
Appendix 1: Implications

Finance – The report sets out recommendations on the 2014/15 Budget and 2014/15 – 2016/17 MTFP.

Staffing - The impact of the MTFP upon staffing is detailed within the report

Risk - A robust approach to Risk Assessment across the MTFP process has been followed including individual risk assessment of savings plans.

Equality and Diversity / Public Sector Equality Duty – Full information on equality and diversity is contained within the report.

Accommodation – the council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan. Financing for capital investment priorities is reflected in the MTFP Model.

Crime and Disorder – It is recognised that the changes proposed in this report could have a negative impact on crime and disorder in the county. However, the council will continue to work with the Policy and others through the Safe Durham Partnership on strategic crime and disorder and to identify local problems and target resources to them.

Human Rights – Any human rights issues will be considered for each of the proposals as they are developed and decisions made to take these forward. There are no human right implications from the information within the report.

Consultation – Full information on the MTFP (4) consultation process are contained in the report.

Procurement – Wherever possible procurement savings are reflected in service groupings savings plans.

Disability Issues - All requirements will be assessed in Equality Impact Assessments

Legal Implications – The council has a statutory responsibility to set a balanced budget for 2014/15. It also has a fiduciary duty not to waste public resources.

SPECIFIC GRANTS 2014/15 AND 2015/16

SPECIFIC GRANT	2013/14	2014/15	Variance	2015/16	Variance
	£m	£m	£m	£m	£m
Community Rights to Challenge	0.017	0.017	0.000	0.000	-0.017
Fraud Funding (New)	0.000	N/K		N/K	
Discretionary Housing Payment	0.883	1.071		N/K	
Local Welfare Provision	1.928	1.900	-0.028	0.000	-1.900
Special Needs Grant (new)	0.000	0.609		N/K	
Adoption Grant	1.453	0.436		N/K	
Extended Free Rights to Transport	1.373	1.086	-0.287	N/K	
Free School Meals (new)	0.000	N/K		N/K	
Public Health	44.533	45.780	1.247	N/K	
NHS Funding	10.102	12.936	2.834	N/K	
Local Reform and Community	0.494	0.510	0.016	0.510	0.000
Inshore Fisheries	0.014	0.014	0.000	0.014	0.000
Local Lead Flood Authorities	0.070	0.070	0.000	0.047	-0.023
LCTSS New Burdens	0.350	0.267	-0.083	0.000	-0.267
Housing Benefit Administration	4.597	4.091	-0.506	N/K	

Consultation

Group Exercises (270 Groups) - All

Priority	Service	Higher	Standard	Lower
Lower Reductions	Social work and protecting vulnerable children and adults	4%	27%	69%
	Support for adults in their homes	10%	24%	65%
	Job creation	13%	25%	62%
	School support and education services	14%	24%	61%
	Children's Centres & support for families	10%	35%	56%
	Gritting & snow clearance	10%	34%	56%
	Support for community projects, centres, partnerships & groups	16%	33%	51%
	Sports, parks & play areas	19%	34%	47%
	Fostering, adoption & Children's Homes	15%	40%	45%
	Day Centres & support activities for adults	17%	41%	42%
	Roads, footpaths, traffic & lighting	22%	37%	41%
	Residential and nursing care for adults	31%	31%	37%
	Libraries	32%	33%	35%
	Standard Reductions	Youth offending & youth support work	14%	44%
Services to keep people safe		13%	47%	40%
School crossings & road safety training		16%	50%	34%
Welfare Rights & advice		22%	47%	31%
Housing advice & homelessness support		33%	36%	31%
Environment, health & consumer protection		27%	54%	19%
Street cleaning		33%	43%	23%
Council tax Collection and Benefit Payments		32%	53%	15%
Customer contact – face to face, telephones and webmail		41%	49%	10%
Higher Reductions	Arts, museums & theatres	47%	31%	21%
	Collection, disposal & recycling of waste	49%	31%	20%
	Subsidised bus travel	53%	24%	23%
	Borrowing for new developments	57%	32%	11%
	Performance management, policy & communications	66%	31%	3%
	Democratic Support - decisions & elections	66%	27%	7%
	Grass cutting, trees & flower beds	70%	21%	9%
	Maintenance of council buildings	75%	21%	4%
	Planning Services	76%	19%	6%
	Finance, Legal, IT & Human Resources	83%	12%	5%

Groups that achieved at least £97m worth of savings - (160 Groups)

Priority	Service	Higher	Standard	Lower
Lower Reductions	Job creation	10%	27%	63%
	Social work and protecting vulnerable children and adults	1%	36%	62%
	Support for adults in their homes	8%	31%	61%
	School support and education services	13%	26%	61%
	Support for community projects, centres, partnerships & groups	19%	25%	56%
	Gritting & snow clearance	10%	34%	56%
	Children's Centres & support for families	11%	36%	53%
	Sports, parks & play areas	19%	34%	47%
	Roads, footpaths, traffic & lighting	24%	36%	40%
	Libraries	32%	33%	36%
Standard Reductions	Youth offending & youth support work	14%	44%	41%
	Services to keep people safe	12%	52%	36%
	Fostering, adoption & Children's Homes	17%	44%	39%
	School crossings & road safety training	17%	50%	33%
	Welfare Rights & advice	22%	48%	30%
	Day Centres & support activities for adults	25%	43%	32%
	Environment, health & consumer protection	20%	57%	23%
	Street cleaning	31%	49%	20%
	Council tax Collection and Benefit Payments	34%	53%	13%
	Customer contact – face to face, telephones and webmail	36%	52%	13%
Higher Reductions	Housing advice & homelessness support	36%	35%	29%
	Residential and nursing care for adults	39%	37%	24%
	Arts, museums & theatres	46%	32%	22%
	Collection, disposal & recycling of waste	51%	30%	19%
	Borrowing for new developments	57%	30%	13%
	Democratic Support - decisions & elections	63%	30%	7%
	Performance management, policy & communications	63%	34%	3%
	Subsidised bus travel	66%	21%	13%
	Grass cutting, trees & flower beds	71%	20%	9%
	Maintenance of council buildings	73%	22%	4%
	Planning Services	74%	21%	5%
	Finance, Legal, IT & Human Resources	84%	12%	4%

Groups that achieved at less than £97m worth of savings (110 groups)

Priority	Service	Higher	Standard	Lower
Lower Reductions	Social work and protecting vulnerable children and adults	3%	15%	83%
	Support for adults in their homes	5%	16%	78%
	Residential and nursing care for adults	9%	29%	62%
	Children's Centres & support for families	7%	31%	62%
	School support and education services	15%	24%	61%
	Job creation	14%	26%	60%
	Fostering, adoption & Children's Homes	6%	35%	58%
	Gritting & snow clearance	11%	32%	57%
	Day Centres & support activities for adults	6%	39%	55%
	Sports, parks & play areas	22%	30%	48%
	Youth offending & youth support work	14%	43%	44%
	Roads, footpaths, traffic & lighting	19%	40%	41%
Standard Reductions	Support for community projects, centres, partnerships & groups	11%	45%	45%
	Services to keep people safe	11%	46%	43%
	School crossings & road safety training	17%	48%	35%
	Welfare Rights & advice	23%	45%	32%
	Housing advice & homelessness support	27%	37%	35%
	Environment, health & consumer protection	33%	52%	15%
	Council tax Collection and Benefit Payments	34%	51%	15%
Higher Reductions	Subsidised bus travel	35%	31%	34%
	Libraries	36%	32%	32%
	Street cleaning	40%	35%	25%
	Collection, disposal & recycling of waste	43%	36%	21%
	Arts, museums & theatres	49%	30%	21%
	Customer contact – face to face, telephones and webmail	53%	43%	5%
	Borrowing for new developments	59%	30%	11%
	Democratic Support - decisions & elections	74%	20%	6%
	Grass cutting, trees & flower beds	75%	20%	5%
	Performance management, policy & communications	75%	21%	4%
	Maintenance of council buildings	80%	17%	3%
	Planning Services	81%	15%	5%
Finance, Legal, IT & Human Resources	84%	11%	5%	

Paper Results (1536 Respondents) – All

Priority	Service	Higher	Standard	Lower
Lower Reductions	Residential and nursing care for adults	9%	32%	58%
	Support for adults in their homes	9%	35%	56%
	Social work and protecting vulnerable children and adults	9%	37%	54%
	Gritting & snow clearance	11%	42%	47%
	Job creation	14%	41%	45%
Standard Reductions	School support and education services	13%	44%	43%
	Services to keep people safe	13%	47%	40%
	Fostering, adoption & Children's Homes	12%	50%	38%
	Children's Centres & support for families	13%	48%	38%
	School crossings & road safety training	16%	50%	34%
	Roads, footpaths, traffic & lighting	14%	54%	31%
	Support for community projects, centres, partnerships & groups	20%	46%	34%
	Sports, parks & play areas	18%	51%	31%
	Youth offending & youth support work	18%	51%	31%
	Libraries	18%	51%	30%
	Day Centres & support activities for adults	17%	54%	29%
	Collection, disposal & recycling of waste	17%	58%	25%
	Street cleaning	17%	59%	24%
	Housing advice & homelessness support	20%	55%	24%
	Welfare Rights & advice	24%	51%	25%
	Council tax Collection and Benefit Payments	28%	50%	22%
	Environment, health & consumer protection	27%	54%	19%
	Arts, museums & theatres	34%	45%	22%
	Subsidised bus travel	38%	40%	22%
Customer contact – face to face, telephones and webmail	40%	45%	15%	
Grass cutting, trees & flower beds	42%	44%	14%	
Higher Reductions	Borrowing for new developments	47%	38%	15%
	Planning Services	48%	41%	11%
	Maintenance of council buildings	48%	39%	13%
	Democratic Support - decisions & elections	55%	34%	11%
	Performance management, policy & communications	56%	34%	10%
	Finance, Legal, IT & Human Resources	59%	30%	12%

Paper Results (494 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
Standard Reductions	Gritting & snow clearance	16%	53%	31%
	Job creation	23%	45%	32%
	Social work and protecting vulnerable children and adults	19%	56%	25%
	School support and education services	23%	49%	28%
	Support for adults in their homes	21%	54%	25%
	Services to keep people safe	22%	56%	21%
	Roads, footpaths, traffic & lighting	23%	55%	22%
	Residential and nursing care for adults	23%	57%	20%
	School crossings & road safety training	23%	57%	20%
	Sports, parks & play areas	26%	53%	20%
	Libraries	27%	53%	20%
	Children's Centres & support for families	25%	57%	18%
	Street cleaning	22%	64%	14%
	Youth offending & youth support work	27%	54%	19%
	Support for community projects, centres, partnerships & groups	31%	48%	21%
	Fostering, adoption & Children's Homes	25%	61%	14%
	Collection, disposal & recycling of waste	25%	62%	13%
	Welfare Rights & advice	33%	51%	16%
	Day Centres & support activities for adults	30%	59%	10%
	Arts, museums & theatres	40%	41%	19%
Council tax Collection and Benefit Payments	36%	54%	11%	
Housing advice & homelessness support	36%	56%	8%	
Environment, health & consumer protection	37%	54%	9%	
Higher Reductions	Borrowing for new developments	49%	38%	13%
	Customer contact – face to face, telephones and webmail	50%	41%	10%
	Grass cutting, trees & flower beds	50%	42%	8%
	Subsidised bus travel	55%	34%	11%
	Planning Services	56%	35%	9%
	Maintenance of council buildings	58%	35%	7%
	Performance management, policy & communications	60%	32%	8%
	Democratic Support - decisions & elections	62%	30%	8%
	Finance, Legal, IT & Human Resources	72%	20%	8%

Online Results (384 Respondents) – All

Priority	Service	Higher	Standard	Lower
Standard Reductions	Support for adults in their homes	10%	46%	44%
	Social work and protecting vulnerable children and adults	11%	50%	38%
	Gritting & snow clearance	7%	59%	35%
	Residential and nursing care for adults	22%	45%	33%
	Roads, footpaths, traffic & lighting	18%	53%	29%
	Fostering, adoption & Children's Homes	17%	56%	27%
	Sports, parks & play areas	29%	49%	22%
	Collection, disposal & recycling of waste	28%	50%	22%
	Job creation	23%	56%	21%
	School support and education services	27%	53%	20%
	Services to keep people safe	16%	66%	17%
	Youth offending & youth support work	26%	57%	17%
	Libraries	36%	47%	17%
	Street cleaning	19%	65%	16%
	Day Centres & support activities for adults	25%	59%	16%
	Children's Centres & support for families	26%	59%	15%
	School crossings & road safety training	22%	64%	14%
	Welfare Rights & advice	36%	51%	13%
	Arts, museums & theatres	42%	46%	12%
	Housing advice & homelessness support	32%	57%	11%
	Council tax Collection and Benefit Payments	23%	66%	11%
Environment, health & consumer protection	27%	63%	10%	
Customer contact – face to face, telephones and webmail	35%	56%	9%	
Borrowing for new developments	44%	50%	7%	
Higher Reductions	Maintenance of council buildings	47%	45%	8%
	Grass cutting, trees & flower beds	47%	43%	10%
	Support for community projects, centres, partnerships & groups	48%	37%	15%
	Planning Services	48%	45%	7%
	Subsidised bus travel	59%	26%	15%
	Democratic Support - decisions & elections	60%	38%	3%
	Performance management, policy & communications	64%	32%	4%
	Finance, Legal, IT & Human Resources	65%	32%	3%

Online Results (333 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
Standard Reductions	Support for adults in their homes	12%	51%	38%
	Gritting & snow clearance	7%	60%	34%
	Social work and protecting vulnerable children and adults	13%	53%	33%
	Roads, footpaths, traffic & lighting	19%	53%	28%
	Residential and nursing care for adults	25%	50%	25%
	Fostering, adoption & Children's Homes	20%	59%	22%
	Collection, disposal & recycling of waste	30%	50%	20%
	Sports, parks & play areas	29%	51%	20%
	Job creation	24%	56%	20%
	School support and education services	30%	54%	17%
	Services to keep people safe	18%	65%	17%
	Libraries	37%	47%	16%
	Street cleaning	18%	67%	16%
	Youth offending & youth support work	29%	56%	15%
	Welfare Rights & advice	38%	50%	13%
	Day Centres & support activities for adults	27%	61%	12%
	Children's Centres & support for families	28%	59%	12%
	School crossings & road safety training	23%	65%	12%
	Arts, museums & theatres	43%	45%	11%
	Council tax Collection and Benefit Payments	24%	66%	11%
	Environment, health & consumer protection	29%	63%	9%
	Customer contact – face to face, telephones and webmail	35%	56%	8%
Housing advice & homelessness support	35%	57%	8%	
Borrowing for new developments	46%	49%	5%	
Higher Reductions	Maintenance of council buildings	49%	45%	6%
	Grass cutting, trees & flower beds	49%	44%	8%
	Planning Services	49%	44%	7%
	Support for community projects, centres, partnerships & groups	50%	36%	14%
	Subsidised bus travel	62%	26%	12%
	Democratic Support - decisions & elections	62%	36%	2%
	Performance management, policy & communications	66%	31%	3%
	Finance, Legal, IT & Human Resources	69%	30%	2%

MTFP BUDGET SAVING 2014/2015

ASSISTANT CHIEF EXECUTIVE

Saving Ref	Description	2014/2015
		£
ACE3	Management Review within ACE	300,300
ACE9	Review Partnership Support	35,745
ACE14	Review of the Civil Contingencies Unit	4,439
ACE25.1	Use of cash limit	69,992
	TOTAL ACE	410,476

MTFP BUDGET SAVING 2014/2015

CHILDREN AND ADULTS SERVICE

Saving Ref	Description	2014/2015
		£
CAS1	Review of in-house social care provision	890,000
CAS2	Eligibility criteria - consistent and effective use of existing criteria and reablement	1,875,000
CAS3	Review adult social care charging	500,000
CAS4	Savings resulting from purchasing new stairlifts with extended warranties	40,000
CAS5	Management and support services, staffing restructures and service reviews/rationalisation	5,244,826
CAS6	Review of all non-statutory services	1,105,000
CAS7	Music Service to become self financing	91,000
CAS8	Outdoor education to rationalise and become self financing (or close if not feasible)	60,000
CAS9	Review of Children's Care Services	1,208,439
CAS10	Review home to school / college transport policies	1,300,000
CAS 11	Use of Cash Limit	1,879,000
CAS11	Adjustment for previous years use of cash limit	-1,763,415
TOTAL CAS		12,429,850

MTFP BUDGET SAVING 2014/2015

NEIGHBOURHOODS SERVICE

Saving Ref	Description	2014/2015
		£
NS1	Review of Sport and Leisure	100,000
NS3	Structural reviews and more efficient ways of working	1,298,572
NS4	Review of Grounds and Countryside Maintenance	195,602
NS5	Waste Collection Savings	103,500
NS6	Waste Disposal Savings	95,200
NS11	Review of Technical Services / School Crossing Patrols / Street Lighting	684,974
NS17	Additional income from review of charges	200,139
NS24	Review of Heritage and Culture	203,500
NS25	Review of Library Service	327,626
MIT	Mitigating savings for delay in Leisure/culture saving	566,374
NS29	Use of Cash Limit	130,000
NS29	Cash limit - Adjustment for previous years use of cash limit	-138,750
TOTAL NEIGHBOURHOODS		3,766,737

MTFP BUDGET SAVING 2014/2015

REGENERATION AND ECONOMIC DEVELOPMENT SERVICE

Saving Ref	Description	2014/2015
		£
RED1	Restructure in RED - this includes all service teams within the Service Grouping	294,630
RED2	Reduction in Supplies and Services - Economic Development (a reduction in all areas of expenditure in line with restructure).	248,625
RED4	Reduction in Supplies and Services - Transport (a reduction in all areas of expenditure in line with restructure)	57,500
RED8	Income Generation - Planning - review existing and new areas of charging	16,000
RED9	Income Generation - Transport - review existing and new areas of charging	50,000
RED13	CCTV (Reduction in costs following review of CCTV provision)	30,000
RED14	Review of supplies, services and income across RED Service Grouping	166,000
RES1	Assets disaggregation (former Estates team)	114,249
RES3	Assets disaggregation (former Planning and Investment team)	115,130
TOTAL RED		1,092,134

MTFP BUDGET SAVING 2014/2015

RESOURCES

Saving Ref	Description	2014/2015
		£
RES2	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Procurement	85,405
RES13	Reduction in supplies and services and other non-staffing budgets through efficiencies – Legal and Democratic Services	343,995
RES14	Restructure of HR Service	283,482
RES16	Service rationalisation of ICT Services	826,824
RES19	Restructure of Revenues and Benefits Service	465,000
RES20	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Finance	106,999
RES21	Service rationalisation of Audit and Risk	40,000
RES22	Court Cost Fee Income – Summons and Liability Costs Recovered – Financial Services	383,000
RES24.1	Use of cash limit	358,000
TOTAL RESOURCES		2,892,705

MTFP BUDGET SAVING 2014/2015

CORPORATE

Saving Ref	Description	2014/2015
		£
COR5	Members Budgets - Revenue to Capital Switch	840,000
COR6	Procurement Rebates - NEPO Savings	250,000
COR7	Strategic Highways - Switch of function from RED to NS	50,000
COR8	Replacement of Desk Top Printers with MFD	250,000
COR9	Procurement Reviews	536,000
COR9a	Procurement Reserve	104,000
COR10	Unitisation of Health & Safety	50,000
COR11	Office Closure over Christmas	24,000
COR12	Discretionary Rate Relief	330,000
TOTAL CORPORATE		2,434,000

MTFP BUDGET SAVING 2014/2015

Saving Ref	Description	2014/2015
		£
ACE	TOTAL ASSISTANT CHIEF EXECUTIVES SAVINGS	410,476
CAS	TOTAL CHILDREN AND ADULTS SERVICES SAVINGS	12,429,850
NS	TOTAL NEIGHBOURHOOD SERVICES SAVINGS	3,766,737
RED	TOTAL REGENERATION & ECONOMIC DEVELOPMENT SAVINGS	1,092,134
RES	TOTAL RESOURCES SAVINGS	2,892,705
COR	TOTAL CORPORATE SAVINGS	2,434,000
TOTAL SAVINGS		23,025,902

Budget Summary - By Service Grouping

2013/14 Original Budget £000	2013/14 Projected Outturn £000		2014/15		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		<u>Council Controlled Budgets</u>			
11,178	11,065	Assistant Chief Executive	12,477	2,277	10,200
291,815	280,789	Children and Adults Service	426,889	151,658	275,231
108,776	113,655	Neighbourhood Services	226,170	116,405	109,765
41,801	42,789	Regeneration and Development	69,024	26,371	42,653
22,326	17,812	Resources	74,070	59,623	14,447
0	3,046	Corporate Costs	5,867	1,943	3,924
7,852	6,270	Contingencies	7,613	0	7,613
483,748	475,426		822,110	358,277	463,833
		<u>Non Council Controlled Budgets</u>			
0	0	Schools	308,188	308,188	0
0	0	Benefits	188,544	188,544	0
0	0		496,732	496,732	0
483,748	475,426	NET COST OF SERVICES	1,318,842	855,009	463,833
-51,723	-51,723	Reversal of Capital Charges			-50,474
35,148	32,763	Interest payable and similar charges			38,444
-1,441	-1,700	Interest and investment income			-1,441
465,732	454,766	NET OPERATING EXPENDITURE			450,362
-52,985	-52,985	Business Rates - local share			-52,342
-58,223	-58,223	Top up Grant			-59,357
-167,162	-167,162	Revenue Support Grant			-138,617
-2,033	-2,033	Council Tax Freeze Grant			0
-4,799	-4,799	New Homes Bonus			-6,784
-943	-943	New Homes Bonus - re-imburement			-390
0	-2,178	Section 31 Grant			-5,101
-7,200	-7,698	Education Services Grant			-7,237
-4,399	-10,427	Use of Earmarked Reserves			-8,140
-3,519	11,247	Use of Cash Limit Reserves			-2,617
0	4,904	Use of General Reserve			-933
164,469	164,469	AMOUNT REQUIRED FROM COUNCIL TAX PAYERS			168,844

Budget Summary - By Expenditure and Income Type

	Original Budget 2013/14	2013/14 Projected Outturn Position	Original Budget 2014/15
	£'000	£'000	£'000
Employees	474,689	508,856	483,046
Premises	49,325	51,941	49,510
Transport	50,097	48,897	46,657
Supplies & Services	113,512	127,120	114,270
Agency & Contracted	269,898	265,633	260,165
Transfer Payments	210,685	212,013	206,771
Central Costs	101,308	107,227	87,699
Other	1,265	10,366	12,637
Capital Charges	51,723	51,723	50,474
Contingencies	7,852	6,270	7,613
GROSS EXPENDITURE	1,330,354	1,390,046	1,318,842
Income			
- Specific Grants	528,182	573,294	539,986
- Other Grants & contributions	25,319	26,566	25,830
- Sales	6,720	4,722	5,367
- Fees & charges	106,867	105,445	104,308
- Rents	5,160	5,274	5,470
- Recharges	169,661	192,453	167,052
- Other	4,697	6,866	6,996
Total Income	846,606	914,620	855,009
NET COST OF SERVICES	483,748	475,426	463,833
Capital charges	-51,723	-51,723	-50,474
Interest and Investment income	-1,441	-1,700	-1,441
Interest payable and similar charges	35,148	32,763	38,444
Net Operating Expenditure	465,732	454,766	450,362
Less:			
Use of Reserves:			
Earmarked Reserves	-4,399	-10,427	-8,140
Cash Limit	-3,519	11,247	-2,617
General	0	4,904	-933
Net Budget Requirement	457,814	460,490	438,672
Financed by:-			
Business Rates - local share	-52,985	-52,985	-52,342
Top up Grant	-58,223	-58,223	-59,357
Revenue Support Grant	-167,162	-167,162	-138,617
Amount required from council tax payers	-164,469	-164,469	-168,844
Council Tax Freeze Grant	-2,033	-2,033	0
New Homes Bonus	-4,799	-4,799	-6,784
New Homes Bonus - re-imbursement	-943	-943	-390
Section 31 Grant	0	-2,178	-5,101
Education Services Grant	-7,200	-7,698	-7,237
Total Financing	-457,814	-460,490	-438,672

Medium Term Financial Plan (MTFP4) 2014/15 - 2016/17 Model

	2014/15	2015/16	2016/17
	£'000	£'000	£'000
Government Funding			
Revenue Support Grant (RSG) Reduction	28,545	40,012	30,000
Council Tax Freeze Grant - 2013/14 grant transferred into RSG	2,033	0	0
Town and Parish Council RSG Adjustment for LCTSS funding	-238	-305	0
Education Services Grant Reduction	0	1,900	0
Business Rates - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,060	-1,500	0
Top Up Grant - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,134	-1,600	0
Settlement Funding Assessment Adjustment	-1,204	0	0
New Homes Bonus	-1,984	0	0
New Homes Bonus - Re-imburement of Top Slice (Est)	553	0	0
Other Funding Sources			
Council Tax Increase (2% each year from 2014/15)	-3,290	-3,355	-3,422
Council Tax Base - Additional Yield	-1,080	0	0
Business Rate Tax Base - Additional Yield	-2,194	0	0
NHS Social Care Funding	-3,050	-7,000	0
Use of General Reserve to cover revised implementation date for 'Charging for Garden Waste' scheme to 2015/16	-933	0	0
Estimated Variance in Resource Base	14,964	28,152	26,578
Pay inflation (1% - 1% - 1.5%)	1,950	2,000	2,900
Price Inflation (1% - 1.5% - 1.5%)	1,475	2,150	2,100
Corporate Risk Contingency Budget	0	-2,300	-1,000
Base Budget Pressures			
Carbon Reduction Commitment - 'Carbon Tax'	370	0	0
Expiry of four year Disturbance Allowances payments following LGR	-220	0	0
Employer National Insurance increase due to State Pension changes	0	0	5,100
Single Status Implementation	0	0	4,500
Council Housing - if 'Large Scale Voluntary Transfer' goes ahead	0	3,550	0
Additional Employer Pension Contributions	-700	700	900
Concessionary Fares	0	400	400
Energy Price Increases	200	500	500
Insurance Claims	1,000	0	0
Winter Maintenance - Highways and Footpaths	1,300	0	0
Housing Benefit Admin Grant Reduction	500	0	0
Community Building running costs	-180	0	0
Delay in realising Leisure/Culture Saving	616	0	-616
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000
Use of Earmarked/Cash Limit Reserve in CAS	-1,000	-200	3,350
Community Governance Reviews	0	-50	0
Prudential Borrowing to fund new Capital Projects	2,000	2,000	2,000
Capital Financing for current programme	-250	1,500	0
TOTAL PRESSURES	8,061	11,250	21,134
SUM TO BE MET FROM SAVINGS	23,025	39,402	47,712
Savings			
Savings	-23,025	-7,073	0
Savings Plans in Development	0	-15,000	0
Implementation of Charging for Garden Waste scheme	0	-933	0
TOTAL SAVINGS	-23,025	-23,006	0
DEFICIT	0	16,396	47,712

CURRENT CAPITAL PROGRAMME - 2013/14 TO 2016/17

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
ACE	Option to Transfer Assets to Communities	98,310	870,795	1,154,618	
ACE	Community Facilities in Crook following Participatory Budget exercise	68,000	500,636		
ACE	Members Neighbourhood Budgets	2,064,904	1,260,000		
ACE Total		2,231,214	2,631,431	1,154,618	-
CAS	Day Care Services - Modernisation & Maintenance Backlog	432,566			
CAS	Short Breaks for Disabled Children	278,570			
CAS	Barnard Castle Hub	83,268			
CAS	Basic Need - support for school buildings	2,567,011	98,000		
CAS	Building Schools for the Future - Consett Academy	9,864,432	22,352,627	10,457,817	
CAS	Building Schools for the Future - North Durham Academy	7,288,195	300,000		
CAS	Building Schools for the Future - Wave 3 Scheme Schools	9,175,577	2,839,689	682,488	
CAS	Capital Maintenance	5,649,970	16,400,035	200,000	
CAS	Capital Maintenance - Harelaw School	1,100,000	735,000		
CAS	Capital Maintenance - Wolsingham School	2,729,571	4,000,000	2,200,000	
CAS	Catchgate Children's Home	91,030			
CAS	County Hall Kitchen Refurbishment	-	18,000		
CAS	Purchase of IT Equipment	85,763			
CAS	Schools Devolved Formula Capital	6,196,363			
CAS	Dilapidation Costs	-	160,000		
CAS	DSG Structural Maintenance	4,461,066			
CAS	Durham Studio School	75,914			
CAS	Health Check Equipment	250,000			
CAS	ICT Infrastructure	200,000	150,000	150,000	87,385
CAS	Improving the Care Environment	1,022,941			
CAS	Increased Provision for two year olds	902,735			
CAS	Learning Disability Shared Living Capital Contribution	32,380			
CAS	Mental Health Grants	335,128			
CAS	Schools Primary Capital and Modernisation	3,584,688	-		
CAS	Residential Children's Homes improvements	78,469			
CAS	Residential Homes for the Elderly	1,257,309	4,583,873		
CAS	Schools Access	483,853	200,000		
CAS	Social Inclusion - Community Safety	30,903			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
CAS	Stop over site Blackie Boy	6,770			
CAS Total		58,264,472	51,837,224	13,690,305	87,385
NEI	3G Pitch - Chester-le-Street	51,307			
NEI	3G Pitch - Meadowfield Leisure Centre	980			
NEI	3G Pitch - Shildon Leisure Centre	53,800			
NEI	Area Action Partnerships Schemes	583,625	17,000		
NEI	Allotments	21,140			
NEI	Apollo	6,172			
NEI	Area Programmes	146,327			
NEI	Arts Centre (Sedgefield)	79,950			
NEI	Assets Capitalised Maintenance in Cemeteries	91,650			
NEI	B6300 Browney Lane (Burnigill Bank) - Embankment Repairs	31,992	400,000		
NEI	Bereavement Improvements in cemeteries	380,160			
NEI	Bishop Auckland Town Recreation	71,585			
NEI	Refurbishment of Outdoor Leisure Facilities	6,600	247,419		
NEI	Leisure Structural Maintenance	238,877			
NEI	Chester-le-Street Town Centre Christmas Lights	4,575			
NEI	Consett Leisure Centre	35,865	535,865		
NEI	Cultural Programme - Killhope Museum	168,659			
NEI	Drainage Works Including Sustainable Drainage System	816,269			
NEI	Environmental Improvements	173,009	300,000		
NEI	Flooding Incidents	279,536			
NEI	Hardwick Park Improvements	143,077	75,000		
NEI	Henknowle Special Area Sports Hall	55,163			
NEI	Highway Capitalised Maintenance - Bridges	1,934,301			
NEI	Highway Capitalised Maintenance - Highway Maintenance	10,483,141			
NEI	Highway Capitalised Maintenance - Street Lighting	923,168			
NEI	Household Waste Recycling Centres	200,000	1,184,500	600,000	
NEI	Hownsgill Viaduct	44,438			
NEI	ICT - Single Back Office System and Mobile Working	13,928			
NEI	ICT Infrastructure	87,000	83,000		
NEI	Indoor Bowling & Aquasplash	52,729			
NEI	Library Modernisation & Maintenance Backlog	95,958	160,000		
NEI	LiveTrack System	306,593			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
NEI	Local Area Members Allowance	1,368,430	756,000		
NEI	Local Transport Plan Annual Allocation - Maintenance Block	-	12,079,000		
NEI	Mothballing of Joint Stocks Landfill Site	124,000	519,000		
NEI	Neighbourhoods Services Area Action Partnership reserve	200,000			
NEI	Newton Aycliffe Customer Access Point/Library	-	1,000,000		
NEI	Oracle Projects Module	145,474			
NEI	Outdoor Play Parks	5,830	100,000		
NEI	Play Areas	41,257			
NEI	Procurement of Wheeled Bins	552,865			
NEI	Public Arts Project	4,000			
NEI	Rechargeable Works	169,564			
NEI	Re-floodlighting of Durham Cathedral and Castle	10,906			
NEI	Relocation of Key Services / Facilities	180,630			
NEI	Replacement of Gully Covers	401,671			
NEI	River Erosion Remedial Works	240,199			
NEI	Roundabout Project	13,000			
NEI	Salt Barn Wolsingham	520,000			
NEI	Seaham Harbour/North Pier	347,173	1,900,000		
NEI	Skate Parks	101,651			
NEI	Stanley Customer Access Point/Library	20,000	1,380,000		
NEI	Street Lighting Invest to Save	3,504,029	3,809,590	3,809,590	11,428,768
NEI	Structural Maintenance of Footways	501,397			
NEI	Structural Patching 2013/15	1,500,000	1,500,000		
NEI	Tindale Depot	100,000			
NEI	Unadopted Footways Countywide	241,609			
NEI	Vehicle Plant and Maintenance	1,994,529	3,553,765		
NEI	Waskerley Way	2,498			
NEI	Waste Infrastructure Capital	123,868	365,000		
NEI	Waste Transfer Stations and Green Resource Facilities	400,000	5,156,600		
NEI	Wharton Park Restoration	156,958			
NEI	Gilesgate Play Area	74,488			
NEI Total		30,627,600	35,121,739	4,409,590	11,428,768

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RED	Barnard Castle Vision	896,871	466,927		
RED	Barnard Castle Vision - Heart of Teesdale Landscapes	788,296	310,000	290,000	112,510
RED	CCTV	332,823	150,000		
RED	Accommodation Strategy	497,277	2,718,315	1,386,517	
RED	Durham County Cricket Club Loan	1,600,000	1,200,000		
RED	Disabled Facilities Grants	3,121,681	500,000	715,250	
RED	Durhamgate Redevelopment Programme	1,208,980	142,500		
RED	Eastgate	-	50,000	324,830	150,000
RED	Economic Development and Housing - minor schemes	893,940	685,485		
RED	Energy Efficiency Fund	-	1,500,000		
RED	Financial Assistance Policy	937,559	1,000,000		
RED	Gypsy Traveller Sites	2,258,000	6,274,427		
RED	Housing Renewal - Craghead Group Repair	129,627	269,077		
RED	Housing Renewal - Empty Homes Cluster Bid	255,000	4,115,800		
RED	Housing Renewal Programme	2,808,469	1,245,112		
RED	Industrial Estates	2,375,901	822,616		
RED	Land at Woodham	15,000	735,000		
RED	Local Transport Plan (LTP)	4,110,624	3,103,000		
RED	LTP - Bus infrastructure	32,724			
RED	LTP - Chester le Street Parking	10,000			
RED	LTP - Crook Low Barnes	6,000			
RED	LTP - Electric Vehicle Charging Infrastructure	52,500			
RED	LTP - Footpath Improvements (Medomsley)	3,000			
RED	LTP - Horden Link Road	38,000			
RED	LTP - Place Shaping Support	55,000			
RED	LTP - Public Transport Information	50,000			
RED	LTP - Sustainable Travel - Demand Management	153,072			
RED	LTP - Walking and Cycling	773,930			
RED	LTP - Workplace Travel Planning and Attitudinal Change	72,801			
RED	Minor Schemes - Intercom Purchases Supported Housing	250,000			
RED	North Dock Seaham	141,951			
RED	North Dock Seaham - Final Phase	-	200,000		
RED	Planning and Assets - minor schemes	913,107	55,295		
RED	Renewable Energy Technologies - Biomass Boilers	368,495	370,000		

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RED	Renewable Energy Technologies - Energy Efficiency Fund	125,582	716,000		
RED	Renewable Energy Technologies - Away from G	332,854	461,496		
RED	Renewable Energy Technologies - Boiler Optimisation	20,000	480,000		
RED	Renewable Energy Technologies - Solar Photovoltaics	-	1,828,454	1,400,620	
RED	Strategy, Programmes and Performance - minor schemes	106,195	596,752		
RED	Structural Capitalised Maintenance	4,256,496	7,274,378		
RED	Structural Capitalised Maintenance - Disability Discrimination Act	306,881			
RED	Structural Capitalised Maintenance - Fire Safety	801,289			
RED	Structural Capitalised Maintenance - Gas Boiler Replacement	500,000			
RED	Town Centres	1,176,116	464,835		
RED	Town Centres - Claypath/Millennium Square	161,326	150,000		
RED	Town Centres - Consett - Arts Project (Gateway)	47,000	20,000		
RED	Town Centres - Consett - Streetscape	186,835	40,725		
RED	Town Centres - Durham City Plus	-	113,695		
RED	Town Centres - Freemans Reach	18,000	139,322		
RED	Town Centres - Heart of the City	60,000	133,824		
RED	Town Centres - Pelton Art Work	20,000			
RED	Town Centres - Stanley Front Street	10,000	780,000		
RED	Town Centres - Stanley Public Realm	270,000	150,000		
RED	Town Centres - Targeted Business Improvement - East Durham Rural	33,879			
RED	Town Centres - Targeted Business Improvement - Shotton	20,000			
RED	Transit 15	798,000	1,841,566		
RED	Transport Corridors	232,010	1,127,286		
RED	Urban Rural Renaissance Initiative Programme	179,826			
RED	Transport - Major Schemes - Bishop Auckland Station	310,000	658,067		
RED	Transport - Major Schemes - East Durham Rail Halt	130,000	2,166,624	435,074	
RED	Transport - Major Schemes - Pinch Point	722,000	2,450,000		
RED	Transport - Major Schemes - Rights of Way	287,502			
RED	Transport - Major Schemes - Shildon to Newton Aycliffe Cycle Way	655,000	137,000		
RED	Transport - Major Schemes - Villa Real Bridge	-	2,000,000		
RED	Transport - Major Schemes - West Auckland Bypass	265,000	30,000		
RED	Transport - Major Schemes - Wheatley Hill to Bowburn	40,000	80,000		
RED	Transport - Major Schemes - Durham City Relief Road	25,000	13,000	22,462	
RED Total		37,279,419	49,766,578	4,574,753	262,510

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RES	.NET Application Development Architecture	50,000			
RES	Archiving of obsolete systems	250,000	200,000		
RES	Broadband / Digital Durham Programme	11,109	6,424,440	9,120,911	2,603,540
RES	Business Continuity	1,119,300			
RES	Corporate Improvement Programme - ICT	27,571			
RES	Code of Connection Compliance	79,598			
RES	Corporate Mail Fulfilment	10,650			
RES	Dark Fibre installations and Circuit/Microwave Upgrades	678,328	225,000		
RES	Fibre Channel Network for Storage	60,000	10,000		
RES	Geographic Information System - Architecture	60,000			
RES	Homeworking - Set up costs for employees	6,004	190,000		
RES	ICT Vehicle Fleet - Purchase of Vehicles	24,881			
RES	Infrastructure Environment Monitoring	216,000			
RES	Langley Park Institute IT Provision	2,174			
RES	Learning Gateway	18,223			
RES	NHS Datacentres	106,752			
RES	Oracle Development	300,000			
RES	Public Internet Access Portal	37,000			
RES	Replacement Desktop	1,113,295	1,400,000		
RES	Rural Community Broadband Fund	-	1,763,400		
RES	Server replacement	110,000	110,000		
RES	Sharepoint Architecture	58,804			
RES	Tanfield Data Centre	-	100,000		
RES	Tanfield Data Centre Core Switching Replacement	175,000			
RES	Tanfield Data Centre LAN Switching Replacement	650,000			
RES	Tanfield Power Upgrade	-	250,000		
RES	Telephony Replacement	21,994			
RES	Voice Recording for Mitel Telephone System	80,000			
RES Total		5,266,683	10,672,840	9,120,911	2,603,540
OVERALL TOTAL		133,669,388	150,029,812	32,950,177	14,382,203

ADDITIONS TO THE 2014/15 - 2015/16 MTFP CAPITAL PROGRAMME

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
ACE	Members Neighbourhood Budget	Continuation of Elected Members Neighbourhood Budget currently facilitated through the Area Action Partnerships. Capital sum allocated increased from £10k to £14k per member with corresponding reduction in revenue budget. Projects funded through this resource have played a key role in the success of the Partnerships. The fund has resourced hundreds of frontline projects in line with priorities set by local communities.	£ 504,000	£ 1,764,000	£ 2,268,000
ACE	Area Action Partnership	AAPs have been set up to give people in County Durham a greater choice and voice in local affairs. The partnerships allow people to have a say on services, and give organisations the chance to speak directly with local communities. Each AAP has an allocation of £120,000 for local projects and investments. It is proposed that £24,000 of the revenue allocation is transferred to capital resulting in a new capital programme for AAPs.	336,000	336,000	672,000
		ACE Sub Total	840,000	2,100,000	2,940,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
CAS	DFE Capital Maintenance & Basic Need Grants	The majority of the Schools Capital Programme is supported by Department for Education grant. The funding will be used to improve schools in the poorest "Condition" and provide additional classroom capacity where the need exists.	£ 0	£ 7,200,000	£ 7,200,000
CAS	Schools Repairs and Maintenance	A part of the Dedicated Schools Grant, each year, is earmarked for structural repair and maintenance projects in schools. This will typically include major works such as roof replacement, boiler plant renewal, electrical rewires and structural repairs.	3,594,000	0	3,594,000
CAS	Schools Devolved Capital	DFE Grant each year to schools for minor improvements and major ICT purchases is received as a School Devolved Capital allowance	1,428,000	0	0
CAS	Basic Need	The capital grant funding provided by the Government to finance investment in schools infrastructure to ensure there is enough classroom capacity to meet the wishes of parents is insufficient. During 2014 investment is required at Edmonsley Primary, Easington CE Primary and Neville's Cross Primary. This investment of £0.868m will meet this need.	868,000	0	868,000
CAS	Free School Meals Support	The Government is to extend the Free School Meals entitlement to all Reception, Year 1 and Year 2 pupils. To support this extension the Government has allocated an additional capital grant which is to be utilised in improving School Kitchens	1,040,000	0	1,291,000
		CAS Sub Total	6,930,000	7,200,000	14,130,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
NEI	Local Transport Plan (LTP) Annual Allocation - Maintenance Block	Annual LTP capital allocation for the structural maintenance of all elements of the adopted network (highways, street lighting and structures) to halt the deterioration of the networks condition and provide a network that is safe and fit for purpose. The 2015/16 grant allocation is indicative at the present time but is expected to exceed previous years allocations in line with the 2015/16 Spending Round.	£ 0	£ 13,480,000	£ 13,480,000
NEI	Highways Maintenance - Council Contribution	The severe winter weather experienced over recent winters has resulted in an accelerated deterioration of the national highway network. Failure to maintain the condition of the network will have an adverse effect on the number of accidents on the network with an associated increase in insurance claims/PLI premiums and a decrease in the public satisfaction. The additional contribution from the council will enable priority works to be completed. The council contribution in 2015/16 includes a transfer of £0.756m from Local Neighbourhood budget. In the past local Members were allocated £6k each to invest in local transport schemes. This has been transferred into the core highways maintenance budget.	2,000,000	2,756,000	4,756,000
NEI	B6300 Browney Lane - Embankment Repairs	Potential for major failure resulting in large scale damage and disruption to the road and the east coast main railway line. The road will be subject to on going traffic management which is causing disruption to road users. A weight restriction may have to be introduced which will divert HGVs onto surrounding roads. Costs will be shared with Network Rail.	100,000	1,000,000	1,100,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
NEI	Flood Prevention	The Council has a statutory responsibility to maintain its own drainage assets and riverbanks. There is also a need for new flood prevention schemes. This funding will therefore be used to maintain existing assets and for new priority schemes. The provision of funding from the Council will enable external funding to be levered in from the Environment Agency who often require co-funding before they will support flood prevention schemes.	£ 1,000,000	£ 1,050,000	£ 2,050,000
NEI	Leachate control and Environmental Management	The County Council has inherited a range of environmental issues which the Environment Agency require urgently resolving, particularly relating to gas and leachate control. The Environment Agency have highlighted that if the Environmental Control measures which need to be undertaken are not, then the County Council will fail to meet the standards required as part of the transferred waste permit and as such will be open to prosecution and financial penalty. Fines could be significantly greater than this, depending on the nature of the permit breach and on a breach by breach basis, as well as the associated reputational damage to the authority.	520,000	220,000	740,000
NEI	Wharton Park Restoration	This capital funding is linked to a cabinet approved bid for a £3m project to restore the park, the capital is required to meet the revised match funding criteria set by HLF, Cabinet approved the scheme at the July 2013 meeting	48,000	92,000	140,000
NEI	DLI Museum Collection Restoration	The ability to develop MFTP savings from the museums budget and access significant HLF funding associated with the commemoration of WW1, will be premised on the ability to re-present the collection.	50,000	0	50,000
		NEI Sub Total	3,718,000	18,598,000	22,316,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Seaham - Final Phase of North Dock	Key Ambitions and Objectives (Vibrant and Successful Towns; A Top Location for Business) in the Councils Regeneration Statement January 2012. Final phase of multi-million pound project, bringing in £5.3 million pound of external funding. Centred around the conservation and restoration of the Georgian North Dock Quayside the proposal will also open up further areas for public use and introduce further leisure/business opportunities for local residents.	£ 0	£ 400,000	£ 400,000
RED	Gypsy, Roma and Traveller Site Refurbishment	The Accommodation Needs Assessment for Gypsies and Travellers was undertaken in 2007 and identified that sites were in need of urgent refurbishment. The sites are owned, managed and maintained by the authority who have a duty to ensure that all sites meet the standards outlined within current government policy and legislation. HCA funding of £3.7m supports the programme. The four sites are Tower Road, Stanley; Drum Lane, Birtley; Green Lane, Bishop Auckland and Adventure Lane, West Rainton. Further risks have been identified as a result of detailed design placing additional burden within the risk register, an additional council contribution of £1.15m is required in order to meet the contingency gap.	0	1,150,000	1,150,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Local Transport Plan	This funding is essential to deliver the LTP and contributes to both the County Durham Plan and the Regeneration Statement. This allocation is at the core of the delivery of transport improvements across County Durham including walking and cycling, casualty reduction, bus infrastructure, town centre improvements, highway improvement and junction schemes. Although the DfT have increased the overall national budget for the Integrated Transport Block, a portion of this has been allocated to the Single Growth Fund and consequently leads to a reduction in the direct ITB allocation for the council from £3.183m to £2.566m, though this figure is still to be confirmed.	£ 0	£ 2,566,000	£ 2,566,000
RED	Structural Capitalised Maintenance	This funding will be utilised to address the Council's maintenance backlog and will deliver improvements to the corporate property portfolio. Areas to be addressed include the fabric of Council buildings, statutory Disability Discrimination Act (DDA) works, Fire Safety works, health and safety issues and building efficiency measures which will contribute towards a reduction in running costs.	0	5,000,000	5,000,000
RED	Bishop Auckland Town Centre - Business Improvement	Bishop Auckland - Bondgate & shop wraps / business improvement schemes - Auckland Castle Trust's vision is 'to develop Bishop Auckland as a vibrant destination for local people and visitors alike, with Auckland Castle at its heart'. This is intended to establish an international-quality national exhibition of religion in Britain and to act as a catalyst for the wider regeneration of Bishop Auckland. The proposals to support the Turst's ambitions is 2 fold. These are; 1 Increase parking to serve the Castle and wider town. 2 Decrease shop vacancy levels and improve the appearance of the Town Centres. Part of the bid is self financing from car park income.	780,000	800,000	1,580,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Peterlee North East Industrial Estate -Site Assembly	The capital budget must be provided in order to commence a programme of property acquisitions as part of a range of measures to reduce development risk to the extent that the private sector will drive a redevelopment scheme. This will be used to support viability by simplifying land assembly and will sit alongside expected S.106 contributions of £1.55 million for affordable housing provision and the funding of a planning application for the redevelopment of NEIE by the developer of a nearby 900 house scheme at Low Hills. The council is the only body with the notional capability of facilitating a redevelopment scheme and is adopting a strategic approach based upon acquisition, master planning and business support. The project accords with the County Durham Plan together with the regeneration focus on Peterlee town centre and other business sites in the town.	£ 600,000	£ 530,000	£ 1,130,000
RED	Crook Queen Street Depot - Site Assembly	Work on site to prepare for development has been on-going. A stage has now been reached where Council intervention is required for assembly and demolition of properties, including Council vacant premises.	600,000	0	600,000
RED	Sniperley Park and Ride Extension	The Sniperley Park & Ride site is rapidly reaching capacity and in order to remain as effective and being able to reduce the need for people to drive into the city centre, extra capacity is needed at this location. By increasing the number of spaces available at these key sites, this also provides the infrastructure to accommodate more vehicles for special events in Durham such as Lumiere.	600,000	0	600,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Durham Bus Station and North Road Development	<p>The Bus Station has changed little since it was opened in the early 1970's and is not well connected with the primary retail environment and the nearby rail station. As a result of the inefficient public transport connectivity and accessibility, car use and therefore congestion across the city is high. Problems exist with poor access links between the bus and railway stations. These are mainly caused by topography, but are compounded by the A690 roundabout which provides the main east/west connection across the City Centre and currently acts as a barrier. The existing bus station has capacity issues, with a number of services operating from on-street locations in North Road and Milburngate to compensate, further reducing the pedestrian and retail environment. This investment would then provide further development opportunities with the private sector for this part of the city, significantly assisting with planned economic growth and redevelopment of the wider area whilst providing a main gateway to the city. Further opportunities for funding are to be investigated during the development of the scheme (eg ERDF).</p>	<p>£ 1,000,000</p>	<p>£ 4,000,000</p>	<p>£ 5,000,000</p>
RED	Durham City Urban Traffic Control	<p>The scheme will address existing congestion problems within Durham City and to provide a means to improve air quality. The primary objectives of the UTC project are to:</p> <ul style="list-style-type: none"> • smooth and regulate the flow of traffic through Durham City • assist public transport by making journey times more predictable/consistent in peak periods. • improve air quality, particularly where action zones have been declared. • effectively manage the network to cope with incidents and planned events. • provide control strategies to address issues within the network <p>The scheme also links in as part of Transit 15 corridor towards Gilesgate. (T15 is also contributing to the scheme)</p>	<p>0</p>	<p>1,000,000</p>	<p>1,000,000</p>

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Community Alarm Equipment Replacement	Health and Safety issues to residents if alarms fail to connect to control room which could result in serious injury or death. Staff resources unable to manage the expected increase in volume of failed alarms and revenue budgets do not support the replacement costs. We are currently reviewing the service and opportunities in future years to self fund this replacement programme but need to ensure that funding will be available to fund this critical, preventative service. Please note the equipment that requires replacement is also linked to smoke alarms, CO detectors, Intruder alarms and fire alarms for buildings. The most vulnerable residents who receive Telecare Services.	£ 0	£ 250,000	£ 250,000
RED	Disabled Facilities Grant - DCLG	Disabled Facilities Grant is a mandatory grant which provides significant support to the most vulnerable client groups across County Durham. Adaptations enable clients to remain within their own homes and to live independently. Current figures advise that most grants are awarded to the over 60 age group. The Joint Commissioning Strategy for Older People 2010-2013 has identified that there is an ageing population profile within County Durham for those aged 65 and over. The increases expected between 2007 and 2026 are, 65 and over 49.89%, 75 and over 71.4%, 85 and over 115.2%. Support for the grant is of significant importance as it plays a key role in increasing independence and enabling clients to live at home longer.	2,422,000	0	2,422,000
RED	Disabled Facilities - Council Contribution	This contribution from the Council will supplement the Disabled Facilities Grant received in 2015/16.	0	485,000	485,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Financial Assistance Policy	<p>There is a need to ensure that all sectors of the housing market contribute to meeting local housing needs. Around 34% of private housing is failing to meet the decent homes standard and there are 16,000 households living in these properties who are classed as vulnerable. The aim of the private sector housing strategy is to improve the quality of private sector housing contributing to other key priorities which include:- better health, by providing more homes that are warm and safe, financial inclusion, by helping less well off homeowners carry out improvements to their home, increasing the supply of affordable, decent homes to rent in the private sector by bringing empty homes back into use for both rent and owner occupation, and taking measures to reduce fuel poverty.</p>	£ 0	£ 250,000	£ 250,000
RED	Bishop Auckland Old Boys Grammar School	<p>This capital budget is to support a HLF enterprise grant which if successful will require match funding. The grant has the potential to fully refurbish the site and remove the financial and negligent risk to the Authority. There is currently no dedicated budget for the building and any repairs and maintenance has to be sourced from exiting funds.</p> <p>The building and wider site is identified as a priority regeneration project within the Bishop Auckland Masterplan as it is a grade II listed asset in ever deteriorating state with an increasing legal risk of liability of negligence against the authority. This work should be done given the clear ongoing financial liability to the authority, in that the further the building deteriorates the costs of basic maintenance and repair will only ever increase.</p>	0	600,000	600,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Spennymoor Wellsprings - Site Assembly	Wellsprings is situated near to the DurhamGate development with access to the A167. The site is a stalled development and detracts from the regeneration activity undertaken at both Green Lane Ind Estate and DurhamGate. Given the considerable investment of the DurhamGate development, investment will ensure this can be redeveloped to continue with the business improvement and job creation within the area. The proposal involves the acquisition of the site upon which stands a number of derelict office units. Enhanced highway infrastructure and good access to the highway network provide excellent economic opportunities for this site.	£ 200,000	£ 300,000	£ 500,000
RED	Seaham Railway Street - Site Assembly	The area is the next identified priority of the Seaham Regeneration Framework and would bring forward a site of approximately 1 Ha for development. There are opportunities for this site to be redeveloped providing opportunities for retail and leisure developments.	0	500,000	500,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Town Masterplan Priorities	<p>This allocation will aim to deliver:</p> <ul style="list-style-type: none"> - 9 significant public realm improvements in main retail areas; - 3 schemes that will improve vehicular access to the centres, - Improve TRO's in Consett and introduce new loading bays; - Improve and increase car parking capacity at areas across Seaham, Railway Street; Stanley, Front Street and Scott Street Car Park; and Consett Front Street and Wesleyan/Victoria Road. Works in the above three areas and Chester-le-Street have commenced during 2013/14. <p>The proposal will also support at least 34 businesses through the Targeted Business Improvement Scheme, which will include vacant units and sites within prime areas, half of these businesses will access the Council's apprenticeship scheme or other training opportunities.</p> <p>It is expected that this scheme, with £0.26m of DCC budget intervention will attract circa £0.5m match funding.</p>	£ 500,000	£ 700,000	£ 1,200,000
		RED Sub Total	6,702,000	18,531,000	25,233,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RES	Replacement Desktop	Replacement of desktop PC and Laptop equipment based on a four yearly cycle which will improve support and increase ease of use.	£ 0	£ 1,000,000	£ 1,000,000
RES	Ongoing Server replacement	This is the schedule for the replacement for servers within the council. The servers are replaced on a 5 year cycle.	0	110,000	110,000
RES	Homeworking	The County Council wishes to improve its offerings for Home Workers, bringing together a number of benefits, improved work life balance, improved productivity by having staff closer to the customer, improving involvement in the community and reducing the amount of accommodation asset required	100,000	0	100,000
RES	Archiving of obsolete systems based on non supported hardware.	Number of legacy systems which still hold information that is required for legislation purposes. The platforms these are based upon are no longer supported and would be impossible to migrate to modern hardware as neither the software or database would be compatible. There will be potential revenue savings on licenses for the read only licenses for the applications. The cost will vary according to the complexity of the system.	0	50,000	
RES	Desktop Mailing Solution	The Authority is now completing large scale mailings within the Printing service using the mail fulfilment equipment. This leaves the one off letters being done locally produced from an MFD, enveloped and then posted. There is now software which would link with the current bulk software available that would allow any one off letters to be mailed. The funding will purchase an enterprise solution for the Authority which would allow anyone in Durham to access the software. It is forecast that revenue savings will finance the borrowing costs associated with the investment.	100,000	0	100,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RES	Dark Fibre Installations and Circuit Upgrade	Legacy circuits and microwave are still being used for connectivity on the network with the council continuing to pay excessively high revenues for outdated under-performing connectivity. The council are also subjected to cost increases yearly for this whilst being delivered a reduced service as the connectivity will under perform for modern requirements and in some cases a loss/unusable service will happen. The on-going support of these types of connectivity utilises high levels of resource due to the nature of it, this in turn results in engineers not being utilised in an efficient manor maintaining council main assets. This investment can be financed from the revenue savings generated.	£ 0	£ 175,000	£ 175,000
		RES Sub Total	200,000	1,335,000	1,535,000
		TOTAL	18,390.000	47,764,000	66,154,000

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2014/15 aimed at supporting the recruitment and remuneration of the workforce in a fair and transparent way. The policy complies with Government Guidance issued under the Localism Act 2011 and includes commentary upon:

- The approach towards the remuneration of Chief Officers.
- The remuneration of the lowest paid employees.
- The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

The Code of Recommended Practice for Local Authorities on Data Transparency, published in September 2011 by the Government also sets out key principles for local authorities in creating greater transparency through the publication of public data. As part of the code, the Government recommends that local authorities should publish details of senior employee salaries. This pay policy forms part of the council's response to transparency of senior pay through the publication of a list of job titles and remuneration.

Durham County Council is mindful of its obligations under the Equality Act 2010 and is an equal opportunity employer. The overall aim of our Single Equality Scheme is to ensure that people are treated fairly and with respect. The scheme also contains a specific objective to be a diverse organisation which includes recruiting and retaining a diverse workforce and promoting equality and diversity through working practices. This pay policy forms part of our policies to promote equality in pay practices. By ensuring transparency of senior pay and the relationship with pay of other employees, it will help ensure a fair approach which meets our equality objectives.

In setting the pay policy arrangements for the workforce the council seeks to pay competitive salaries within the constraints of a public sector organisation.

As a result of Local Government Review in the County, the significant opportunity existed to bring together the pay and conditions arrangements of the eight previous authorities into one cohesive pay policy for the new organisation. In response, Durham County Council's approach towards the workforce pay and conditions of employment were fundamentally reviewed and a new pay structure and revised conditions of employment for the majority of the workforce was agreed during 2012, in order to ensure that the council is able to operate as a modern, fit for purpose and streamlined organisation.

2 Posts defined within the Act as Chief Officers

2.1 The policy in relation to Chief Officers relates to the posts of Chief Executive, Assistant Chief Executive, four Corporate Directors and the Head of Legal and Democratic Services (who undertakes the Monitoring Officer Role for the authority).

2.2 Governance Arrangements

The Chief Officer Appointments Committee is defined within the council's constitution as performing the functions under section 112 of the Local Government Act 1972 in relation to these officers. This includes the setting of the pay arrangements for these posts and in doing so the Committee takes into account:

- The prevailing market in which the organisation operates.
- The short and long term objectives of the council.
- The council's senior structure, financial situation and foreseeable future changes to these.
- The expectations of the community and stakeholders.
- The total remuneration package.
- The links with how the wider workforce is remunerated and national negotiating frameworks.
- The cost of the policy over the short, medium and long term.

The Committee also has access to appropriate external independent expert advice on the subject where required.

2.3 Key Principles

- The Chief Officer Pay policy is designed to be easily understood and to be transparent to the post holders and key stakeholders. The structure and level of the pay arrangements will enable the council to attract, motivate and retain key senior talent for the authority.
- The policy is based upon spot salaries with clear differentials between levels of work/job size, within a range that is affordable now, will remain so for the medium term, and will be subject to review to ensure it continues to remain fit for purpose. In the first instance it is intended that the authority will market test the rates of pay when vacancies arise, as part of consideration on whether or not roles continue to be required within the context of the council's priorities and commitments at that time.

- A competency based performance management framework is established within the organisation linked to individual job descriptions, person specifications, with performance reviewed annually. This ensures that the individual standards of achievement are met and clearly linked to the achievement of the council's objectives and priorities, and the authority's expectations are delivered by post holders within these roles.
- These posts do not attract performance related pay, bonuses or any other additions to basic salary. This approach enables the council to assess and budget accurately in advance for the total senior pay bill over a number of years.
- The council is currently the sixth largest single tier authority in the Country and in setting the pay policy for this group, a market position has been established that aims to attract and retain the best talent available at a senior level within a national recruitment context, to lead and motivate the council's workforce that is rewarded under a nationally agreed negotiating framework.
- Roles at this level have all been subject to an externally ratified job evaluation scheme that is transparent and auditable to ensure equality proofing of pay levels.
- Other terms and conditions of employment for this group are as defined within the Joint Negotiating Committee for Chief Officers of Local Authorities Conditions of Service handbook, with discretion to set actual pay levels at a local level, but within a national negotiating framework. These posts are part of the nationally defined Local Government final salary pension scheme.

2.4 Pay Levels

Individual elements of the remuneration package are established as follows at the point of recruitment into the posts:

Role	Spot Salary	Additional Variable Pay
	£	£
Chief Executive	200,000	0
Assistant Chief Executive	120,000	0
Corporate Directors	140,000	0
Head of Legal and Democratic Services	110,000	0

In addition to Chief Officers there are a range of senior roles identified as Heads of Service that are evaluated using the same principles and scheme as

the Chief Officers and these roles are remunerated at three levels based on job size, these being:

	£
Heads of Service	110,000
	95,000
	75,000

The Corporate Management Team Pay and Heads of Service pay levels were actually assessed in 2008 in preparation for the new authority by external assessors and the levels set have not been increased since that time.

This council has agreed a salary structure for its senior posts and agrees that appointment to any vacancies on this structure at the salaries referred to in this statement are permitted. The creation of any new appointments paying over £100,000 should however be presented to Council for approval.

The designated Returning Officer for the council, who is the Head of Legal and Democratic Services, also carries out the role of Acting Returning Officer in Parliamentary and European elections and other national referenda or electoral processes. These additional roles usually carry an entitlement to payment from central government at levels set by order in relation to each national poll and according to scale of fees agreed by the council in relation to Local Elections.

Set out in Annex 1 is a scale of fees for the conduct of the County Council and Parish elections. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National rates are given for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions to ensure sufficient interest is maintained in undertaking these roles.

3 The Authority's Policy on the Remuneration of its Lowest Paid Workers

3.1 Definition of Lowest Paid Workers

In order to promote equity, former manual worker grades in the authority have been incorporated into the national framework, as outlined in the National Joint Council for Local Government Services "Agreements on Pay and Conditions of Service".

This ensures that the lowest paid workers and the wider workforce share equitable terms and conditions and access to pay and condition arrangements that are set within a national negotiating framework.

The definition of 'lowest paid worker' are those paid at the lowest rates commonly used in the region on the national spinal column points, with workers (outside of apprenticeship schemes) remunerated in Durham on incremental scale from £12,435 rising to £14,880 (excluding allowances).

This approach ensures fairness, provides market rates in the region for jobs, graded by job size, but with a reference also to the national local government family.

The Policy Relationship between Chief Officers Pay, the Lowest Paid Workers, and the Wider Workforce

4.1 Current Position

At the inception of the new unitary council in 2009 the authority had defined:

- The strategy for senior pay within the authority and had recruited into these posts.
- The plan for the approach towards harmonising the pay and conditions of the workforce longer term.
- Taking this approach, also now enables the authority to publish and support recommendations within Will Hutton's review 2011 'Review of Fair Pay in the Public Sector' around publishing the ratio of pay of the organisation's top earner to that of a median earner and tracking this over time, taking corrective action where necessary.
- In setting the relevant pay levels a range of background factors outlined at paragraph 2.2 were taken into consideration for senior pay alongside the significant scope and scale of the authority in the national context.

For example, the scope and scale of the Chief Executive's post encompasses responsibilities commensurate with the largest authorities in the country including responsibility for:

- The provision of wide ranging services to over 500 000 residents of County Durham.
- A gross budget of 1.3 billion for service delivery.
- Undertaking the role of the Head of Paid Service to over approximately 17,500 employees.
- Lead Policy Advisor to the council's 126 Elected Members.

The ratio between the pay of the Chief Executive in Durham County Council and the lowest paid workers is 16:1, against figures published by Government of an expectation to always be below 20:1 in local government.

In addition, during 20 14/15 the employer will contribute 13.8% of pensionable pay to the pension fund for all employees in the Local Government Pension Scheme.

4.2 Long Term Planning

In line with the original long term plan, Durham County Council has successfully completed the implementation of a new pay and conditions framework for the wider workforce. This pay scheme is based upon a nationally agreed job evaluation system and the national spinal column points of pay, and will see the authority remain within the existing national pay negotiating machinery.

4.3 Pay Policy Objectives

This planned approach towards pay for the wider workforce, and the use of established and equality impact assessed job evaluation schemes in the exercise will ensure:

- A planned approach towards pay policy for the organisation that enables the council to establish a relationship between pay for senior officers, the low paid and the wider workforce to align to the national guidance
- The provision of accountability, transparency and fairness in setting pay for Durham County Council.

4.4 Pay Policy Decisions for the Wider Workforce

The decision making powers for the implementation of the new pay arrangements is one for the Full Council for the Authority, ensuring that decisions in relation to workforce pay are taken by those who are directly accountable to local people.

5 The Approach towards Payment for those Officers Ceasing to Hold Office Under or be Employed by the Authority

The council has an agreed policy in relation to officers whose employment is terminated via either voluntary or compulsory redundancy. This policy provides a clear, fair and consistent approach towards handling early retirements and redundancy for the wider workforce, including Chief Officers.

In setting policy, the Authority does at this time retain its discretion to utilise the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006.

6 Policy towards the Reward of Chief Officers Previously Employed by the Authority.

The council's arrangements for payments on severance are outlined in the Early Retirement/Voluntary Redundancy policy approved by Full Council in December 2010.

Chief Officers leaving the authority under regulations allowing for early access to pension are leaving in circumstances where there is no longer a suitable role for them, and in such circumstances they leave the employment of the

council. Immediate re-engagement in another role would negate redundancy by operation of the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999.

The council would not expect such officers to be offered further remunerated employment with the council or any controlled company without such post being subject to external competition.

The administering authority for the Local Government Pension Scheme does not currently have a policy of abating pensions for former employees who are in receipt of a pension, although this is an area that is kept under review.

The council is mindful of its obligations under equality legislation and as such is limited in its ability to adopt a policy that it will not employ people of an age that has entitled them to pension access on leaving former employment in the public sector or to propose that such applicants be employed on less favourable terms than other applicants. It expects all applicants for any posts to compete and be appointed on merit.

Annex 1: Proposed Scale of Fees for Elections

Set out in Annex 1 is a scale of fees for the conduct of the County Council and Parish elections. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National rates are given for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions to ensure sufficient interest is maintained in undertaking these roles"

Core Election Team members will receive an 'election fee' covering overtime worked and additional responsibilities undertaken during the election period. The overall fee will reflect the amount received at National Elections for example the Alternative Vote Referendum and the Police and Crime Commissioner Election. Any Election Team member who is paid an 'election fee' will not receive any additional payment if undertaking a Deputy Returning Officer role or other roles.

Role	Fee	Comments
Returning Officer	£100 per division	Just over half the rate paid at national elections
Deputy Returning Officers	Capped up to £60 per division	Fee dependant on role undertaken and level of fee paid to be determined by the Returning Officer
Election Day		
Presiding Officer	£195 (plus 20% for combination)	National Rate
Poll Clerk	£115 (plus 20% for combination)	National Rate
Polling staff – training fee	£40.00	As at PCC Election
Polling Station-Staff Trainer	£120.00 per session	As at PCC Election
Polling Station Inspector	£19.50 per Polling Station (plus 20% for combination)	National Rate
Postal Votes		
Postal Vote Supervisors including Scanners	£12.50 per hour	National Rate
Postal Vote Assistants	£10 per hour	National Rate
Postal Vote Opening - Training	£20.00	As at PCC Election
Postal Vote Opening - Trainer	£60.00 per session	As at PCC Election
Ballot Box Receipt and Document Sort		
Ballot Box Supervisor	£100.00	As at PCC Election

Ballot Box Receipt Asst	£50.00 per session of up to 4 hours	As at PCC Election
The Count		
Count Supervisor/Adjudicator	£250.00	As at PCC Election
Count Supervisor-Trainer	£50.00	As at PCC Election
Count Senior Assistant	£160.00	
Count Supervisor and Senior Assistant Training	£40.00	As at PCC Election
Count Assistant	£50.00 per session of up to 4 hours	As at PCC Election
Security	£100	
General		
Clerical Assistance – use of temporary staff	£200 per division	National rate
Car Mileage	48p per mile	DCC mileage rate
Poll Card Delivery	12p per card (plus 2p mgt)	As at PCC Election

Appendix 11: Annual Treasury Management Strategy 2014/15

Summary

In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the proposed Treasury Management Strategy for 2014/15, the Annual Investment Strategy, Prudential Indicators and Minimum Revenue Provision Policy.

A glossary of terms is provided at the end of the report.

Background

Durham County Council defines its treasury management activities as the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

It regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

It acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Any surplus cash balances are invested in low risk counterparties or instruments commensurate with the Council's low risk strategy to always provide adequate liquidity initially before considering investment return.

Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals:

1. Annual Treasury Management Strategy – this report covers:
 - Annual Treasury Strategy 2014/15
 - Annual Investment Strategy 2014/15

- Prudential Indicators 2013-2017
 - Minimum Revenue Provision Policy 2014/15
2. **Mid-Year Treasury Management Report** – this updates members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.
 3. **Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Annual Treasury Management Strategy 2014/15

This report covers the following issues in respect of 2014/15:

- (i) Current treasury position
- (ii) Capital financing plans (including Prudential and Treasury Indicators)
- (iii) Interest Rate Outlook
- (iv) Borrowing strategy
- (v) Policy on borrowing in advance of need
- (vi) Annual Investment Strategy
- (vii) Icelandic Bank investments update
- (viii) Minimum Revenue Provision Policy
- (ix) Policy on use of external service providers

(i) Current treasury position

The table below shows the Council's position as at 31 December 2013, with comparators for 31 March 2013 and a forecast position for 31 March 2014:

	31-Mar-13 (£m)	Average Rate (%)	31-Dec-13 (£m)	Average Rate (%)	31-Mar-14 (£m)	Average Rate (%)
Borrowing	440.389	4.61	437.243	4.67	466.971	4.60
Investments	110.348	1.71	117.900	0.85	91.718	0.85
Net Debt	330.041		319.343		375.253	

Borrowing is forecast to increase by around £26m in 2013/14, whilst investment levels will fall by £19m. This illustrates the Council's policy of reducing investment levels whilst also taking the opportunity to access low cost debt to fund an increasing capital financing requirement over the medium term. By using this approach the counterparty risk of investments can be managed whilst also managing the interest rate risk attached to a large borrowing requirement.

ii. Capital financing plans

Housing Revenue Account (HRA)

As at the 1 April 2012 existing County Council debt was split into two pools; one for the HRA and one for the General Fund, with each taking a share that produces a broadly equitable position. All future borrowing will be carried out independent of each other.

General Fund Expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants and revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.

The following Prudential Indicators provide an overview and assist members in reviewing plans and performance.

Prudential Indicator 1 Capital Expenditure - this prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below summarises capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need ("borrowing"):

Capital Expenditure	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
Non-HRA	122.177	136.020	169.129	85.912	23.895
HRA	43.919	50.308	50.000	29.000	28.000
Total	166.096	186.328	219.129	114.912	51.895
Financed by:					
Capital receipts	9.114	17.286	21.321	13.142	1.541
Capital grants and contributions	76.442	81.608	86.667	28.142	1.515
Revenue and reserves	39.248	32.435	29.303	25.666	26.374
Net financing need for the year	41.292	54.999	81.838	47.962	22.465

Prudential Indicator 2 Capital Financing Requirement - 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. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement					
CFR – non housing	372.659	405.240	465.303	490.868	490.081
CFR - housing	232.171	238.584	243.162	244.953	245.038
Total CFR	604.830	643.824	708.465	735.821	735.119
Movement in CFR	25.692	38.994	64.641	27.356	-0.702

Movement in CFR represented by					
Net financing need for the year (above)	41.292	54.999	81.838	47.962	22.465
Less MRP/VRP and other financing movements	-15.600	-16.005	-17.197	-20.606	-23.167
Movement in CFR	25.692	38.994	64.641	27.356	-0.702

Affordability Prudential Indicators

The previous indicators cover overall capital and control of borrowing, but within these further 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.

Prudential Indicator 3 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.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	%	%	%	%	%
Non-HRA	5.92	6.16	7.44	9.35	11.39
HRA (inclusive of settlement)	25.13	23.91	28.02	27.56	26.79

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

Prudential Indicator 4 Estimates of the incremental impact of capital

investment decisions on 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.

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£	£	£	£
Council tax - band D	0.00	3.38	8.25	4.50

Prudential Indicator 5 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.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£	£	£	£	£
Weekly housing rent levels	16.53	18.02	17.67	18.74	19.86

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

(i) Current portfolio position

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised overleaf. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
External Debt					
Debt at 1 April	417.906	440.389	466.971	522.962	553.275
Expected change in Debt	22.483	26.582	55.991	30.313	38.782
Other long-term liabilities (OLTL)	49.744	51.087	49.562	47.782	48.509
Expected change in OLTL	1.343	-1.525	-1.780	0.727	3.716
Actual gross debt at 31 March	491.476	516.533	570.744	601.784	644.282
The Capital Financing Requirement	604.830	643.824	708.465	735.821	735.119
Under / (over) borrowing	113.354	127.291	137.721	134.037	90.837

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt 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 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Corporate Director Resources confirms 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.

Prudential Indicator 6 Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m
Borrowing	594.000	661.000	687.000	683.000
Other long term liabilities	50.000	48.000	49.000	53.000
Total	644.000	709.000	736.000	736.000

Prudential Indicator 7 Authorised Limit for external borrowing - this further key prudential indicator represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external

borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised limit	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m
Borrowing	644.000	711.000	737.000	733.000
Other long term liabilities	53.000	51.000	52.000	56.000
Total	697.000	762.000	789.000	789.000

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m
Total	245.747	245.747	245.747	245.747

Treasury Management Indicators

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any 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. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure 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.

The Council is asked to approve the following treasury indicators and limits:

	2014/15	2015/16	2016/17
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2014/15			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	40%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

iii. Interest Rate Outlook

The Council has appointed a company called Capita as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Capita central view.

Annual Average	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
	%	%	%	%
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away

from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

iv. Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Corporate Director Resources

will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

v. Policy on Borrowing in Advance of Need

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

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

vi. Annual Investment Strategy

The Council has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The prime objective of the Council's investment strategy is to ensure prudent investment of surplus funds. The Council's investment priorities are therefore the security of capital, liquidity of investments and, within those objectives, to secure optimum performance.

Investment instruments identified for use in the financial year are categorised as 'Specified' and 'Non-Specified' Investments as shown below:

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 include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility)
- UK Treasury Bills or a Gilt with less than one year to maturity.
- Term deposits with UK banks and building societies
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

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:

- 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 (£40m limit).
- The Council's own banker if it fails to meet the basic credit criteria. In this instance balances and notice periods will be minimised as far as is possible (£25m limit).

Following the economic background discussed earlier in this report, the current investment climate has one over-riding risk of counterparty security. As a result of underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.

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.

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.

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

- 0.08% historic risk of default when compared to the whole portfolio

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £2.5m
- Liquid short term deposits of at least £20m available with a week's notice.
- Weighted Average Life benchmark is expected to be 6 months with a maximum of 9 months.

Yield - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7 day London Inter Bank Bid Rate (LIBID)

Investment Counterparty Selection

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.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- It maintains a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.

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.

Credit rating information is supplied by Capita Asset Services (Capita), 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.

Selection Criteria

Following advice from Capita the criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) has been revised to allow access to a greater range of institutions. This will provide flexibility at times when cash balances are high together with the potential to achieve better rates of return due to the increase in the time limit for investments:

1. Banks 1 – the Council will only use banks which are UK banks and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Fitch	Moody's	Standard & Poors
Short Term	F1	P1	A-1
Long Term	A-	A3	A-
Viability/Financial Strength	bb-	C-	-
Support	3	-	-

2. Non UK Banks 1 – the Council will only use non UK banks which have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings:

	Fitch	Moody's	Standard & Poors
Sovereign Rating	AAA	AAA	AAA
Short Term	F1+	P1	A1+
Long Term	AA-	Aa3	AA-
Viability/Financial Strength	bb+	C	-
Support	1	-	-

3. Banks 2 - Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
4. Banks 3 – Co-operative Bank - 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.
5. Bank subsidiary and treasury operation. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
6. Building societies. The Council will use societies which meet the ratings for banks outlined above.
7. Money Market Funds
8. UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility)
9. Local authorities, parish councils etc

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. The relative value of investments will be reviewed in relation to the counterparty size to ensure an appropriate ratio.

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):

	Long Term Rating	Money Limit	Time Limit
Banks 1 category high quality	AA-	£50m	2 years
Banks 1 category medium quality	A	£35m	1 year
Banks 1 category medium quality	A-	£25m	100 days
Banks 2 category – part-nationalised	N/A	£60m	2 years
Banks 3 category – Council's banker	A-	£25m	3 months
DMADF/Treasury Bills	AAA	unlimited	6 months
Local Authorities	N/A	£10m each	5 years
Money Market Funds	AAA	£10m each (overall £50m)	liquid

vii. Icelandic Bank Investments Update

The County Council had £7m deposited across the Icelandic banks Glitnir Bank hf (£4m), Landsbanki (£2m) and Kaupthing Singer and Friedlander Ltd (£1m), which all effectively collapsed financially in October 2008. The Council's recovery position is as follows:

- Glitnir: a full distribution was made in March 2012, however an element of the distribution is in the Icelandic Kroner currency, which has been placed in an escrow account in Iceland due to currency controls currently operating in the country. As a result this element is subject to exchange rate risk, over which the Council has no control. The Council has made an impairment of 4% to allow for currency fluctuations.
- Landsbanki: 55% of an anticipated 100% recovery is expected to have been repaid by 31 March 2014. Again, a small element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland due to currency controls and is subject to exchange rate risk.
- Kaupthing Singer and Friedlander: 79% of the outstanding balance is expected to have been repaid by 31 March 2013. 85.25% recovery is anticipated in the long run.

viii. MRP Policy Statement

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 additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the 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

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);
- 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 (Option 3)

ix. Policy on use of external advisers

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

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- 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.

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.

Glossary of Terms

Authorised Limit

This is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It reflects the level of borrowing, which while not desired, could be afforded but may not be sustainable. Any breach must be reported to the executive decision-making body, indicating the reason for the breach and the corrective action undertaken or required to be taken.

Capital Financing Requirement (CFR)

The capital financing requirement (CFR) replaced the 'credit ceiling' measure of the Local Government and Housing Act 1989. It measures an authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose.

It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital grants/contributions or from revenue income), or over the longer term (by prudent minimum revenue provision (MRP) or voluntary application of capital receipts for debt repayment etc). Alternatively it means, capital expenditure incurred but not yet paid for.

Credit Default Swaps (CDS)

A credit default swap (CDS) is an agreement that the seller of the CDS will compensate the buyer in the event of loan default. In the event of default the buyer of the CDS receives compensation (usually the face value of the loan), and the seller of the CDS takes possession of the defaulted loan.

CDS pricing can be used as a gauge of the riskiness of corporate and sovereign borrowers.

Credit ratings

A credit rating evaluates the credit worthiness of an issuer of debt, specifically, debt issued by a business enterprise such as a corporation or a government. It is an evaluation made by a credit rating agency of the debt issuer's likelihood of default.

Credit ratings are determined by credit ratings agencies. The credit rating represents their evaluation of qualitative and quantitative information for a company or government; including non-public information obtained by the credit rating agencies analysts.

Debt Management Account Deposit Facility (DMADF)

The Debt Management Office provides the DMADF as part of its cash management operations and in the context of a wider series of measures designed to support local authorities' cash management.

The DMADF currently offers fixed term deposits. All deposits taken will be placed in, and interest paid from, the Debt Management Account. All deposits will be also guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

Financing Costs

An aggregation of interest charges, interest payable under finance leases and other long-term liabilities and MRP, net of interest and investment income.

Housing Revenue Account (HRA)

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, as defined particularly in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure – maintenance, administration and rent rebates – and capital financing costs, and how these are met by rents, subsidy and other income.

London Inter Bank Bid Rate (LIBID)

The London Interbank Bid Rate (LIBID) is a bid rate; the rate bid by banks on deposits i.e. the rate at which a bank is willing to borrow from other banks.

Minimum Revenue Provision (MRP)

Statutory charge to the revenue account as an annual provision for the repayment of debt associated with expenditure incurred on capital assets.

Money Market Funds

Money market funds are mutual funds that invest in short-term money market instruments. These funds allow investors to participate in a more diverse and high-quality portfolio than if they were to invest individually.

Like other mutual funds, each investor in a money market fund is considered a shareholder of the investment pool, or a part owner of the fund. All investors in a money market fund have a claim on a pro-rata share of the fund's assets in line with the number of 'shares' or 'units' owned.

Net Revenue Stream

This is the element of a local authority's budget to be met from government grants and local taxpayers.

Non-specified Investments

These are any investments which do not meet the Specified Investment criteria.

Operational Boundary

This is the most likely, prudent view of the level of gross external indebtedness. It encompasses all borrowing, whether for capital or cash flow purposes.

Private Finance Initiative (PFI)

Private Finance Initiative (PFI) was introduced in the 1990s by the government to finance public sector projects. The main aims are to reduce public sector borrowing, introduce more innovative ways to provide public services and utilise private sector skills and experience to increase the efficiency of the public sector.

Prudential Indicators

In order to demonstrate that local authorities have fulfilled the objectives of the Prudential Code, it sets out a basket of indicators that must be prepared and used. The required indicators have to be set, as a minimum, on a three year time frame

and are designed to support and record local decision-making, rather than be a means of comparing authorities.

The purpose is to set these historic and forward looking indicators in a circular process and look at the indicators collectively rather than individually, in order to determine the impact of forward plans for capital or revenue expenditure. For some projects and large commitments to capital expenditure, a timeframe in excess of three years is advisable.

Public Works Loans Board (PWLB)

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury.

PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Specified Investments

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

Weighted Average Life

The average time that deposits are lent out for, weighted by principal amount.