932	22,390	22,390	189,820
Net deficit	22,918	0	52,310	0

List of Cost Centres	Actual Expenditure 2009-2010	Original Budget 2010-2011	Forecast Outturn Budget 2010-2011	Budget 2011-2012
Corporate management	976,843	1,209,070	1,216,950	1,080,790
Democratic representation & management	448,542	480,940	487,640	442,960
Non distributed costs	2,323,392	32,700	34,200	221,350
Cost of collection	783,729	733,110	723,450	769,260
Council tax benefits administration	345,415	404,580	409,640	461,850
Council tax benefits	(67,729)	18,610	18,610	19,620
Conducting elections	14,108	75,190	75,210	73,320
Registration of electors	158,263	171,750	169,340	155,690
Emergency planning	31,424	31,100	30,570	29,310
Local land charges	7,931	52,850	52,300	43,790
Grants budget:	258,588	280,800	280,800	260,920
<i>Grants sub-committee</i>	15,590	15,360	15,360	15,360
<i>Citizens Advice Bureau grant</i>	99,280	99,280	99,280	99,280
<i>Barrow and District Disability grant</i>	14,660	14,660	14,660	14,660
<i>Grass pitches</i>	37,500	37,500	37,500	37,500
<i>Park vale</i>	0	8,880	8,880	0
<i>Barrow football club</i>	5,000	5,000	5,000	0
<i>Barrow rugby club</i>	5,000	5,000	5,000	0
<i>Community centres grants</i>	3,300	2,200	2,200	1,200
<i>Cumbria sports grants</i>	5,350	5,850	5,850	5,850
<i>Animal refuge grant</i>	420	420	420	420
<i>Barrow sports panel</i>	2,850	2,930	2,930	2,930
<i>Barrow arts forum</i>	2,500	2,570	2,570	2,570
<i>Good citizenship awards</i>	500	500	500	500
<i>Mayoral awards to old people associations</i>	732	650	650	650
<i>Other grants</i>	7,000	0	0	0
<i>Charitable NDR relief</i>	58,906	80,000	80,000	80,000
Parish precepts	102,000	102,900	102,900	102,500
External interest on borrowing	601,240	633,000	584,640	621,250
Interest and investment income	(16,297)	(35,000)	(15,630)	(19,540)
Pension fund finance	1,617,000	1,053,000	1,053,000	1,617,000
Gains/Losses on assets disposal	139,221	0	(161,500)	0
Pooled UCR levy	243,988	0	106,890	0
Miscellaneous items	198,809	205,820	112,140	(202,640)
Exceptional items	(150,957)	0	0	0
Arts development and support	61,072	68,640	68,720	58,840
Dock museum	643,431	665,310	668,630	648,010
The Forum	903,421	953,640	950,760	885,000
The Forum events	47,644	20,000	20,000	20,000
Art events	(32,195)	48,000	48,000	48,000
Community centres	148,025	151,780	151,530	144,550
Sports development & community recreation	52,719	63,340	61,270	62,530
The park leisure centre	694,750	736,480	788,810	644,480
Barrow park	450,055	366,520	366,680	339,350
Parks and open spaces	451,351	307,880	312,680	340,460
Playground	255,282	243,300	243,080	197,400
Allotments	85,048	55,360	55,190	52,990
Tourism	83,790	111,060	110,870	70,570

List of Cost Centres	Actual Expenditure 2009-2010	Original Budget 2010-2011	Forecast Outturn Budget 2010-2011	Budget 2011-2012
Cemeteries	200,430	199,590	199,570	205,240
Crematorium	(56,335)	(31,950)	(31,160)	(54,250)
Coast protection	77,190	95,240	92,810	93,520
Food safety	125,939	139,140	139,140	127,940
Pollution	158,278	185,560	185,310	165,670
Occupational health	112,582	125,490	125,480	118,510
Port health	1,822	3,180	3,180	1,180
Pest control	87,773	98,040	97,690	86,120
Public health inspection	62,853	70,950	71,210	64,940
Dog warden	104,739	122,710	127,700	115,920
Licensing	29,729	38,230	35,700	21,330
Public conveniences	164,643	148,840	148,710	147,660
Community safety	111,010	154,040	129,450	146,760
Street cleansing	1,150,310	974,150	974,090	1,001,550
Streetscene unit	71,488	97,270	99,560	76,930
Waste collection	1,375,674	958,030	957,960	865,730
Recycling	471,168	(331,900)	(322,020)	(184,580)
Building control	177,626	187,050	186,640	129,380
Building control fee earning	8,524	(22,900)	(23,280)	(19,090)
Work in default	8,104	12,090	12,090	12,040
Development control	136,860	265,280	281,970	398,580
Planning	180,666	208,600	207,360	179,000
Economic development	411,664	448,350	454,090	378,890
Support to business and enterprise	814,440	819,110	894,460	0
Business Support Programme	30,000	0	2,520	0
Community development	6,000	13,500	(1,390)	(1,950)
Events & festivals management	99,005	101,110	150,490	88,640
The mall and shops	(63,148)	(62,950)	(63,120)	(72,470)
The markets	11,283	13,210	26,490	(3,090)
Commercial properties	(593,563)	(126,710)	(127,830)	(327,010)
Street fittings	123,157	64,480	64,320	63,410
Street Lighting	83,811	81,180	81,180	74,050
Off street car parking	(96,831)	(565,680)	(565,500)	(768,710)
On street car parking	(24,619)	0	450	0
Resident exemption permits	6,966	0	(320)	0
Concessionary fares	749,940	1,066,140	1,065,420	35,340
Housing renewal administration	185,853	202,350	202,250	183,800
Housing market renewal team	0	0	280	5,990
Neighbourhood Management Team	294,693	0	100,240	121,480
Housing Benefits Admin	421,923	499,330	503,210	552,070
Housing Benefits	(89,725)	104,330	94,270	94,710
Homelessness	26,218	28,660	28,660	28,590
Reserves, Balances and Statutory items	(1,991,459)	968,348	880,948	584,908
Net Budget	17,026,584	16,593,218	16,617,648	13,928,338

List of Cost Centres	Actual Expenditure 2009-2010	Original Budget 2010-2011	Forecast Outturn Budget 2010-2011	Budget 2011-2012
----------------------	------------------------------	---------------------------	-----------------------------------	------------------

Support Services and Service Management:				
Borough Treasurer's	899,496	1,070,110	1,098,600	1,005,080
Information Technology	1,192,746	1,161,540	1,089,080	994,920
Legal Services	183,177	206,110	207,260	197,520
Personnel	287,490	345,930	341,680	310,200
Technical Support Unit	196,965	175,670	267,650	251,580
Town Hall	501,438	507,990	515,700	495,570
Democratic Services	203,147	195,590	194,420	185,590
Secretarial Services	62,655	66,310	65,990	62,340
Administration Services	155,866	187,470	207,750	175,650
Customer Services	249,501	247,250	241,940	244,240
Internal Audit	139,017	138,700	149,990	143,520
Directors	272,388	276,920	307,440	280,150
Revenues and Benefits Client	104,473	125,330	123,440	114,450
Community Services Management	91,873	101,200	103,680	99,900
Environmental Health Administration	499,908	523,950	521,550	508,770
Total	5,040,140	5,330,070	5,436,170	5,069,480

The total of these support services is charged as follows:

General Fund	4,309,826	4,561,770	4,667,870	4,341,720
Housing Revenue Account	686,279	686,300	686,300	702,760
Capital Programme	44,035	82,000	82,000	25,000
Total	5,040,140	5,330,070	5,436,170	5,069,480

Barrow Borough Council
Budget Consultation 2011-2012

The Council is submitting its Revenue Budget for the year starting 1st April 2011 for public Consultation.

Over the last 3 years Cumbria County Council has increased its share of the Council Tax, which we collect on their behalf by 8.3%. Over the same period Barrow Borough Council has only increased the tax by 6.5%.

Band D Council Tax % increase	2008-2009	2009-2010	2010-2011
Cumbria County Council	3.9%	2.5%	1.9%
Barrow Borough Council	2%	4.5%	0%

This year there are significant pressures on our budget and in particular the reduced central government support. Core funding has been cut by 23%. However, the government is helping the Council to smooth the effect of this large reduction by introducing a special transition grant for two years only.

In setting the budget for 2011-2012 the Council will have to make savings amounting to £1.3 million as a start. The transition grant will be used to implement a service review for the coming years to enable the Council to deliver its services within the new funding restrictions. The Council intends to meet this year's savings target by a range of efficiency measures and does not plan any significant changes to service provision or support to voluntary organisations in 2011/12. We do not need to make any staff redundant this year.

We are also intending to freeze your Council Tax for 2011-2012 and accept a one off grant from the government to aid this action.

The Government has withdrawn all capital grant aid to support private sector housing improvements. The Council considers it essential to carry on and complete the work in the Central Renewal Area and we have therefore reduced our plans for investment in public buildings and assets for the next 3 years. Our planned capital expenditure for the next three years is shown below:

Description	2011-2012	2012-2013	2013-2014
Total Investment in housing	4,018,943	3,111,644	2,952,374
Total Investment in Public Buildings	492,000	200,000	200,000
Total Investment in other public assets	2,254,408	1,830,750	1,931,000
TOTAL	6,765,351	5,142,394	5,083,374

A summary of the programme funding is shown below:

Description	2011-2012	2012-2013	2013-2014
Borrowing	1,421,424	2,399,750	1,800,000
External grants	498,455	399,000	399,000
Reserves	3,847,381	2,012,644	2,053,374
Sale of assets	998,091	331,000	831,000
Total	6,765,351	5,142,394	5,083,374

Details of the Council's spending plans and proposed savings can be found in our Executive Committee report at <http://www.barrowbc.gov.uk/default.aspx?page=1335>

Consultation issues:

- Do you agree that the Council Tax should be frozen for 2011-2012
- Do you agree that the Council should complete the Central Housing Renewal Programme
- Are there any areas or services where the Council should spend more money
- Are there any areas or services where the Council should reduce its expenditure

To make comments, write to:

**Borough Treasurer,
Barrow Borough Council,
Town Hall,
Duke Street,
Barrow-in-Furness,
LA14 2LD**

Or e-mail budget@barrowbc.gov.uk.

Or fill out the [On-line Budget Consultation Feedback Form](#).

Or leave at the reception in the Town Hall or any other Council venues

All comments must be received by the 18th February 2011

Part 1

Treasury Management Strategy Report 2011-2012

Recommendations

This report outlines the Council's prudential indicators for 2011/12 – 2013/14 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- 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 – Part 2). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice;
- 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 – Also Part 2);
- 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 at Part 3;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance. And also shown in Part 3.

The above policies and parameters provide an approved framework within which the Borough Treasurer undertakes the day to day capital and treasury activities.

The Executive Committee is recommended to approve each of the key elements of these reports, and recommend these to Council:

1. **The Prudential Indicators and Limits for 2011/12 to 2013/14 contained within Part 2 of the report, including the Authorised Limit Prudential Indicator.**
2. **The Minimum Revenue Provision (MRP) Statement contained within Part 2 which sets out the Council's policy on MRP.**
3. **The Treasury Management Strategy 2011/12 to 2013/14 and the treasury Prudential Indicators contained within Part 3.**
4. **The Investment Strategy 2011/12 contained in the treasury management strategy (Part 3), and the detailed criteria included in Part 4.1.**

Part 2

The Capital Prudential Indicators 2011/12 – 2013/14

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems. This report updates currently approved indicators and introduces new indicators for 2013/14.
2. Within this overall prudential framework there is an impact on the Council's treasury management activity – as it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 2011/12 to 2013/14 is included as Part 3 to complement these indicators. Some of the prudential indicators are shown in the treasury management strategy to aid understanding.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; 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).
4. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.
5. 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.
6. 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 estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.

7. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

Capital Expenditure £	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Non-HRA	11,486,915	9,408,659	4,381,876	3,129,750	3,030,000
HRA	1,933,543	1,933,543	2,383,475	2,012,644	2,053,374
Total	13,420,458	11,342,202	6,765,351	5,142,394	5,083,374
Financed by:					
Capital receipts	1,740,670	1,571,584	998,091	331,000	831,000
Capital grants	7,746,245	5,421,924	498,455	399,000	399,000
Capital reserves	1,933,543	1,933,543	3,847,381	2,012,644	2,053,374
Revenue Reserves	0	2,415,151	0	0	0
Net financing need for the year	2,000,000	0	1,421,424	2,399,750	1,800,000

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

8. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.
9. The Council is asked to approve the CFR projections below:

£	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Capital Financing Requirement					
CFR – Non Housing	26,601,299	23,812,654	24,148,404	25,593,631	26,405,342
CFR Housing	9,010,011	9,010,011	9,010,011	9,010,011	9,010,011
Total CFR	35,611,310	32,822,665	33,158,415	34,603,642	35,415,353
Movement in CFR	846,471	(1,120,616)	335,750	1,445,227	811,711

Movement in CFR represented by					
Net financing need for the year (above)	2,000,000	0	1,421,424	2,399,750	1,800,000
Less MRP and other financing movements	(1,153,529)	(1,120,616)	(1,085,674)	(954,523)	(988,289)
Movement in CFR	846,471	(1,120,616)	335,750	1,445,227	811,711

10. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake

11. 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, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

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

- **Based on CFR** – MRP will be based on the CFR (Option 2);

This option provide for an approximate 4% reduction in the non-housing borrowing need (CFR) each year.

13. From 1 April 2008 for all unsupported borrowing (including PFI and Finance Leases) 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 Direction) (Option 3);

This option provide for a reduction in the borrowing need over approximately the asset's life.

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

14. 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.).

Affordability Prudential Indicators

15. 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 Council's overall finances. The Council is asked to approve the following indicators:

16. **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.

%	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Non-HRA	10	10	12	12	17
HRA	5	9	6	5	5

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

18. **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.

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

£	Original 2010/11	Proposed Budget 2010/11	Forward Projection 2011/12	Forward Projection 2012/13	Forward Projection 2013/14
Council Tax - Band D	-	-	-	-	-

20. **Estimates of the incremental impact of capital investment decisions on Housing Rent levels** – Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

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

£	Original 2009/10	Proposed Budget 2009/10	Forward Projection 2010/11	Forward Projection 2011/12	Forward Projection 2012/13
Weekly Housing Rent levels	-	-	-	-	-

22. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

Part 3

Treasury Management Strategy 2011/12 – 2013/14

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Part 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 its balanced budget requirement under the Local Government Finance Act 1992. .
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 14/03/2002.
3. As a result of adopting the Code the Council also adopted a Treasury Management Policy Statement (23/02/2010). This adoption is the requirements of one of the prudential indicators.
4. The Financial Regulations require an annual strategy to be reported to the Executive Committee 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 report is produced after the year-end to report on actual activity for the year, and a new requirement of the revision of the Code of Practice is that there is a mid-year monitoring report.
5. This strategy covers:
 - The Council's debt and investment projections;
 - The Council's estimates and limits on future debt levels;
 - The expected movement in interest rates;
 - The Council's borrowing and investment strategies;
 - Treasury performance indicators;
 - Specific limits on treasury activities;

Debt and Investment Projections 2011/12 – 2013/14

6. 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. The table also highlights the expected change in investment balances.

£	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
External Debt				
Debt at 1 April	22,389,734	22,389,734	23,811,158	26,210,908
Expected change in debt	0	1,421,424	2,399,750	1,800,000
Debt at 31 March	22,389,734	23,811,158	26,210,908	28,010,908
Operational Boundary	28,000,000	26,000,000	29,000,000	30,000,000
Investments				
Total Investments at 31 March	0	0	0	0
Investment change	0	0	0	0

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

£	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Revenue Budgets				
Interest on Borrowing	978,347	1,018,146	1,125,139	1,242,732
Related HRA Charge	393,703	397,114	405,375	413,046
Net General Fund	584,643	621,032	719,764	829,686
Borrowing Cost				
Investment income	15,630	19,540	65,630	65,630

Limits to Borrowing Activity

8. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
9. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2010/11 and the following two financial years (the relevant comparative figures are highlighted). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

£	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Gross Borrowing	22,389,734	23,811,158	26,210,908	28,010,908
Less Investments	0	0	0	0
Net Borrowing	22,389,734	23,811,158	26,210,908	28,010,908
CFR*	32,822,665	33,158,415	34,603,642	35,415,353

* - Under the Prudential Code revision any falls in the CFR are ignored.

10. The Borough Treasurer 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.
11. 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

12. 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.

13. The Council is asked to approve the following Authorised Limit:

Authorised limit £	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Borrowing	31,000,000	29,000,000	31,000,000	33,000,000
Other long term liabilities	0	0	0	0
Total	31,000,000	29,000,000	31,000,000	33,000,000

14. Borrowing in advance of need – The Council has some flexibility to borrow funds this year for use in future years. The Borough Treasurer 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 Borough Treasurer 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. Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 12 months in advance of need.

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

Expected Movement in Interest Rates

Medium-Term Rate Estimates (averages)

Annual Average %	Bank Rate	Money Rates		PWLB Rates*		
		3 month	1 year	5 year	25 year	50 year
2010/11	0.5	0.7	1.5	2.6	4.6	4.7
2011/12	0.7	0.9	1.8	3.5	5.3	5.3
2012/13	1.7	1.9	2.8	4.0	5.4	5.4
2013/14	3.1	3.3	3.8	4.8	5.6	5.6
2014/15	4.0	4.2	4.5	5.6	5.6	5.8
2015/16	4.0	4.2	4.2	5.3	5.5	5.5

* Borrowing Rates

16. Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy has commenced and recent growth data has come in at the high side of expectations. Nevertheless, this higher rate is unlikely to be sustained, with growth expected to revert back to more insipid levels. The danger of a double-dip recession is fading but the crisis in the euro-zone, the prospects of tight economic policies at home and tenuous consumer confidence means the threat has still not evaporated completely.

17. The Office for Budget Responsibility has presented a realistically downbeat view of the economy's recovery prospects over the short and medium term, projecting that growth will struggle to exceed its trend rate in the current parliament. The Government's determination to cut the size of the public sector deficit considerably more quickly than its predecessor will be a drag upon activity in the medium term.
18. The void left by significant cuts in public spending will have to be filled by a number of alternatives – corporate investment, rising exports and consumers' expenditure. In terms of sheer magnitude, the latter is the most important and a strong recovery in this area is by no means certain. The combination of the desire to reduce the level of personal debt and continued job uncertainty is likely to weigh heavily upon spending. This will be amplified by fiscal policy tightening, outlined in the Budget and expanded upon in the 20 October Comprehensive Spending Review. Without a rebound in personal spending, any recovery in the economy is set to be weak and protracted.
19. The Bank of England admits that inflation will remain above target until 2012. Inflation performance remains a key risk to the future course of interest rates. Nevertheless, the perceived need to counter the fiscal squeeze via accommodative monetary policy suggests that barring deterioration from the current situation, the MPC will be prepared to hold rates at very low levels until the latter stages of 2011.
20. The outlook for long-term interest rates is favourable in the near term but is set to deteriorate in the latter part of 2011. Yields will be suppressed by continued investor demand for safe haven instruments following the uncertainties and unfolding tensions within the entire Eurozone. In addition to this, the market has been underpinned by evidence of decelerating activity in major economies and the coalition government's apparent determination to deal with the parlous state of public sector finances. These two factors will restrict any deterioration in gilt market performance in the near term.
21. However, while the UK's fiscal burden will almost certainly ease, it will be a lengthy process and deficits over the next two to three financial years will still require a very heavy programme of gilt issuance. The latest Bank Inflation Report suggests the market will not be able to rely upon Quantitative Easing indefinitely to alleviate this enormous burden.
22. Eventually, the absence of the Bank of England as the largest buyer of gilts will shift the balance between supply and demand in the gilt-edged market. Other investors will almost certainly require some incentive to continue buying government paper.
23. This incentive will take the form of higher yields. The longer end of the curve will suffer from the lack of support from the major savings institutions – pension funds and insurance companies - who will continue to favour other investment instruments as a source of value and performance.
24. Although the FSA has recently delayed implementation of their liquidity requirements, the regulator will still look to ensure banks have necessary available liquidity. The front end of the curve will benefit from this and will ensure the steeply-positive incline of the yield curve remains intact.

Borrowing Strategy 2011/12 – 2013/14

25. 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.
26. Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise, although more modestly. The Borough Treasurer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.
27. With the likelihood of long term rates increasing, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the Borough Treasurer and treasury consultants will monitor prevailing rates for any opportunities during the year.
28. Following the Comprehensive Spending Review the PWLB increased borrowing interest rates by approximately 1%, without changing debt redemption interest rates. This will make PWLB debt rescheduling more problematic in the future.
29. 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.

Investment Strategy 2011/12 – 2013/14

30. **Key Objectives** - The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. Following the economic background above, the current investment climate has one over-riding risk, counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.
31. **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. Additional background in the approach taken is attached at Part 4.2.
32. These benchmarks are simple guides to maximum risk 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 to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.
33. 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.

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

- Bank overdraft - £1,000,000
- Liquid short term deposits of at least £1,000,000 available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.15 years, with a maximum of 0.75 years.

35. Yield - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7 day LIBID rate

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

	1 year	2 years	3 years	4 years	5 years
Maximum	0.03%	0.12%	0.10%	0.08%	0.06%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

37. **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.

38. The Borough Treasurer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criterion 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.

39. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

40. Credit rating information is supplied by our 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.

41. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
 - i. Are UK banks; and/or
 - ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. **Short Term – F1, P-1, A-1**
 - ii. **Long Term – AA-, Aa3, AA-**
 - iii. **Individual / Financial Strength – B, B (Fitch / Moody's only)**
 - iv. **Support – 2 (Fitch only)**
- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
 - (a) wholesale deposits in the bank are covered by a government guarantee;
 - (b) the government providing the guarantee is rated “AAA” by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
 - (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
 - **Banks 3 – Eligible Institutions** - The organisation was considered an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions were subject to suitability checks before inclusion.
 - **Banks 4** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
 - **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
 - **Building Societies** – the Council will use all Societies which:
 - i. meet the ratings for banks outlined above
 Or are both:
 - ii. Eligible Institutions; and
 - iii. Have assets in excess of £500,000,000.
 - **Money Market Funds**
 - **UK Government** (including gilts and the DMADF)
 - **Local Authorities, Parish Councils etc**

- **Supranational institutions**

A limit of 75% will be applied to the use of Non-Specified investments.

42. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:

- no more than 10% will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;
- Sector limits will be monitored regularly for appropriateness.

43. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice 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.

44. **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category: long term	AA-	£2,000,000	5 years
Limit 2 Category: short term Council's own bank	F1	£10,000,000	1 year
Limit 3 Category: short term other banks and building societies	F1 or eligible institution with £500,000,000 of assets	£2,000,000	1 year
Other Institution Limits	-	£5,000,000	1 year
DMADF	-	Unlimited	1 year
Guaranteed Organisations	-	£1,000,000	3 months

45. The proposed criteria for Specified and Non-Specified investments are shown in Part 4.1 for approval.

46. 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.

47. 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 longer term investment limits.

48. **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid/late-2011. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
49. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Borough Treasurer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.**
50. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

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

£	2011/12 Estimated + 1%	2011/12 Estimated - 1%
Revenue Budgets		
Interest on Borrowing	7,110	(7,110)
Net General Fund Borrowing Cost	4,340	(4,340)
Investment income	82,030	-

Treasury Management Limits on Activity

52. There are four further treasury activity limits, which were previously prudential indicators. 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.
- 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.

53. The Council is asked to approve the limits:

£	2011/12	2012/13	2013/14
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	24,000,000	27,000,000	29,000,000
Limits on variable interest rates based on net debt	8,000,000	9,000,000	9,000,000
Maturity Structure of fixed interest rate borrowing 2011/12			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	50%	
5 years to 10 years	0%	75%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£2,000,000	£2,000,000	£2,000,000

Performance Indicators

54. 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
- Investments – Internal returns above the 7 day LIBID rate

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

Treasury Management Advisers

55. The Council uses Sector as its treasury management consultants. The company provides a range of services which include:

- Technical support on treasury matters;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;

- Credit ratings/market information service comprising the three main credit rating agencies;
56. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review.

Member and Officer Training

57. 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 organising training on an annual basis to members.

Part 4.1

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

The 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 14/03/2002 and will apply its principles to all investment activity. In accordance with the Code, the Borough Treasurer 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 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.

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 considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.

4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated F1, P-1, A-1 by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality such as a bank or building society. For category 5 this covers bodies with a minimum short term rating of F1, P-1, A-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. The criteria are:

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category: long term	AA-	£2,000,000	5 years
Limit 2 Category: short term Council's own bank	F1	£10,000,000	1 year
Limit 3 Category: short term other banks and building societies	F1 or eligible institution with £500,000,000 of assets	£2,000,000	1 year
Other Institution Limits	-	£5,000,000	1 year
DMADF	-	Unlimited	1 year
Guaranteed Organisations	-	£1,000,000	3 months

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>AAA long term ratings</p> <p>£10,000,000</p> <p>1 year</p>

b.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£5,000,000 5 years
c.	The Council's own banker HSBC	£10,000,000
d.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £500,000,000, but will restrict these type of investments to £2,000,000 and a time limit of 1 year.	£2,000,000 5 years
e.	Any bank or building society that has a minimum long term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£2,000,000 1 year
f.	Any non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent bank having the necessary credit rating to qualify in its own right.	£5,000,000 1 year
g.	Local Authorities	£5,000,000 1 year

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector 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 Borough Treasurer, and if required new counterparties which meet the criteria will be added to the list.

Part 4.2

Security, Liquidity and Yield Benchmarking

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service - A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks.

These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Report.

Yield – These benchmarks are currently widely used to assess investment performance. Local measures of yield benchmarks are :

- Investments – Internal returns above the 7 day LIBID rate

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. However they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for the cash type investments are below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

Liquidity – This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft - £1,000,000
- Liquid short term deposits of at least £1,000,000 available with a week’s notice.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be 0.15 years, with a maximum of 0.75 years.

Security of the investments – In context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody’s and Standard and Poors). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch/Moody’s Standard and Poors long term rating category over the period 1990 to 2009.

Years	1	2	3	4	5
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

The Council's minimum long term rating criteria is currently "AA", meaning the average expectation of default for a one year investment in a counterparty with a "AA" long term rating would be 0.03% of the total investment (e.g. for a £1m investment the average loss would be £300). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

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

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

	1 year	2 years	3 years	4 years	5 years
Maximum	0.03%	0.12%	0.10%	0.08%	0.06%

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Investment Annual Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

**Barrow Borough Council
Capital Programme 2010/2015**

Appendix 4

2010-2011		2011-2012	2012-2013	2013-2014	2014-2015
1,933,543	Capitalised planned maintenance	2,315,475	2,012,644	2,053,374	2,100,040
-	Housing IT	68,000	-	-	-
1,933,543	Total Investment in public housing	2,383,475	2,012,644	2,053,374	2,100,040
1,075,557	Disabled facilities grants	599,000	599,000	599,000	599,000
90,860	Thermal Improvement Grants	-	-	-	-
53,762	Stay put agency	-	-	-	-
52,500	Private Sector Housing Condition Survey	7,500	-	-	-
1,272,679	Total Investment in private housing	606,500	599,000	599,000	599,000
1,299,864	North Central Renewal - Acquisitions Sub Area D	-	-	-	-
50,000	Central - Relocation Grants	-	-	-	-
66,060	Central Misc Acquisitions	-	-	-	-
34,768	Central Refurbishment Property Swaps	-	-	-	-
50,311	Central - 188 Marsh Street	-	-	-	-
175,000	North Central Renewal - Demolition	251,968	-	-	-
338	Greengate Street Garages - Site Preparation	-	-	-	-
635,034	Group Repair - Sutherland Street	18,500	-	-	-
326,500	Group Repair - Marsh Street	8,500	-	-	-
-	Group Repair - Central Area E	750,000	500,000	-	-
-	Rawlinson Street Scheme	-	-	300,000	-
50,000	Central Buccleuch Court Environmental Improvements	-	-	-	-
12,213	Hindpool Urban Park Phase 1 & 2	-	-	-	-
938	Hindpool Environmental Improvements - Gateway	-	-	-	-
15,643	Hindpool Environmental Improvements - Pocket Parks	-	-	-	-
8,988	Hindpool Environmental Improvements - Key Streets	-	-	-	-
2,725,657	Investment in Housing Market Renewal	1,028,968	500,000	300,000	-
5,931,879	Total Investment in housing	4,018,943	3,111,644	2,952,374	2,699,040
75,232	Cemetery	250,000	-	-	-
10,975	Crematorium	42,000	-	-	-
121,746	Dock Museum	-	-	-	-
171,284	Forum 28	-	-	-	-
143,559	Leisure Centre	-	-	-	-
188,885	Market Hall	-	-	-	-
25,650	Roof Top Car Park	-	-	-	-
125,000	Town Hall	100,000	100,000	100,000	100,000
784	Public Buildings Alternative Energy Sources	-	-	-	-
98,348	Craven House	-	-	-	-
961,463	Total Investment in Public Buildings	392,000	100,000	100,000	100,000
65,386	Askam Community Centre	-	-	-	-
20,415	Emlyn Street Improvements	-	-	-	-
324,692	Play Areas	-	-	-	-
109,905	Barrow Park	-	-	-	-
80,905	Play Project Biggar Bank	-	-	-	-
13,417	Barrow Park Skate Park	-	-	-	-
272	Playing Fields	-	-	-	-
18,981	James Freel Close Business Units	-	-	-	-
350,000	Advance Workspace Units - Site Adjacent Waterside House	-	-	-	-
232,791	Bradys Site Bessemer Way - Repayment of Grant	-	-	-	-
5,927	Holker Street Car Park	-	-	-	-
20,332	Ambassador House	-	-	-	-
19,000	Salthouse Road Depot	-	-	-	-
42,000	Town Centre Shop Front Grants	200,000	50,000	-	-
12,532	237-241 Dalton Road Millennium House	-	-	-	-
45,583	Abbey Road THI	-	-	-	-
898,090	104 Abbey Road (Cookees Building)	196,608	25,750	-	-
201,613	102 Abbey Road	-	-	-	-
269,939	Link Road	45,000	-	-	-
10,581	Dalton Road Streetscapes	-	-	-	-
1,450	Abbey Road Streetscapes	-	-	-	-

**Barrow Borough Council
Capital Programme 2010/2015**

Appendix 4

2010-2011		2011-2012	2012-2013	2013-2014	2014-2015
202,526	Town Centre Public Realm Phase II (The Ginnell)	3,900	-	-	-
113,131	Furness House Landscaping	6,450	-	-	-
2,409	Coronation Gardens	-	-	-	-
283,907	The Mall	4,950	-	-	-
15,000	Town Centre Public Realm Phase III (Portland Walk Dalton Road Link)	-	-	-	-
9,840	Town Centre Public Realm Phase III (Schneider Square)	-	-	-	-
200,000	Marina Village	1,000,000	1,000,000	1,000,000	1,000,000
20,000	Street Furniture	-	-	-	-
22,500	Footpath Lighting	-	-	-	-
37,299	Amenity Tree Planting	-	-	-	-
160,596	IT Equipment & Development	142,500	100,000	100,000	100,000
110,773	Refuse and Recycling Containers	40,000	40,000	40,000	40,000
3,921,792	Total Investment in other public assets	1,639,408	1,215,750	1,140,000	1,140,000
10,000	Cycleways	-	-	-	-
117,863	Rural Regeneration	-	-	-	-
250,962	Rural Regeneration - Piel Island	-	-	-	-
100,000	Grant Barrow AFC & Barrow RLFC	-	-	-	-
478,825	Total Investment in Community Initiatives	-	-	-	-
4,974	Retentions	25,000	25,000	25,000	25,000
43,269	Asset Investment Fund	690,000	690,000	866,000	866,000
11,342,202	Total	6,765,351	5,142,394	5,083,374	4,830,040

Funding of Capital Programme

755,679	Housing Capital Grant - Private Sector Housing	-	-	-	-
2,192,181	Housing Capital Grant - Housing Market Renewal	-	-	-	-
-	Borrowing Requirement Non Housing	1,421,424	2,399,750	1,800,000	1,500,000
217,527	WLR Housing Market Renewal	-	-	-	-
659,483	DCLG Grant	399,000	399,000	399,000	399,000
2,205,702	Area Based Grant earmarked reserve	1,531,906	-	-	-
274,106	NWDA	23,405	-	-	-
198,664	UDF Barrow Regeneration	-	-	-	-
21,190	Communities for Health	-	-	-	-
519,368	Lottery	76,050	-	-	-
360,411	Community Asset Fund	-	-	-	-
39,921	Department of Energy and Climate Change	-	-	-	-
147,862	Cumbria County Council	-	-	-	-
35,532	Private Contributions	-	-	-	-
1,933,543	HRA Major Repairs Reserve	2,315,475	2,012,644	2,053,374	2,100,040
110,449	Contributions from Opportunities Reserve	-	-	-	-
99,000	Contributions from Revenue	-	-	-	-
1,571,584	Usable Capital Receipts	998,091	331,000	831,000	831,000
11,342,202	Total	6,765,351	5,142,394	5,083,374	4,830,040

Capital Programme Finance

The capital programme has been revised to reflect the significant reduction in capital funding and reduced levels of borrowing.

Borrowing – to reduce the impact on the revenue budget, the capital programme has been revised assuming the use of Area Based Grant balances in 2010/2011 and revising and re-profiling borrowing as follows:

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
As at 30/09/2010	£2,825,947	£2,000,000	£2,000,000	£0	£0
As at 31/12/2010	0	£1,421,424	£2,399,750	£1,800,000	£1,500,000

Capital Receipts - the capital programme assumes the following capital receipts

	2011/2012	2012/2013	2013/2014	2014/2015
Projected capital receipts	331,000	331,000	831,000	831,000

Public Building Contingency Fund and the Investment/Contingency Fund have been combined into an Asset Investment Fund.

Projects removed from the programme and bids received from managers will be prioritised. As capital receipts are secured prioritised projects will be considered for inclusion in the programme and funds released from the Asset Investment Fund

Capital Programme 2010/2011

The half year position of the capital programme for 2010/2011 is summarised below (details attached of expenditure by project)

Capital Programme	2010/2011 Budget	2010/2011 Expenditure As at 31/12/2010
As at 30/09/2010	£13,046,530	
As at 31/12/2010	£11,342,202	£6,578,226
Alterations	£1,704,328	

Total Programme	£11,342,202
Funded by:	
Borrowing	£0
Grants	£5,421,924
Major Repairs Reserve	£1,933,543
Opportunities Fund	£110,449
Reserves	£2,304,702
Usable Capital Receipts	£1,571,584

Major (over £10,000) alterations to the programme compared to previously reported programme on 20th October 2010 are as follows:

Current financial year 2010/2011

- 1) Budget revisions
 - Minor Repair Grants (£39,749)
 - Crematorium Catholic Chapel (£100,000)
 - Dock Museum Solar Panels (£8,000)
 - Leisure Centre Wet Changing Rooms (£260,000)
 - Public Conveniences (£98,750)
 - Town Hall Refurbishment (£112,669)
 - Town Hall Survey Fees Roof Top & Sandstone (£50,000)
 - Playing Fields (£72,500)
 - Footpath Lighting (£20,000)
 - Public Building Contingency Fund (£235,019)
 - Investment & Contingency Fund (£632,022)

- 2) Revised funding
 - Crematorium Carbon Trust Funding (£100,000)
 - Sea Change funding reduced capital allocation (£92,517)
 - Sea Change funding transferred to revenue (£45,000)
 - Dalton Road Streetscapes CCC Funding £10,581
 - Piel Island Ship Inn Private Contribution £20,000
 - Abbey Road THI £45,583
 - Bradys Site Bessemer Way repayment of grant £232,791 usable capital receipts

- 3) Investment & Contingency Fund
 - 100/102 Abbey Road re Exec Committee 17/11/2010 £200,000

- 4) Budget re-profiled from 2010/2011 to 2011/2012
 - Public Buildings Contingency Fund £150,000
 - Investment & Contingency Fund £212,769
 - Link Road £45,000

- Budget re-profiled from 2010/2011 to 2012/2013
 - Marina Village £450,949

Capital Programme 2011/2015

The four year capital programme 2010/2011 to 2014/2015 is summarised below.

Capital Programme	2011/2012 Budget	2012/2013 Budget	2013/2014 Budget	2014/2015 Budget
As at 30/09/2010	£9,064,491	£6,508,144	£0	£0
As at 31/12/2010	£6,417,777	£5,142,394	£5,083,374	£4,830,040
Difference	(£2,646,714)	(£1,365,750)	£5,083,374	£4,830,040

	2011/2012 Budget	2012/2013 Budget	2013/2014 Budget	2014/2015 Budget
Total Programme	£6,765,351	£5,142,394	£5,083,374	£4,830,040
Funded by:				
Borrowing	£1,421,424	£2,399,750	£1,800,000	£1,500,000
Grants	£498,455	£399,000	£399,000	£399,000
Reserves	£3,847,381	£2,012,644	£2,053,374	£2,100,040
Capital Receipts	£998,091	£331,000	£831,000	£831,000

Capital Programme 2011/2015

2013/2014 and 2014/2015 capital programme have been compiled based upon the following assumptions

Major Repairs Reserve 2013/2014 £2,053,374, 2014/2015 £2,100,040
DCLG Disabled Facilities Grant £399,000 per annum
Capital Receipts from Sale of Council Houses £81,000 per annum
Miscellaneous Receipts £750,000 per annum

Major (over £10,000) alterations to the programme 2011/2015

1) Revised funding

- DCLG have withdrawn Housing Capital Grant. (£1,343,000) has been removed from the capital programme 2011/2012 and 2012/2013

2) Budget Revisions

- Disabled Facilities Grants 2011/2012 and 2012/2013 (£413,000)
- Minor Repair Grants 2011/2012 and 2012/2013 (£28,125)
- Thermal Improvement Grants 2011/2012 and 2012/2013 (£75,000)
- Stay Put Agency 2011/2012 and 2012/2013 (£53,762)
- Dock Museum Solar panels 2011/2012 (£20,000)
- Dock Museum Ship Builders Gallery 2011/2012 (£9,500) and 2012/2013 (£124,500)
- Leisure Centre Wet Changing Rooms 2011/2012 (£15,000)
- Town Hall 2011 to 2014 (£100,000) per annum
- Public Conveniences 2011/2012 (£50,000)
- Play Area (£100,000) per annum
- Playing Fields (£25,000) per annum
- Amenity Tree Planting (£20,000) per annum
- Street Furniture 2011 to 2014 (£10,000) per annum
- Footpath Lighting 2011 to 2014 (£30,000) per annum
- Rural Regeneration (£100,000) per annum
- Town Centre Shop Front Grants 2011/2012 £100,000
- Burlington House 2012/2013 (£400,000)

- 3) Budget re-profiled
- Rawlinson Street Scheme £300,000 from 2011/2012 to 2013/2014
 - Marina Village £320,000 from 2011/2012 to 2012/2013 and £1,000,000 from 2011/2012 to 2013/2014
- 4) Bids submitted by managers for capital funding have been considered by management and the following projects included in the programme:
- Housing IT Customer Information and Document Management 2011/2012 £43,000
 - Housing IT Data Management and Reporting 2011/2012 £25,000
 - IT Equipment & Development 2011/2012 £17,500

The following bids were received from managers but have not been included in the current programme. Projects will be prioritised and considered for inclusion as funding is secured

- Roof Top Car Park – costs to be determined
- Dock Museum Conservation Town Hall Fine Art Collection £120,000
- Dock Museum Chiller Units £35,000
- Forum 28 Motorised Bar Main Theatre £30,000
- Forum 28 First Floor Toilets £75,000
- Forum 28 Motion Sensors for Lights £20,000
- Crematorium Office and Seating £120,000

**Barrow Borough Council Capital Programme
Expenditure as at 31st December 2010**

Appendix 4

	Budget 2010/2011	Expenditure to 31/12/2010
Capitalised planned maintenance	1,933,543	1,094,951
Total Investment in public housing	1,933,543	1,094,951
Disabled facilities grants	1,075,557	459,890
Minor repair grants	-	(10,053)
Thermal Improvement Grant	90,860	44,932
Stay put agency	53,762	43,010
Private Sector Housing Condition Survey	52,500	30,233
Total Investment in private housing	1,272,679	568,011
North Central Renewal - Acquisition Sub Area D	1,299,864	1,085,567
Relocation Grants	50,000	50,000
Central Misc Acquisitions	66,060	33,367
Central Refurbishment Property Swops	34,768	9,553
Central - 188 Marsh Street	50,311	-
North Central Renewal - Demolition	175,000	122,752
Greengate Street Garages - Site Preparation	338	338
Group Repair Sutherland Street	635,034	628,037
Group Repair Marsh Street	326,500	114,174
Central Buccleuch Court Environmental Improvements	50,000	116
Hindpool Urban Park Phase 1 & 2	12,213	1,000
Hindpool Environmental Improvements - Gateways	938	-
Hindpool Environmental Improvements - Pocket Parks	15,643	587
Hindpool Environmental Improvements - Key Streets	8,988	123
Investment in Housing Market Renewal	2,725,657	2,045,614
Total Investment in housing	5,931,879	3,708,576
Cemetery	75,232	5,226
Crematorium	10,975	-
Dock Museum	121,746	64,700
Forum 28	171,284	83,216
Leisure Centre	143,559	137,050
Market Hall	188,885	86,440
Roof Top Car Park	25,650	-
Town Hall	125,000	38,169
Public Buildings Alternative Energy Sources	784	-
Craven House	98,348	23,342
Total Investment in Public Buildings	961,463	438,143
Askam Community Centre	65,386	36,710
Emlyn Street Improvements	20,415	20,414
Play Areas	324,692	720
Barrow Park	109,905	4,734
Play Projects Biggar Bank	80,905	-
Barrow Park Skate Park	13,417	-
Playing Fields	272	-
James Freel Close Business Units	18,981	9,298
Waterside Business Park Site Entrance	350,000	16,005
Bradys Site Bessemer Way - Repayment of Grant	232,791	232,791
Holker Street Car Park	5,927	1,973
Ambassador House	20,332	20,332
Salthouse Road Depot	19,000	12,003
Town Centre Shop Front Grants	42,000	19,691
237-241 Dalton Road Millennium House	12,532	69

**Barrow Borough Council Capital Programme
Expenditure as at 31st December 2010**

Appendix 4

	Budget 2010/2011	Expenditure to 31/12/2010
Abbey Road THI	45,583	2,762
104 Abbey Road (Cookes Building)	898,090	636,937
102 Abbey Road	201,613	123,665
Link Road	269,939	195,144
Dalton Road Streetscapes	10,581	10,581
Abbey Road Streetscapes	1,450	-
Town Centre Public Realm Phase II	202,526	177,341
Furness House Landscaping	113,131	109,317
Coronation Gardens	2,409	2,409
The Mall	283,907	290,898
Town Centre Public Realm Phase III (Portland Walk Dalton Road Link)	15,000	12,534
Town Centre Public Realm Phase III (Schneider Square)	9,840	9,419
Marina Village Land Assembly	200,000	63,970
Street Furniture	20,000	-
Footpath Lighting	22,500	452
Amenity Tree Planting	37,299	-
IT Equipment & Development	160,596	91,358
Refuse and Recycling Containers	110,773	90,486
Total Investment in other public assets	3,921,792	2,192,011
Cycleways	10,000	9,685
Rural Regeneration	117,863	22,247
Rural Regeneration - Piel Island	250,962	107,564
Grants Barrow AFC & Barrow RLFC	100,000	100,000
Total Investment in Community Initiatives	478,825	239,496
Retentions	4,974	-
Asset Investment Fund	43,269	-
Total	11,342,202	6,578,226

HOUSING MANAGEMENT FORUM		(R) Agenda Item 6
Date of Meeting:	20th January, 2011	
Reporting Officer:	Colin Garnett, Housing Manager	
<p>Title: Housing Revenue Account 2011/12</p> <p>Summary and Conclusion:</p> <p>The purpose of this report is to agree a Housing Revenue Account Budget for the financial year 2011/12.</p> <p>The report also provides an Expected Outturn Budget for the current year 2010/11 and information regarding balances.</p> <p>Recommendations:</p> <p>To approve the Housing Manager's recommendations and request the Executive Committee:</p> <ol style="list-style-type: none"> 1. To note the information at (1) of the report; 2. To note the information on balances at (2) of the report; 3. To agree the 2011/12 budget as shown at Appendix A of the report; 4. To agree an average increase of 6.05% in line with Rent Restructuring guidelines and note the effect on individual rents as shown at Appendix B of the report; 5. To agree an increase of Garage charges of 6.05% point 4.1 of the report; 6. To agree the deletion of the Homelink Supervisor Post (Post No. OHS 200) point 4.2; and 7. To agree the action contained in point 4.3 of the report. 		

Report

The purpose of this report is to agree a Housing Revenue Account Budget for the financial year 2011/12.

The Report also provides an Expected Outturn Budget for the current year 2010/11 and information regarding balances.

The expected outturn and proposed HRA for 2010/11 is attached at **Appendix A**.

In drafting this report I have followed the subsidy determination provided in this year's guidance on rent setting and Housing Subsidy.

1. Expected Outturn Budget 2010/11

The forecast outturn for the year is:

- (i) Rental Income sales during the year are in line with expectations.

- Sales assumed in original 2010/11 budget = 6 dwellings
- Sales current expectations 2010/11 = 6 dwellings (5 completed as at December 2009)
- Rental income is expected to be in line with budget

(ii) Salaries

Changes in personnel, working hours and unfilled vacancies have resulted in savings estimated to be £113,610 for the year.

2. Balances on the Expected Outturn for 2010-11

The above is likely to result in the following movement in balances.

2.1 Balance on the Major Repair Reserve as at 31 March 2010	:	<u>£ 411,486</u>
MRA funding adjustment brought forward 2010-11	:	£ (300,000)
Net additional available to spend in 2010-11	:	£ 111,486

The above additional funds are expected to be spent along with the year's MRA allocation; therefore balance on MRA reserve at 31 March 2011 is expected to be zero.

2.2 Balance on the Housing Revenue Account as at 31 March 2010	:	£ 823,061
---	----------	------------------

2.3 Breakdown of Balance on Account

Balance on the Housing Revenue Account as at 31 March 2010	:	£ 823,061
Forecast Deficit 2010-11*	:	£ (52,310)

Estimated Balance at year end	:	<u>£ 770,751</u>

*The subsidy repayment is forecast to rise to £687,190 or £194,940 more than budget.

The Balance is in line with the recommended minimum balances as suggested by the Borough Treasurer.

3. Draft Proposed HRA 2011/12

In developing a proposed budget for 2011/12 the following factors have been taken into account:

- 3.1 The formula for calculating the Housing Revenue Account subsidy is unchanged from the 2010-11 determination but there are changes to certain key factors which adversely affect the major repair, management and maintenance allowances we receive.

- The weighting given to the ratio of flats and high rise flats has increased compared to low level flats and houses
- Our relets & terminations have fallen by 25%
- Right to Buy sales reduce our stock level

The reduction in allowances is, in part, mitigated by an examination and correction of our terraced house stock classification from small to large which improved our allowances by £99,540

Estimated movement in allowances by	:	£ (27,914)
-------------------------------------	---	------------

3.2 Rent increases will be applied in accordance with the rent restructuring plans (further details are shown below) – currently averaging 6.05%.

- Overall staff expenditure will be reduced by £200,000
 - General inflation of 0% on salaries.
 - Increases to NI and changes to the way that superannuation is treated accounts for £120,000.
- The balance of £85, 910 is the net result of taking the following actions
 - Deleting the posts of the Senior Services Officer for Income & Debt Recovery and the balance of hours from the Tenancy Services Manager becoming a part time role, re-designating the role of Senior Customer Services Assistant to Customer Services Assistant all of which have previously been agreed to by Committee.
 - It also includes the saving which is accrued by the ongoing vacancy of the Homelink Supervisor which I would recommend is deleted and to which I will refer later in this Report.
- 0% on utilities or in line with contractual increases.
- Rental income is based on sales of 8 dwellings in 2011/12.

3.3 As referred to above, rent levels are dictated by the rent restructuring rules.

Rent restructuring is a mechanism which will harmonise rents across the country. Every property has a Target Rent determined by the property's value, size and location and every year rents are uplifted by the formula of half a % above inflation to move rents towards the Target Rent. Increases are capped so that they remain affordable. For 2011/12 the increase is based on an RPI of 4.6% + 0.5% and the date for convergence for the Target Rent has extended from 3 to 5 years.

Current Rent (48 wks)	Current Rent (52 wks)	Uplifted by 5.1% (52 wks)	Uplifted Convergence 1/5 th (52 wks)	by	Affordability Caps Limit (52 wks)	Target Rent (52 wks)	New Rent (48 wks)
£91.59	£84.54	£88.85	£90.24		£90.24	£95.78	£97.76

The government national average guideline rent increase for 2011/12 is 6.8% and the effect of this for this authority is as follows:

	48 Weeks	52 Weeks
2011/12	64.14	69.48
2010/11	60.48	65.52
Increase	6.05%	6.05%

Attached at Appendix B are further details of the resultant rents for different property types. Rents on an individual property basis will differ.

3.4 The housing repairs and maintenance budget has been adjusted in line with the subsidy guidelines allowing £1,121 per dwelling.

4 Other Charges

4.1 Garage Charges

As it is normal practice to recommend that garage rents are increased in line with residential properties the proposed budget includes a £6.05% increase on garage charges which generates £16,232.

The effect on individual garage charges would be as follows:

	2010/11	+4%	+6.05%	+8%
Garage rate 1	£5.45	£5.64	£5.78	£5.89
Garage rate 2	£7.79	£7.38	£7.99	£8.13
Increase		£11,950	£16,232	£19,506

Please note that VAT is payable in addition to the above charges for garage holders who are not also Council tenants. VAT increased 10 January 2011 from 17.5% to 20%.

There is a 100 strong waiting list garages with few vacancies.

I would, therefore, suggest you give consideration to increasing current rents by 6.05%.

4.2 Homelink

The Income for Homelink tenants is influenced by the Contract Arrangements that are in place with Supporting People. I am not proposing any changes to Homelink charging at this time.

It was my intention to complete a Review of the Service in parallel with a County Wide review of such services by Supporting People. A timetable has now been published for the review to be completed by September 2011.

It is projected that the income for the service for 2011/12 will be c£55k. This includes savings that are accruing from the non-filling of the Homelink Supervisors role (Post no OHS 200).

The responsibilities of this Post have changed significantly from when it was created and we operated a Call Handling Facility. In consideration of the deficit on this Service area and ongoing pressure on the HRA generally I would recommend the Post be deleted.

4.3 Other Charges

Previously the principle has been agreed to vary certain charges as required to reflect the full cost of the service. These charges are altered when contracts are reviewed. Areas covered by this are staircase cleaning, supported tenancies, furnished tenancies, and dispersed accommodation.

I would recommend this principle be continued.

5. **Housing Revenue Account Review**

As you are aware I have previously advised on the changes that are planned to the current HRA financing arrangement by the coalition who will introduce a Self Financing model for April 2012. Further information will be provided as it is released. In the meantime there is provision within the budget for £20,000 to obtain assistance and advice on the correct approach to take.

6. Business Improvement Initiatives

Work has started on restructuring cost centres so that the components and costs of delivering each of the Housing services areas can be pinpointed, compared and improved. Other initiatives include:

- Looking more closely at the revenue and expenditure on Shops, Garages, Leaseholding and Homeless accommodation.
- Process improvements which streamline and reduce costs on Lettings, Void Management and Rent Collection
- Reviewing current Information Systems and Technology to support the improvements and reduce IT costs
- Work has begun on 'Depooling', a term used to mean the separation of rent and service charge creation elements from the Rent and is a step which is advised preparatory to Self Financing. The findings will be brought to committee in due course.

6. Summary

The proposed HRA budget for 2011/12 has been drafted to reflect the latest guidance.

The proposed rent increase is in line with the rent restructuring plan and provides a convergence date of 25th April 2015.

Legal Implications

Proposals in report reflect guidance on rent restructuring.

Financial Implications

Management procedures are in place to regularly review expenditure and ensure it's within budget.

Health and Safety Implications

Not Applicable.

Key Priorities or Corporate Aims

Corporate:

Meet the housing needs of the Borough and make decent housing more accessible.

Housing Service:

Prudent financial management to ensure financial resources are used effectively with regards value for money.

Risk Assessment

Not Applicable.

Equal Opportunities

Not Applicable.

Background Papers

2011/12 Subsidy Determination.

EXECUTIVE COMMITTEE	(D) Agenda Item 9
Date of Meeting: 2nd February 2011	
Reporting Officer: Director of Regeneration and Community Services	
Title: LDF Annual Monitoring Report (AMR)	
Summary and Conclusions:	
The purpose of this report is to advise Members of the submission of the 2009/10 Local Development Framework Annual Monitoring Report (AMR).	
Recommendation:	
To note the submission and content of the LDF Annual Monitoring Report.	

Report

The purpose of this report is to advise members of the submission of the 2009/10 Local Development Framework (LDF) Annual Monitoring Report (AMR).

The AMR for 2009/10 was submitted to the Secretary of State on 21st December 2010. This was the sixth Annual Monitoring Report to be published by the LDF Section and a copy is available to view in the Member's Room or on the Council's Website.

The AMR is required to set out the Council's progress in producing the documents set out in its Local Development Scheme (LDS).

It is also sets out a framework for monitoring the new and saved policies against a number of indicators, including those recommended by DCLG. Key amongst these is a 'housing trajectory' showing the actual and predicted performance against any housing targets in the development plan (currently those set out in the Regional Strategy).

An addendum report is to be prepared which will include floorspace figures for Business and Retail, Office and Leisure Development as these were unavailable at the time the AMR was published.

(i) **Legal Implications**

The submission of the AMR and elements of its content are statutory requirements.

(ii) Risk Assessment

Not Applicable.

(iii) Financial Implications

Not Applicable.

(iv) Health and Safety Implications

Not Applicable.

(v) Key Priorities or Corporate Aims

Corporate Aims:

3 – Creating an enhanced quality of life for local residents.

Key Priorities 2008-2011:

KP2 – Meet the housing needs of the Borough and make decent housing more accessible.

KP4 – Support economic regeneration.

(vi) Equality and Diversity

Not applicable.

vii) Health & Wellbeing Implications

Not Applicable.

Background Papers

Correspondence held by the Director of Regeneration and Community Services.
Copy of AMR available to view in Member's Room.

EXECUTIVE COMMITTEE		Part One (D) Agenda Item 10
Date of Meeting:	2nd February, 2011	
Reporting Officer: Chief Environmental Health Officer		
<p>Title: Anchor Staying Put – Barrow Home Improvement Agency (HIA)</p> <p>Summary and Conclusions:</p> <p>This report updates Members on the closure of the HIA with effect from 31st March, 2011 and indicates how the Council will deal with future applications for Disabled Facilities Grant (DFG).</p> <p>Recommendations:</p> <p>To agree the proposed mechanism for assisting applicants for DFGs with effect from 1st April, 2011.</p>		

Report

Members will recall that I reported to this Committee on 20th October 2010 that the Home Improvement Agency (HIA), currently operated by Anchor Trust, was likely to be wound up on 31st March 2011, partly as a result of Anchor opting to withdraw from the provision of HIA services, and partly as a result of the suspension of Supporting People funding following the failure of the retendering of the contract.

At the time, it was unclear whether Anchor's HIAs would be transferred to another provider, and the Council's Management Team had indicated that alternative options to continue to provide support to vulnerable people applying for mandatory Disabled Facilities Grant (DFG) needed to be presented for Members consideration.

I can now confirm that the HIA will be wound up on 31st March 2011, and that the staff employed by Anchor will be made redundant. Despite detailed negotiations, Anchor has been unable to secure the transfer of the HIA to another provider.

No other provider of HIA services has been identified.

Since the HIA was established in 1995, the range of Housing Grants available to assist vulnerable households has reduced significantly as a result of restrictions to the Capital Programme, to the extent that only mandatory DFGs are now available. The Council has a duty to consider DFG applications in accordance

with the Housing Grants, Construction and Regeneration Act 1996, following an appropriate referral from Cumbria Social Services, and Officers are responsible for determining the extent of works required, eligibility of applicants and ensuring that works are completed to a satisfactory standard.

Following the withdrawal of the services of the HIA with effect from April this year the Council will not be able to provide the same level of support for applicants that was provided by the HIA. We will however retain the duty to enable applicants to successfully access the grants system. It is therefore proposed that Officers will provide limited assistance in specifying the extent of works eligible for grant, assisting with the completion of applications and the inspection of completed works. For complex schemes (e.g. where a property extension is proposed) applicants will be advised to employ an independent draughtsman to prepare appropriate plans and schedules of work. Reasonable draughtsman's fees are an eligible cost that can be included in any award of grant.

(i) Legal Implications

Processing of DFG applications remains a mandatory duty.

(ii) Risk Assessment

The absence of an HIA is likely to increase processing times for grant applications.

(iii) Financial Implications

The Capital Programme has a reduced allocation for DFGs, from £1,075,000 in 2010-11 to £600,000 per annum for 2011-15.

(iv) Health and Safety Implications

Not applicable

(v) Key Priorities or Corporate Aims

KP2 – Meet the housing needs of the Borough and make decent housing more accessible.

(vi) Equality and Diversity

Not applicable

(vii) Health and Well-being Implications

The delivery of DFGs is an important element of support for vulnerable people.

Background Papers

Nil.