GUIDE TO THE FINANCES OF

THREE RIVERS DISTRICT COUNCIL

and the

MEDIUM TERM FINANCIAL PLAN

2006/2009

THREE RIVERS
DISTRICT COUNCIL

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We hope you find this document clear and informative. Ideas for improving it are most welcome. Further information can be obtained from the Council at the address below.

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David Gardner
Director of Corporate Resources

April 2006

CHAPTER 1

INTRODUCTION

The Financial Plan

This document provides a brief guide to the Council's finances and gives information for the period commencing with the financial year 2006/2007 and ending in 2008/2009. It is also an attempt to put into plain English how the local government finance system effects the Council.

We have tried to keep the use of jargon to a minimum and a glossary is included at the back to define some terms in more detail.

The purpose of the plan is:-

1. To maintain clear and accurate information accessible to:-

   a) the public for reporting in the short and medium term, and

   b) to staff and members for effective financial planning and monitoring.

2. To comply with Government guidelines and accounting standards and practices.

3. To provide finance for defined service levels.

4. To devolve accountability for budgets to specified cost centre managers.

5. To optimise the use of Council assets in land, property and money.

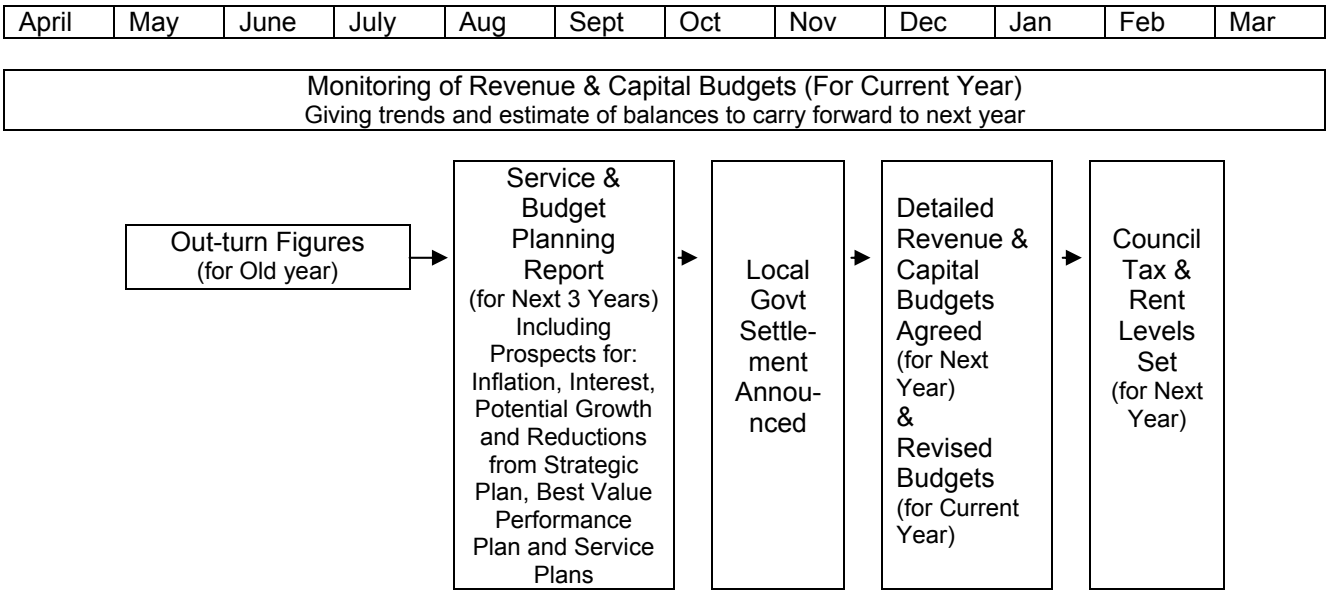
The Plan has been drawn up in support of the Council's Strategic Plan which can be found on the Council's website at

www.threerivers.gov.uk/GetResource.aspx?file=TRDC%20Corporate%20Plan.doc

Suggestions as to how this document can be improved would be most welcome.

The Financial Year

The financial year runs from 1 April to 31 March. The figures in this book provide only a snapshot of the position when the Council determined its budgets. The diagram below shows the activities taking place during the annual cycle.



Budget Monitoring

During the financial year the Council receives budget monitoring reports that compare the actual income and expenditure to the financial plan. As a result of the variations identified the Council may modify its plans to take account of the changed circumstances (e.g. an increase in economic activity).

Outturn Figures

Outturn figures are produced as soon as possible after the end of the financial year. The Accounts and Audit Regulations 2003 brought forward the date by which the Council is required to approve its Statement of Accounts. The accounts for the year ending 31 March 2006 and subsequent years must be approved by 30 June 2006.

Strategic, Service & Financial Planning Reports

In September the Council's Chief Financial Officer (Director of Corporate Resources) produces a report which sets the scene for future years' budgets and includes an economic forecast upon which preliminary figures for the following year are based. This becomes part of the Council's policy and budget framework upon which the Executive Committee consults with policy panels. Subsequent reports link the Council's Strategic Plan to eighteen service plans, each of which includes a three year medium term financial forecast.

Setting The Council's Budget

The Council agrees its budgets in February.

Setting The Council Tax

The Council Tax is set at a separate meeting as soon as the precepts from the County Council and Police Authority are known.

Annual Efficiency Statement

MINIMISING WASTE AND ACHIEVING EFFICIENCY IMPROVEMENTS YEAR ON YEAR

The Council has set targets to improve efficiency and VFM. Resulting from the Gershon Report, the Office of the Deputy Prime Minister requires councils to achieve 2.5% per annum efficiency improvements on their 'baseline' expenditure, of which at least half should be cashable. By 2007/8, efficiency gains equivalent to 7.5% of the baseline should be achieved.

Efficiency Gains made in 2004/05 can count towards the target. Targeted gains in 2005/06 are measured against a baseline of 2.5% of the Council's 2004/05 budget. Accumulative targeted gains to the end of 2006/07 (5%) will be measured against an updated baseline of the out-turn for 2004/05. It is anticipated that in subsequent years the baseline will be updated for another year's out-turn.

The council has started to deliver on a robust efficiency plan to achieve more than the 2.5% target.

The Council's baseline figures, prescribed in ODPM guidance, are:-

	2004/05 Budget Applying to 2005/06 Financial Year £000s	2004/05 Out-turn Applying to 2006/07 Financial Year £000s
Revenue Contribution to Baseline		
Total service expenditure (sum of net current exp by service)	12,632	11,248
Pensions interest cost	303	0
Appropriations to/from Pensions Reserves	-254	0
Capital Contributions to Baseline	2,779	2,296
Total	15,460	13,544

2.5% of Baseline	387	-
5.0% of Baseline	-	677

This leads to the following accumulative requirements:-

	2005/6 £000s	2006/7 £000s	2007/8 £000s
Cashable (at least 50%)	194	339	508
Non-Cashable (balance)	193	338	508
Total	387	677	1,016

The Council is required to produce an Annual Efficiency Statement (AES) comprising two parts. The forward looking part outlines the strategy for securing efficiency gains, the key actions that will be taken during the next year and the gains that are expected to result.

The backward looking part sets out the cashable and non-cashable gains achieved in the past year.

The AES is not a statutory requirement. Not to produce it, however, will count against the Council's "use of resources" assessment under the Audit Commission's Comprehensive Performance Assessment.

The Council produced a backward looking efficiency statement covering 2004/05 in June 2005. It showed cashable efficiency gains of £40,000 resulting from the redirection of staffing resources to improve service delivery. This gain can be offset against the three year target.

The forward look for 2005/06 efficiencies was produced for the ODPM in April 2005. The backward look at efficiencies achieved in 2005/06 is required in June 2006.

The Council's forward-looking Statement for 2006/07 was prepared in April 2006 and is reproduced below. The Statement took into consideration:-

- On-going efficiency gains identified from budget monitoring during 2004/5 and 2005/6.
- Efficiency gains identified by officers in preparing detailed estimates for 2006/7 and future years.
- Efficiency gains for 2006/7 and future years, reported to the Executive Committee on 6 February 2006 as part of the budget setting process.

The table below shows the Council's current position against its targets:-

	2005/6 £000s	2006/7 £000s	2007/8 £000s
Cashable Efficiencies			
Identified (and on-going)			
From backward looking AES for 2004/5 (Actual)	40	40	40
From backward looking AES for 2005/6 (Estimate)	395	395	395
From forward looking AES for 2006/07 (Estimate)	0	157	157
Unidentified			
To be found for 2007/8 onwards (Estimate)	0	0	150
Sub-Total Cashable Efficiencies	435	592	742
Non-Cashable Efficiencies			
From backward looking AES for 2005/6 (Estimate)	31	31	31
From forward looking AES for 2006/07 (Estimate)	0	158	158
Sub-Total Non-Cashable Efficiencies	31	189	189
Total Efficiency Gains	466	781	931

This table shows that the Council has achieved the required efficiency gains in 2005 /06 and can achieve the target in 2006/07. There is a shortfall in 2007/08 of £85K. It is anticipated that this will be found in non-cashable efficiency gains.

Annual Efficiency Statement - Forward Look 2006/07

Strategy for securing efficiency gains

To achieve efficient, effective and economic services the Council has over the past three years:-

- Actively pursued proactive treasury management. The Council is debt free.
- Secured reductions in NNDR on Council properties
- Achieved savings through competitive tendering (e.g. waste collection)
- Reviewed staffing requirements and 'flattened' management structures
- Introduced new working practices and organisational arrangements using new ICT and the customer services centre to enhance services to the public
- Made a one-off additional contribution to the Hertfordshire Pension Fund of £4.98m to reduce revenue costs by £0.407m in 2002/03 rising to £0.704m per annum by 2005/06
- Maximised investment income (whilst safeguarding capital) or used surplus funds to generate on-going savings or improve quality
- Developed an asset management plan for the effective use of the Council's land and property portfolio
- Controlled energy and other utility costs

This would suggest that the Council has the capacity to continually identify opportunities for improvement. However, many of the more simple efficiency gains have already been identified.

Key actions to be taken during the year

The Council will continue:-

- To maximise investment income (whilst safeguarding capital) or use surplus funds to generate on-going savings.
- To procure services in the most effective and efficient way. The outcome of the Council's best value review into procurement continues to bear fruit. The Council will continue to use competitive tendering whenever appropriate.
- To further develop the asset management plan for the effective use of the Council's land and property portfolio.
- To control energy and other utility costs.
- To retain its basic performance management approach whereby it seeks to ensure that all services perform on par with the best in local government and achieve continuous improvement. Performance indicators and benchmarking will continue to identify under-performing services.
- To complete value for money reviews of the Council's services and implement the efficiency improvements identified taking into account comparison with similar services in comparable authorities.
- To improve the use of ICT and enhance services to the public through the customer services centre and the Council's interactive web-site. The Council was a pathfinder in using IT to create better access to its services via its customer services centre and this is continuing. The land charges and building control service, in collaboration with NLIS, are looking to develop the Home Information Pack. This will enable the Council to attract a greater share of the house buying market.
- To cash limit budget increases wherever possible.
- To continually improve the skills and capacity of staff through training; improving efficiency; joint/partnership working
- To tackle absenteeism.

The achievement of the efficiency targets are subject to monthly monitoring via the budgetary control process. A new committee report template details both the cashable and non-cashable financial implications of specific policy proposals.

Efficiency gains have traditionally been tracked as part of the council's budget monitoring and its budget setting process. Budget monitoring has revealed under-spends which have either allowed the council to redirect resources (e.g. to improve PIs) or use sustainable savings to reduce future years budgets. Specific proposals for savings have been identified in budget papers and accepted by the Council.

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Adult social services	0			0
	Strategy:			
	Key actions:			
Children's services	0			0
	Strategy:			
	Key actions:			
Culture and sport	0			0
	Strategy:			
	Key actions:			
Environmental services	183,630			103,710
	Strategy: Review of staffing and service arrangements for: Development Control Waste Management Environmental Protection Environmental Health Democratic Services			
	Key actions: Smarter working by utilising in-house expertise in preference to outsourcing work. Using technology to improve information archiving and direct customer access. Rationalisation of staff and fuel economy measures. Flytipping enforcement absorbed within existing resources. New requirements for Animal Welfare, High Hedges, Gas Servicing, Licensing and Joint Committees absorbed within existing resources.			
Local transport	0	0	0	0
	Strategy:			
	Key actions:			
LA social housing	30,100	0	0	8,100
	Strategy: Review of staffing and service arrangements for: Residential Services Gas Engineers			
	Key actions Review of overtime working. Improve productivity per gas engineer for servicing completed.			
Non-school educational services	0			0
	Strategy:			
	Key actions:			
Supporting people	0			0
	Strategy:			
	Key actions:			
Homelessness	0			0
	Strategy:			
	Key actions:			

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Corporate services	29,180			29,180
	Strategy: Review of staffing and service arrangements for: Property Services Customer Services Centre Risk Management			
	Key actions: Reduction in use of temporary surveying staff. Reduction in use of consultants. Reduction in staffing requirement			
Procurement	16,050			16,050
	Strategy: Review external ICT contracts			
	Key actions: Negotiation of increased support hours for ICT Negotiation of contracts			
Productive time	50,000			0
	Strategy: Review of staff absenteeism.			
	Key actions: Continual monitoring of absences and return to work interviews			
Transactions	6,000			0
	Strategy: Review of performance for benefit claims			
	Key actions: Improved speed of processing.			
Miscellaneous efficiencies	0			0
	Strategy:			
	Key actions:			
Total	**314,960**	**0**	**0**	**157,040**

Signed _____Leader of the Council
Ann Shaw O.B.E.

Signed _____Chief Executive
Dr Steven Halls

Signed _____Chief Financial Officer
David Gardner

CHAPTER 2

THE REVENUE ACCOUNT

Regulatory Framework

The Council's Consolidated Revenue Account is the equivalent of a private sector company's Profit & Loss Account.

The Consolidated Revenue Account deals with services which are funded by income from council tax, but there is also a 'ring-fenced' housing revenue account within it which meets the costs of providing council housing and is funded by rents.

Revenue Expenditure is incurred on:-

a) the day-to-day services that the Council provides,

b) charges made for the repayment of debt (see Chapter 3), and,

c) contributions towards capital expenditure.

The Council's gross revenue expenditure is estimated to be £54.5m in 2006/2007. Of this amount £42.2m is raised from council rents, specific government grants, interest earned, fees and charges for services, leaving £12.3 m (termed the Council's budget requirement) to be met by council tax-payers and from the two main Government grants, (Redistributed Non-Domestic Rates Grant and Revenue Support Grant).

The charts overleaf show, in summary form, where the Council gets its money from and the costs of the services it provides on a day-to-day basis (budget figures for 2006/07).

The total level of government grants to local authorities is determined as part of the Government Spending Review, the last of which, announced in July 2004, covered 2005/06, 2006/07 and 2007/08.

Government Grants are made for capital expenditure, housing revenue and other revenue services.

Grants for other revenue services total £62b in 2006/07 and £65b in 2007/8 and comprise formula grants and ring fenced grants which now include dedicated schools grant formerly a part of the formula grant.

The Local Government Finance Settlement distributes formula grant of £25b in 2006/07 and £26b in 2007/08. Formula grants comprise revenue support grant, redistributed business rates, and police grant. It is the first two of these grants that concern Three Rivers.

The Government announced its proposals for formula grant in early December 2005 and after a period of consultation confirmed the arrangements in early February 2006. Figures were announced for two years - a final allocation for 2006/07 and an indicative allocation 2007/08. From 2008/09 the announcement will give figures for three years at a time in line with spending reviews.

A new system was introduced to distribute formula grant from 2006/07. This was determined wholly by the Relative Needs Formulae, The Relative Resource Amount, the Central Allocation (an amount per head) and the floor damping scheme.

The Relative Needs Formula calculates relative need rather than the actual amount needed to provide services. It comprises a number of 'blocks' with a separate formula for each. The blocks are:-

Children's Services
Adults' Personal Social Services
Police
Fire
Highway Maintenance
Environmental, Protective and Cultural Services
Capital Financing

The Council's needs relate to the last two of these blocks only.

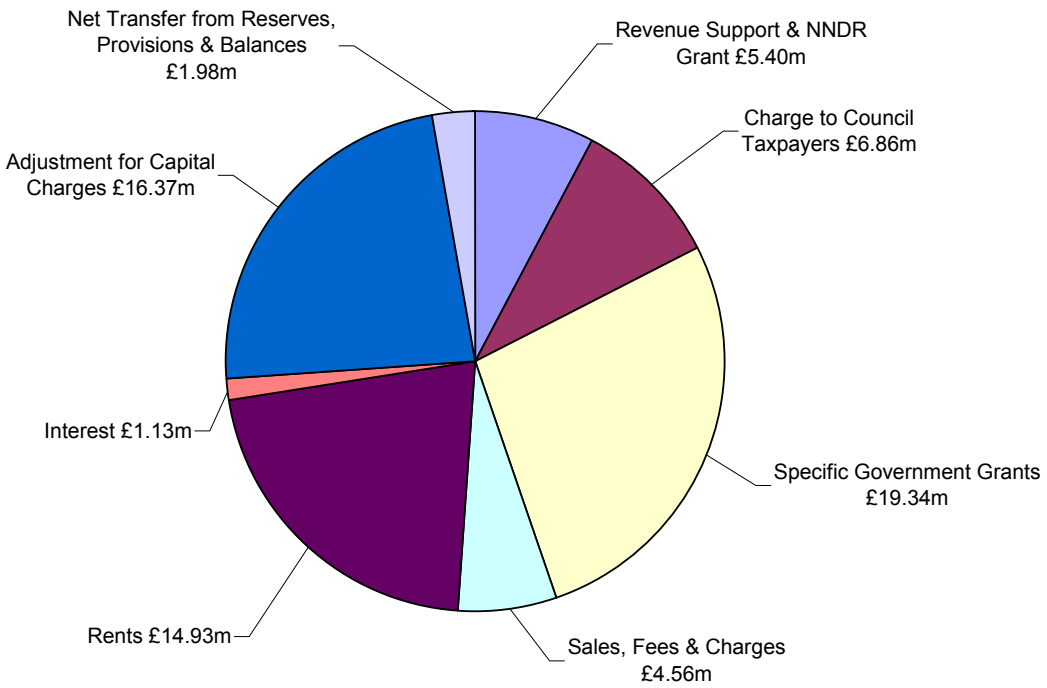
The Relative Resource Amount is negative and takes into account the fact that areas that can raise income locally require less government support.

The Central Allocation is shared out on a per head basis.

In order that councils are protected from detrimental grant changes the government sets a guaranteed minimum increase in grant, called Floor Damping. For districts the minimum increase is 3% for 2006/07 and 2.7% for 2007/08. The cost of achieving floor increases is met by scaling back increases above the floor.

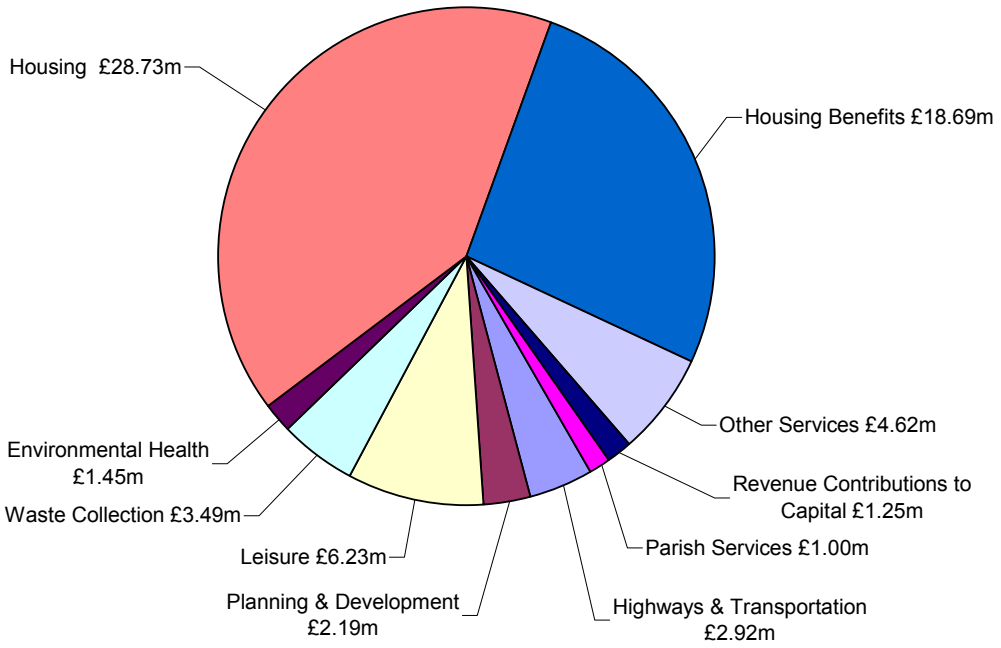
The government has reserve powers to 'cap' local authority budget requirements. For 2006/07 and 2007/08 the government has said that it will not hesitate to use its powers if the council tax increase exceeds 5% in either year.

Sources of Income



	£m
Total Income	70.57

Gross Expenditure on Services



	£m
District Services	68.32
Revenue Contributions to Capital	1.25
Parish Services	1.00
Total	70.57

RSG Settlement – Key Data for Three Rivers

	2006/7	2007/8	Change %
Relative Needs Amount (£)	2,024,520	2,034,939	0.5
Relative Resource Amount (£)	-3,050,822	-3,194,583	-4.7
Central Allocation (£)	5,528,832	5,890,128	6.5
Floor Damping (£)	898,973	807,913	-10.1
Formula Grant	5,401,503	5,538,397	2.5
Redistributed Business Rate Income (£)	4,527,529	tba	
Revenue Support Grant (£)	873,974	tba	
Total Grant (£)	5,401,503	5,538,397	
Council Tax Base for Grant Purposes	37,393	37,150	-0.6
Mid-year resident population projection	85,858	86,461	0.7

The table below shows the percentages of budget requirement met by grant and council taxpayers nationally and in Three Rivers.

2005/06	Nationally %	Three Rivers %
Amount met by Government Grant	70.1	42.6
Amount met by Council Taxpayers	29.9	57.5

The Relative Resource Amount in the Council's grant calculation is negative reflecting the government's view that Three Rivers can raise income locally and therefore requires less government support.

Housing Revenue Account

All transactions in the Housing Revenue Account are determined under the Local Government and Housing Act 1989. This legislation also introduced the subsidy system. In 2001, a new financial framework was introduced to put housing accounts on a more businesslike basis with the aim of encouraging more efficient use of housing assets.

The Government announces each year details of subsidy to assist with housing costs. Determinations calculate notional expenditure and notional income from rents. Increases in notional rents influences the actual rent charged and accords with the Government's guidance on rent restructuring.

Medium Term Financial Plan 2006 – 2009 : Revenue

The Council's medium term forecast predicts a council tax increases of 2.9% for 2007/08 and 2008/09. This would enable the Council's revenue expenditure (i.e. excluding revenue contributions to capital) to increase by 3.6% in 2007/08 and 1.5% in 2008/09 whilst retaining reserves and balances at £3.0m at 31 March 2008 and £2.8m at 31 March 2009. The Council considers a balance of £1.9m to be the prudent minimum.

Medium Term Financial Plan Consolidated Revenue Account (General Fund)	Col 1 2005/2006	Col 2 2006/2007	Col 3 2007/2008	Col 4 2008/2009
Data				
Council Tax Base (No.)	37,179.19	37,399.24		
Council Tax Base Increase (%)			0.20	0.20
Government Grants (£)	4,908,351	5,401,503	5,538,397	
Government Grant Increase (%)				2.50
Collection Fund Surplus (+) / Deficit (-) (£)	-17,193	0	0	0
Band D Council Tax (£)	178.31			
Council Tax Increase (%)		2.90	2.90	2.90
Financial Statement	£	£	£	£
General Fund Balance Brought Forward at 1 April	4,832,096	4,420,795	3,382,367	2,989,398
Income from Council Tax & Government Grants	11,520,547	12,263,553	12,613,568	12,971,769
Projected Expenditure from Medium Term Plan (-)	-10,931,848	-12,551,981	-13,006,537	-13,203,445
Contribution to Gen Fund Capital Expenditure (-)	-1,000,000	-750,000	0	0
Revenue Budget Surplus (+) /Deficit (-) for Year	-411,301	-1,038,428	-392,969	-231,676
General Fund Balance Carried Forward at 31 March	4,420,795	3,382,367	2,989,398	2,757,722

The medium term financial plan has been derived from the changes anticipated in economic factors and changes to service expenditure required to achieve the Council's strategic plan.

Within the Council's Consolidated Revenue Account is a 'ringfenced' Housing Revenue Account (HRA) reflecting the activities of the Council as landlord. From the table it can be seen that for the financial year 2006/07 the HRA is budgeted to make a deficit of £537,430.

	Col 1 2005/2006	Col 2 2006/2007	Col 3 2007/2008	Col 4 2008/2009
Housing Revenue Account				
Rent Increase (%)	4.56	5.00	5.00	5.00
	£	£	£	£
HRA Balance Brought Forward at 1 April	2,222,372	2,354,432	1,817,002	1,848,752
Income: Rents	14,000,340	14,550,560	15,401,940	15,713,000
Projected Expenditure from Medium Term Plan (-)	-13,368,280	-14,587,990	-14,870,190	-15,598,100
Contribution to HRA Capital Expenditure (-)	-500,000	-500,000	-500,000	-500,000
HRA Balance Carried Forward at 31 March	2,354,432	1,817,002	1,848,752	1,463,652

The Council is introducing 'formula rents' under the Government's policy of 'restructured rents' over a ten year period commencing in April 2002. This is designed to align all public sector rents based on a formula using property values, county earnings and the number of bedrooms in each property.

In the longer term it is anticipated that under restructured rents, income will not keeping pace with the Council's forecast of expenditure. Since the Council cannot raise further rental income, reductions will be required in expenditure. If the Council is to maintain spending on the repairs and maintenance of its properties, then savings will have to be made in management costs.

Setting the Council Tax

The Council Tax for 2006/2007 was set by the Council Tax Setting Committee on 27 February 2006 taking into account the budgets set by the Hertfordshire County Council and the Hertfordshire Police Authority. The District Council's budget, incorporating those of the parish councils within the District had previously been approved by the Council on 14 February 2006. The calculation of Council Tax is shown in the composite report below.

1. **Background**

1.1 The recommendations at paragraph 6 below are set out to comply with the requirements of the Local Government Finance Act 1992. References to Section numbers in this report refer to that Act unless otherwise stated.

1.2 The details below show the calculations made in arriving at the recommendations and are cross referenced accordingly.

2. **Details**

2.1 ***The Council's Budget***

This is the figure agreed by the Council as its General Fund revenue budget for 2006/2007.
(Cross Reference: Recommendation 9.1 below).

2.2 ***The Council Tax Base***

This is the figure agreed by the Executive Committee on 9 January 2006 concerning the Council Tax Base for 2006/2007.
(Cross Reference: Recommendation 9.2 below).

2.3 ***Calculation of Budget Requirement***

This calculation is required under Section 32 of the Act. The Council must calculate:-

(a) its aggregate expenditure (including the amounts of Parish Precepts to be met from the General Fund);

(b) its aggregate income (excluding redistributed National Non-Domestic Rate and Revenue Support Grant); and,

(c) the difference between the two, being termed the Budget Requirement for the purposes of Council Tax setting.

(Cross Reference: Recommendations 9.3 (a), (b) and (c) below).

The calculations shown below are made not only to comply with the Act but are also presented in accordance with the Code of Practice on Local Authority Accounting in Great Britain:-

	Expenditure Under Section 32(2) £	Income Under Section 32(3) £	Net Expenditure Budget Requirement Under Section 32(4) £
General Fund			
Highways & Transportation	2,922,310	(330,960)	2,591,350
Planning & Economic Development	2,193,950	(752,500)	1,441,450
Leisure	6,234,304	(1,355,510)	4,878,794
Waste Collection	3,488,790	(717,270)	2,771,520
Environmental Health	1,449,140	(346,650)	1,102,490
Other Environmental Services	185,120	(39,710)	145,410
Housing	28,725,427	(16,189,690)	12,535,737
Corporate & Democratic Core	2,015,140	0	2,015,140
Local Taxation Collection	1,005,880	(280,680)	725,200
Housing Benefits	18,688,620	(18,308,220)	380,400
Central Support Services	96,560	(96,560)	0
Other Services	1,317,390	(429,610)	887,780
Net Cost of District Services	68,322,631	(38,847,360)	29,475,271
Parish Precepts			
Abbots Langley	407,154	0	407,154
Chorleywood	260,000	0	260,000
Croxley Green	211,930	0	211,930
Sarratt	53,570	0	53,570
Watford Rural	71,400	0	71,400
Interest	0	(1,115,170)	(1,115,170)
Housing Capital Receipts paid to Pool	1,000,000	0	1,000,000
-Asset Management Revenue Account	5,052,970	0	5,052,970
-Adjustment for Capital Charges	(17,093,670)	0	(17,093,670)
-Net transfer from Housing Revenue Account	0	(537,430)	(537,430)
Adjustment for Pensions	299,770	0	299,770
-Contribution to/from Reserves	14,280	(715,930)	(701,650)
-General Revenue Account Appropriations	(5,332,170)	0	(5,332,170)
Capital Expenditure Charged to Revenue	1,250,000	0	1,250,000
-Contribution from Revenue Balances	0	(1,038,422)	(1,038,422)
Amount to be met from Government Grants and by Taxpayers - Total Budget Requirement	54,517,865	(42,254,312)	12,263,553

2.4 ***Redistributed Non-Domestic Rates, Revenue Support Grant and Collection Fund Surplus.***

The Office of the Deputy Prime Minister informed the Council by letter dated 31 January 2006 of the following:-

	£
Redistributed Non-Domestic Rate	4,527,529
Revenue Support Grant	873,974
Total External Support	5,401,503

In accordance with Section 33(2) of the Act, the Local Authorities (Alteration of Requisite Calculations and Funds) Regulations 1994 and the Collection Fund (Community Charges) (England) Directions 1994, there is neither a surplus nor a deficit which will amend the amount of the 2006/2007 Council Tax.

The total of External Support is as follows;-

	£
Total External Support	5,401,503

(Cross Reference: Recommendation 9.3 (d) below).

2.5 ***Basic Amount of Tax***

Calculated as follows:-

$$\frac{\text{Budget Requirement less NNDR, Revenue Support Grant and Collection Fund Deficit}}{\text{Council Tax Base}}$$

$$\frac{12{,}263{,}553 - 5{,}401{,}503}{37{,}399.24} = £183.48$$

This is the charge that, were there no special expenses in a part of the area, would be levied on a Band D property with two or more adults to meet District and Parish expenditure.

(Cross Reference: Recommendation 9.3 (e) below).

2.6 ***Aggregate Amount of Special Items***

Special items include both Parish Precepts and Special Expenses:-

	£	£
Parish Precepts		
Abbots Langley P.C.	407,154	
Chorleywood P.C.	260,000	
Croxley Green P.C.	211,930	
Sarratt P.C.	53,570	
Watford Rural P.C.	71,400	
Total Parish Precepts		1,004,054
Special Expenses (See also Appendix 1)		
Area:		
Abbots Langley	(17,960)	
Chorleywood	64,420	
Croxley Green	136,270	
Sarratt	0	
Watford Rural	222,560	
Unparished	572,610	
Total Special Expenses		977,900
Total Special Items		1,981,954

(Cross Reference: Recommendation 9.3 (f) below).

2.7 ***Basic Amount of Council Tax for Dwellings in a Part of the District Were No Special Items to Apply***

This calculation gives a basic amount of tax for a dwelling in a part of the area to which no special item relates. In fact there is no dwelling in the District to which this applies but the figure is calculated to enable special items in part of the District to be subsequently added back:-

$$\text{Basic Amount of Tax (Paragraph 2.5 above and Recommendation 9.3 (e))} - \frac{\text{Aggregate of Special Items (Paragraph 2.6 above and Recommendation 9.3 (f))}}{\text{Council's Total Tax Base (Paragraph 2.2 above and Recommendation 9.2 (a))}}$$

$$183.48 - \frac{1{,}981{,}954}{37{,}399.24} = £130.49$$

This figure equates to the District Council's charge for "General Expenses".

(Cross Reference: Recommendation 9.3 (g) below)

2.8 ***Council Tax for Part of the Council's Area***

This calculation adds back to the calculation at paragraph 2.7 above, the Special items that relate to each part of the District with regard to the tax base in each part, i.e.:-

	A Langley £	Chorleywood £	Croxley Grn £	Sarratt £	Watford Rural £	Unparished £
Special Items						
Precepts	407,154	260,000	211,930	53,570	71,400	-
Special Exps	(17,960)	64,420	136,270	0	222,560	572,610
Sub-Total	389,194	324,420	348,200	53,570	293,960	572,610
Divided by Tax Base	7,687.05	5,926.35	5,283.56	1,061.67	7,776.71	9,663.90
Sub-Total	50.63	54.74	65.90	50.46	37.80	59.25
Add Council Tax if no Special Items existed	130.49	130.49	130.49	130.49	130.49	130.49
Total	181.12	185.23	196.39	180.95	168.29	189.74

(Cross Reference: Recommendation 9.3 (h) below).

2.9 ***Charges for Each Band***

The figures for each band of property at Recommendation 9.3 (i) below is arrived at by taking the charge for a Band D property at paragraph 2.8 above and Recommendation 9.3 (h) and scaling it depending on the valuation band in which the property is listed. The proportions are:-

Band	
A	6:9
B	7:9
C	8:9
D	9:9
E	11:9
F	13:9
G	15:9
H	18:9

(Cross Reference: Recommendation 9.3 (i))

3. **Major Precepting Authorities**

3.1 The Hertfordshire County Council met on 27 February 2006 and the Hertfordshire Police Authority on 24 February 2006 to determine their budgets. Precepts have been announced of £36,836,381.44 and £4,636,757.78 giving a Band D charge of £984.95 and £123.98 respectively. Applying the appropriate proportions gives the charges shown in Recommendation 9.4.

(Cross Reference: Recommendation 9.4 below).

4. **Options/Reasons for Recommendation**

4.1 This report is made in order for the Council Tax Setting Committee to set the council tax for the forthcoming year.

5. **Policy/Budget**

5.1 The recommendations in this report are within the Council's agreed policy and budgets.

6. **Staffing, Equal Opportunities, Community Safety, Risk Management, Customer Services Centre, Website and Environmental Implications**

6.1 None specific.

7. **Financial Implications**

7.1 Applying the charges contained in this report will generate the income required to meet District and Parish Councils' expenditure after discounts and non-payment, allowance for which has been included in the Council Tax Base.

7.2 The Council is setting the Council Tax charges at the earliest opportunity (i.e. as soon as possible after the Police Authority is expected to set its charges). This is done to enable billing to take place at the earliest opportunity thus maximising cash-flow.

8. **Legal Implications**

8.1 This report and its recommendations comply with the requirements of the Local Government Finance Act 1992.

9. **Recommendations**

9.1 That it be noted that, at its meeting on 14 February 2006, the Council approved a General Fund revenue budget for 2006/2007 of £12,263,553.

9.2 That it be noted that, at its meeting on 9 January 2006, the Executive Committee calculated the following amounts for the year 2006/2007 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992:-

(a) 37,399.24 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year.

(b) Parts of the Council's area:-

Abbots Langley	7,687.05
Chorleywood	5,926.35
Croxley Green	5,283.56
Sarratt	1,061.67
Watford Rural	7,776.71
Unparished Area	9,663.90

being the amounts calculated by the Council, in accordance with Regulation 6 of the regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

9.3 That the following amounts be calculated by the Council for the year 2005/2006 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

(a) £54,517,865 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.

(b) £42,254,312 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.

(c) £12,263,553 being the amount by which the aggregate at 9.3(a) above exceeds the aggregate at 9.3(b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its budget requirement for the year.

(d) £5,401,503 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant, decreased by the amount of the sums which the Council estimates will be transferred in the year to its collection fund from its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Deficit), and increased by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the Collection Fund (Community Charges) Directions under Section 98(4) of the Local Government Finance Act 1988 made on 7 February 1994 (Community Charge Surplus).

(e) £183.48 being the amount at 9.3(c) above less the amount at 9.3(d) above, all divided by the amount at 9.2(a) above, calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.

(f) £1,981,954 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(g) £130.49 being the amount at 9.3(e) above less the result given by dividing the amount at 9.3(f) above by the amount at 9.2(a) above, calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates.

(h)

Parts of the Council's Area	£
Abbots Langley	181.12
Chorleywood	185.23
Croxley Green	196.39
Sarratt	180.95
Watford Rural	168.29
Unparished	189.74

being the amounts given by adding to the amount at 9.3(g) above the amounts of the special item or items relating to the dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 9.2(b) above, calculated by the Council in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i)

Parts of the Council's Area	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbots Langley	120.75	140.87	161.00	181.12	221.37	261.62	301.87	362.24
Chorleywood	123.49	144.07	164.65	185.23	226.39	267.55	308.72	370.46
Croxley Green	130.93	152.75	174.57	196.39	240.03	283.67	327.32	392.78
Sarratt	120.63	140.74	160.84	180.95	221.16	261.37	301.58	361.90
Watford Rural	112.19	130.89	149.59	168.29	205.69	243.09	280.48	336.58
Unparished	126.49	147.58	168.66	189.74	231.90	274.07	316.23	379.48

being the amounts given by multiplying the amounts at 9.3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

9.4 That it be noted that for the year 2006/2007 the Hertfordshire County Council and the Hertfordshire Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hertfordshire County Council	656.63	766.07	875.51	984.95	1,203.83	1,422.71	1,641.58	1,969.90
Hertfordshire Police Authority	82.65	96.43	110.20	123.98	151.53	179.08	206.63	247.96
Total	739.28	862.50	985.71	1,108.93	1,355.36	1,601.79	1,848.21	2,217.86

9.5 That, having calculated the aggregate in each case of the amounts at 2.1.3(i) and 9.1 above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2006/2007 for each of the categories of dwellings shown below:-

Parts of the Council's Area	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbots Langley	860.03	1,003.37	1,146.71	1,290.05	1,576.73	1,863.41	2,150.08	2,580.10
Chorleywood	862.77	1,006.57	1,150.36	1,294.16	1,581.75	1,869.34	2,156.93	2,588.32
Croxley Green	870.21	1,015.25	1,160.28	1,305.32	1,595.39	1,885.46	2,175.53	2,610.64
Sarratt	859.91	1,003.24	1,146.55	1,289.88	1,576.52	1,836.16	2,149.79	2,579.76
Watford Rural	851.47	993.39	1,135.30	1,277.22	1,561.05	1,844.88	2,128.69	2,554.44
Unparished	865.77	1,010.08	1,154.37	1,298.67	1,587.26	1,875.86	2,164.44	2,597.34

Background Papers:
Local Government Finance Act 1992 and Regulations made thereunder.
Council minutes concerning the budget for 2006/2007.
Report to Executive Committee – 9 January 2006 - The Council Tax Base
Notification from the Office of the Deputy Prime Minister concerning Revenue Support Grant and Non-Domestic Rate Redistribution.
Notification of Parish Precepts.

Appendix A

COLLECTION FUND Income and Expenditure Account	2005/2006 Estimated Council Tax £
Income	
Council Tax	42,034,338
Council Tax Benefit inc.Subsidy Limitation	3,831,846
Contributions to Prior Year Deficit	
Hertfordshire County Council	90,487
Hertfordshire Police Authority	11,383
Three Rivers District Council	17,614
Overprovision for Uncollectable Council Tax	45,575
Total Income	46,031,243
Expenditure	
Precepts and Demands	
Hertfordshire County Council	34,891,554
Hertfordshire Police Authority	4,390,491
Three Rivers District Council	6,629,389
Total Expenditure	45,911,434
Surplus/Deficit (-) for Year	119,809

COLLECTION FUND Fund Balance and Appropriation Account	Estimated Council Tax £
Balance Brought Forward 01.04.2005	-119,809
Add:	
Surplus/Deficit (-) for Year	119,809
Balance Carried Forward 31.03.2006	0
Appropriations Reducing(-)/Increasing 2003/2004 Council Tax Charge:	
Transfer to:	
Three Rivers DC General Fund	0
Hertfordshire County Council	0
Hertfordshire Police Authority	0
Total	0

Appendix B

Special Items 2006/2007	Abbots Langley	Chorleywood	Croxley Green	Sarratt	Watford Rural	Unparished	Total
	£	£	£	£	£	£	£
Special Expenses							
Aquadrome	0	0	0	0	0	91,190	91,190
The Centre, South Oxhey	0	0	0	0	16,790	0	16,790
Playing Fields and Open Spaces	380	46,990	65,620	0	158,920	335,230	607,140
Woodlands	4,360	17,430	0	0	47,920	17,430	87,140
Cemeteries	0	0	28,310	0	0	51,330	79,640
Watersmeet	0	0	42,340	0	0	77,430	119,770
Community Halls	-22,700	0	0	0	-1,070	0	-23,770
Total Special Expenses	-17,960	64,420	136,270	0	222,560	572,610	977,900
Parish Council Precepts	407,154	260,000	211,930	53,570	71,400	0	1,004,054
Total Special Items	389,194	324,420	348,200	53,570	293,960	572,610	1,981,954
Council Tax Base	7,687.05	5,926,35	5,283.56	1,061.67	7,776.71	9,663.90	37,399,24
Band D Charge for Special Items	50.63	54.74	65.90	50.46	37.80	59.25	52.99

Revenue Budget 2006 - 2007

The Council's detailed budgets are shown below.

		2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	NET EXP £
		Housing Revenue Account																					
		Income																					
		Gross Rental Income																					
2160	H&E	Rent Income	**0**	**0**	**0**	**0**	**14550560**	**0**	**0**	**0**	**14550560**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-14550560**
		Charges for Services and Facilities																					
2121	H&E	Welfare-General	0	0	0	23750	0	0	0	0	23750	0	0	0	0	0	0	0	0	0	0	0	-23750
2001	H&E	Clitheroe Bungalows	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	H&E	Clitheroe Flats	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	H&E	Clitheroe Club	0	0	0	6500	0	0	0	0	6500	0	0	0	0	0	0	0	0	0	0	0	-6500
2004	H&E	Trevose/Harrowgate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	H&E	Hallowes Cresecent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	H&E	Moneyhill Court	0	0	0	380	0	0	0	0	380	0	0	0	0	0	0	0	0	0	0	0	-380
2007	H&E	St Mary's Court	0	1890	0	620	0	0	0	0	2510	0	0	0	0	0	0	0	0	0	0	0	-2510
2008	H&E	Frogmoor Court	0	0	0	310	0	0	0	0	310	0	0	0	0	0	0	0	0	0	0	0	-310
2009	H&E	Grove Court	0	0	0	530	0	0	0	0	530	0	0	0	0	0	0	0	0	0	0	0	-530
2010	H&E	Tanners Wood Court	0	0	0	570	0	0	0	0	570	0	0	0	0	0	0	0	0	0	0	0	-570
2134	H&E	Central Heating	0	0	0	93560	0	0	0	0	93560	0	0	0	0	0	0	0	0	0	0	0	-93560
2136	H&E	Caretaking and Cleaning	0	0	0	10060	0	0	0	0	10060	0	0	0	0	0	0	0	0	0	0	0	-10060
2137	H&E	Community Rooms	0	0	0	4000	0	0	0	0	4000	0	0	0	0	0	0	0	0	0	0	0	-4000
2141	H&E	Other Communal Services	0	0	0	5590	0	0	0	0	5590	0	0	0	0	0	0	0	0	0	0	0	-5590
2173	H&E	SOCF General Expenses	0	0	0	36290	0	0	0	0	36290	0	0	0	0	0	0	0	0	0	0	0	-36290
			0	**1890**	**0**	**182160**	**0**	**0**	**0**	**0**	**184050**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-184050**
		Contributions Towards Expenditure																					
2121	H&E	Welfare-General	39320	0	0	0	0	0	0	0	39320	0	0	0	0	0	0	0	0	0	0	0	-39320
2001	H&E	Clitheroe Bungalows	44130	0	0	0	0	0	0	0	44130	0	0	0	0	0	0	0	0	0	0	0	-44130
2002	H&E	Clitheroe Flats	44730	0	0	0	0	0	0	0	44730	0	0	0	0	0	0	0	0	0	0	0	-44730
2003	H&E	Clitheroe Club	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	H&E	Trevose/Harrowgate	43970	0	0	0	0	0	0	0	43970	0	0	0	0	0	0	0	0	0	0	0	-43970
2005	H&E	Hallowes Crescent	43940	0	0	0	0	0	0	0	43940	0	0	0	0	0	0	0	0	0	0	0	-43940
2006	H&E	Moneyhill Court	43630	0	0	0	0	0	0	0	43630	0	0	0	0	0	0	0	0	0	0	0	-43630
2007	H&E	St Mary's Court	46250	0	0	0	0	0	0	0	46250	0	0	0	0	0	0	0	0	0	0	0	-46250
2008	H&E	Frogmoor Court	44700	0	0	0	0	0	0	0	44700	0	0	0	0	0	0	0	0	0	0	0	-44700
2009	H&E	Grove Court	44870	0	0	0	0	0	0	0	44870	0	0	0	0	0	0	0	0	0	0	0	-44870
2010	H&E	Tanners Wood Court	39940	0	0	0	0	0	0	0	39940	0	0	0	0	0	0	0	0	0	0	0	-39940
2133	H&E	Housing Defects Act	141690	0	0	0	0	0	0	0	141690	0	0	0	0	0	0	0	0	0	0	0	-141690
			577170	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**577170**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-577170**
		Decreased Provision for Doubtful Debts																					
2105	H&E	Contribution to Bad Debts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		HRA Subsidy Receivable																					
2162	H&E	Housing Subsidy	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		Total Income	**577170**	**1890**	**0**	**182160**	**14550560**	**0**	**0**	**0**	**15311780**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-15311780**

		2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	NET EXP £
		Expenditure																					
		Repairs & Maintenance																					
2111	H&E	Repair and Maintenance-Planned	0	0	0	15280	0	0	0	0	15280	25000	496640	0	32000	0	0	0	0	0	132950	686590	671310
2146	H&E	Repair & Maintenance-Responsive	0	0	0	20000	0	0	0	0	20000	0	1070950	0	0	0	0	0	0	0	960900	2031850	2011850
1109	H&E	Housing Maintenance Management	0	0	0	0	0	0	0	304650	304650	157560	0	200	1730	0	0	0	0	0	145160	304650	0
1110	H&E	Housing Maintenance Inspectors	0	0	0	0	0	0	0	204390	204390	123340	0	12030	520	0	0	0	0	0	68500	204390	0
9591	H&E	TRC - Boiler & Gas Maintenance	0	0	0	0	0	0	0	0	0	390740	0	10040	234550	0	0	0	0	0	102070	737400	737400
			0	**0**	**0**	**35280**	**0**	**0**	**0**	**509040**	**544320**	**696640**	**1567590**	**22270**	**268800**	**0**	**0**	**0**	**0**	**0**	**1409580**	**3964880**	**3420560**
		Supervision & Management																					
2120	H&E	Policy and Management	0	0	0	24510	0	0	0	0	24510	0	2380	0	61970	0	0	0	0	0	1432680	1497030	1472520
2125	H&E	Stock Transfer	0	0	0	0	0	0	0	0	0	85000	0	0	259250	0	0	0	0	0	0	344250	344250
2123	H&E	Rent Collection & Accounting	0	0	0	10000	0	0	0	0	10000	0	0	0	72500	0	0	0	0	0	444180	516680	506680
2122	H&E	Applications & Lettings	0	0	0	0	0	0	0	0	0	0	38000	0	7200	0	0	0	0	0	252000	297200	297200
2124	H&E	Tenancy Enforcement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	184810	184810	184810
2142	H&E	Tenant Participation	0	0	0	0	0	0	0	0	0	29910	1200	1250	38300	0	0	0	0	0	161840	232500	232500
2155	H&E	Sale of Council Houses	0	0	0	0	0	13170	0	233680	246850	0	0	0	17620	0	0	0	0	0	229230	246850	0
2155	H&E	Sale of Council Houses	0	0	0	0	0	-13170	0	0	-13170	0	0	0	0	0	0	0	0	0	0	0	13170
2155	H&E	Sale of Council Houses	0	0	0	0	0	0	0	0	0	0	0	0	-13170	0	0	0	0	0	0	-13170	-13170
2121	H&E	Welfare-General	0	0	0	0	0	0	0	0	0	0	0	0	45940	0	0	0	0	0	131410	177350	177350
2173	H&E	SOCF General Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	43190	43190	43190
2001	H&E	Clitheroe Bungalows	0	0	0	0	0	0	0	0	0	25810	0	50	2750	0	0	0	0	0	27000	55610	55610
2002	H&E	Clitheroe Flats	0	0	0	0	0	0	0	0	0	25850	1380	50	4520	0	0	0	0	0	27070	58870	58870
2003	H&E	Clitheroe Club	0	0	0	0	0	0	0	0	0	12840	9140	20	1500	0	0	0	0	0	2440	25940	25940
2004	H&E	Trevose/Harrowgate	0	0	0	0	0	0	0	0	0	28440	5380	100	4140	0	0	0	0	0	26710	64770	64770
2005	H&E	Hallowes Crescent	0	0	0	0	0	0	0	0	0	23370	5440	50	4570	0	0	0	0	0	26710	60140	60140
2006	H&E	Moneyhill Court	0	0	0	0	0	0	0	0	0	25810	6490	50	6500	0	0	0	0	0	26710	65560	65560
2007	H&E	St Mary's Court	0	0	0	0	0	0	0	0	0	25270	6570	1990	4500	0	0	0	0	0	27000	65330	65330
2008	H&E	Frogmoor Court	0	0	0	0	0	0	0	0	0	28860	4530	100	4400	0	0	0	0	0	26780	64670	64670
2009	H&E	Grove Court	0	0	0	0	0	0	0	0	0	25880	7140	50	4400	0	0	0	0	0	26850	64320	64320
2010	H&E	Tanners Wood Court	0	0	0	0	0	0	0	0	0	29750	6100	150	4410	0	0	0	0	0	26570	66980	66980
2163	H&E	Supporting People	0	0	0	455040	0	0	0	0	455040	0	0	0	497500	0	0	0	0	0	0	497500	42460
2131	H&E	Warden Supervised Schemes	0	0	0	0	0	0	0	301490	301490	195210	0	10220	2500	0	0	0	0	0	93560	301490	0
2132	H&E	Maintenance of Open Spaces	0	0	0	0	0	0	0	0	0	0	48000	0	0	0	0	0	0	0	68950	116950	116950
2134	H&E	Central Heating	0	0	0	0	0	0	0	0	0	0	93560	0	0	0	0	0	0	0	770	94330	94330
2136	H&E	Caretaking and Cleaning	0	0	0	0	0	0	0	0	0	31140	14200	0	200	0	0	0	0	0	11550	57090	57090
2137	H&E	Community Rooms	0	0	0	0	0	0	0	0	0	0	5740	0	6400	0	0	0	0	0	1800	13940	13940
2138	H&E	Maintenance of Lifts	0	0	0	0	0	0	0	0	0	0	14100	0	0	0	0	0	0	0	1600	15700	15700
2141	H&E	Other Communal Services	0	0	0	0	0	0	0	0	0	0	45450	0	0	0	0	0	0	0	10310	55760	55760
			0	**0**	**0**	**489550**	**0**	**0**	**0**	**535170**	**1024720**	**593140**	**314800**	**14080**	**1037900**	**0**	**0**	**0**	**0**	**0**	**3311720**	**5271640**	**4246920**
		Rents, Rates, Taxes & Other Charges																					
2120	H&E	Policy and Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2137	H&E	Community Rooms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2141	H&E	Other Communal Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2142	H&E	Tenant Participation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2103	H&E	Rent Rebates	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**166230**	**290**	**166520**	**166520**
2105	H&E	Increased Provision for Doubtful Debts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2162	H&E	HRA Subsidy Payable	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5179470**	**0**	**0**	**0**	**0**	**5179470**	**5179470**
		Cost of Capital Charge																					
2104	H&E	Cost of Capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10645620**	**0**	**0**	**0**	**10645620**	**10645620**
		Depreciation on Fixed Assets																					
2104	H&E	Cost of Capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3194990**	**0**	**0**	**0**	**3194990**	**3194990**
		Total Expenditure	**0**	**0**	**0**	**524830**	**0**	**0**	**0**	**1044210**	**1569040**	**1289780**	**1882390**	**36350**	**1306700**	**0**	**5179470**	**13840610**	**0**	**166230**	**4721590**	**28423120**	**26854080**
		Net Cost of HRA Services	**577170**	**1890**	**0**	**706990**	**14550560**	**0**	**0**	**1044210**	**16880820**	**1289780**	**1882390**	**36350**	**1306700**	**0**	**5179470**	**13840610**	**0**	**166230**	**4721590**	**28423120**	**11542300**
2104	H&E	Adjustment for HRA Capital Charges	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-10645620**	**0**	**0**	**0**	**-10645620**	**-10645620**
2104	H&E	Amortised Premiums	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		HRA Investment Income																					
2161	H&E	Interest	**0**	**0**	**0**	**0**	**0**	**386000**	**0**	**0**	**386000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-386000**
2104	H&E	Revenue Contributions to Capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**500000**	**0**	**0**	**0**	**500000**	**500000**
		Transfer to Pensions Reserve																					
2119	H&E	Economic Cost of Pensions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12210**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12210**	**12210**
		Transfer from Major Repairs Reserve																					
2161	H&E	Major Repairs Reserve	**0**	**0**	**0**	**0**	**0**	**0**	**485460**	**0**	**485460**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-485460**
		Sub-Total HRA	**577170**	**1890**	**0**	**706990**	**14550560**	**386000**	**485460**	**1044210**	**17752280**	**1301990**	**1882390**	**36350**	**1306700**	**0**	**5179470**	**3694990**	**0**	**166230**	**4721590**	**18289710**	**537430**

		2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	**NET EXP** **£**
		Highways and Transportation																					
1400	H&E	Car Park-Enforcement-SPA	0	0	0	251600	0	0	0	0	251600	25570	2720	0	12500	204800	0	62210	0	0	30150	337950	86350
1402	H&E	Car Park-Maintenance	0	0	0	0	1720	0	0	0	1720	0	81330	0	0	0	0	51280	0	0	49230	181840	180120
1406	H&E	Dial-a-Ride	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40500	0	0	0	0	40500	40500
1407	L&C	Concessionary Fares	0	0	77640	0	0	0	0	0	77640	1500	0	0	0	0	863000	0	0	0	21850	886350	808710
1409	H&E	Street Naming and Numbering	0	0	0	0	0	0	0	0	0	0	16500	0	0	0	0	0	0	0	32700	49200	49200
1414	H&E	Miscellaneous Highways	0	0	0	0	0	0	0	0	0	0	7000	0	0	0	0	265790	0	0	43540	316330	316330
1423	H&E	Better Buses Fund	0	0	0	0	0	0	0	0	0	0	0	0	130980	0	0	0	0	0	0	130980	130980
1434	PSH	Environmental Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	18750	772770	0	6480	0	0	181160	979160	979160
		Sub-Total	**0**	**0**	**77640**	**251600**	**1720**	**0**	**0**	**0**	**330960**	**27070**	**107550**	**0**	**162230**	**977570**	**903500**	**385760**	**0**	**0**	**358630**	**2922310**	**2591350**
		Planning & Economic Development																					
1541	H&E	Planning Delivery Grant	17040	0	0	0	0	0	0	0	17040	17040	0	0	0	0	0	0	0	0	0	17040	0
1204	H&E	Rickmansworth Regeneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37780	0	0	0	37780	37780
1529	H&E	Building Control General	0	0	0	0	0	0	0	0	0	0	0	0	5100	0	0	0	0	0	1470	6570	6570
1549	H&E	Planning Administration	0	0	0	0	0	0	0	150040	150040	126760	0	350	360	0	0	0	0	0	22570	150040	0
1542	H&E	Planning Environmental Initiative	0	0	0	0	0	0	0	0	0	0	0	0	80210	0	0	5000	0	0	127180	212390	212390
1543	H&E	Planning Economic Development	0	0	0	0	0	0	0	0	0	0	0	0	12500	0	0	10000	0	0	40370	62870	62870
1544	H&E	Building Control Enforcement	0	0	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0	520	1020	1020
1545	H&E	Development Control	0	0	12500	259060	0	0	0	112950	384510	397260	0	16160	73400	0	0	0	0	0	716140	1202960	818450
1546	H&E	Director of Planning & Leisure	0	0	0	0	0	0	0	276530	276530	218540	0	4830	7550	0	0	0	0	0	45610	276530	0
1547	H&E	Development Plans & Transport	0	0	4000	0	6600	0	0	517280	527880	342290	0	11070	85230	0	0	157700	0	0	235540	831830	303950
1548	H&E	Building Control	0	0	3300	450000	0	0	0	170800	624100	325040	0	22200	34880	0	0	0	0	0	240400	622520	-1580
		Sub-Total	**17040**	**0**	**19800**	**709060**	**6600**	**0**	**0**	**1227600**	**1980100**	**1426930**	**0**	**54610**	**299730**	**0**	**0**	**210480**	**0**	**0**	**1429800**	**3421550**	**1441450**
		Leisure Services																					
1450	L&C	Rickmansworth Golf Course	0	0	0	407880	100	0	0	0	407980	0	50280	0	66100	184000	0	48800	0	0	62660	411840	3860
1454	L&C	Community Arts	0	0	0	5900	0	0	0	0	5900	60060	0	1740	25190	0	0	0	0	0	30640	117630	111730
1460	L&C	PDU Leavesden	0	0	0	0	26000	0	0	0	26000	0	0	0	0	0	0	8160	0	0	3300	11460	-14540
1462	L&C	The Centre, Oxhey	0	0	38300	293760	60490	0	0	0	392550	353290	99490	400	72050	0	0	33320	0	0	130210	688760	296210
1463	L&C	ACD Fund	0	0	0	1600	0	0	0	0	1600	34230	3000	1500	4500	0	0	0	0	0	11980	55210	53610
1466	L&C	Oxhey Hall	0	0	0	0	1190	0	0	0	1190	0	0	0	0	0	0	0	0	0	120	120	-1070
1469	L&C	Grants/Subscriptions-Leisure	0	0	0	0	0	0	0	0	0	0	0	0	20200	0	0	2060000	0	0	25310	2105510	2105510
1470	L&C	Allotments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1471	L&C	Trees & Landscapes	0	0	0	6700	0	0	0	51340	58040	44670	13800	0	9000	0	0	3310	0	0	77710	148490	90450
1472	L&C	Museum	0	0	0	0	50	0	0	0	50	0	0	0	0	0	0	0	0	0	40890	40890	40840
1473	L&C	Playing Fields & Open Spaces	0	0	0	34100	45380	0	0	0	79480	0	118540	0	13100	0	0	139450	0	0	579320	850410	770930
1489	L&C	Aquadrome	0	0	0	28110	0	0	0	0	28110	0	31050	0	500	0	0	34730	0	0	126830	193110	165000
1491	L&C	William Penn Leisure Centre	0	0	0	0	0	0	0	0	0	0	8160	0	13500	134660	0	52590	0	0	75840	284750	284750
1494	L&C	Leisure Development	0	0	0	0	0	0	0	111380	111380	135370	0	5250	0	0	0	0	0	0	59520	200140	88760
1495	L&C	Sports Development - Playschemes	0	2000	0	14000	0	0	0	0	16000	49620	15100	0	15100	20000	0	0	0	0	30800	130620	114620
1496	L&C	Sports Development - Sports Projects	0	0	0	6600	0	0	0	0	6600	46380	1500	0	22780	0	0	0	0	0	21210	91870	85270
1498	L&C	Grants/Subscriptions-Community	0	0	0	0	0	0	0	0	0	0	0	0	42100	0	0	0	0	0	8050	50150	50150
1497	L&C	Croxley Skatepark	0	0	0	0	0	0	0	0	0	24720	0	0	3430	0	0	45190	0	0	29030	102370	102370
1499	L&C	Leisure Client Management	0	0	0	0	0	0	0	501300	501300	276894	0	5670	23950	0	0	0	0	0	235250	541764	40464
3573	L&C	TRC - Sir James Altham Pool	0	0	29850	284080	13580	0	0	0	327510	285780	107720	300	70710	0	0	7230	0	0	116520	588260	260750
9587	L&C	TRC - Aquadrome	0	0	0	0	0	0	0	85140	85140	30440	0	0	6800	0	0	0	0	0	47900	85140	0
9594	L&C	TRC - Grounds Maintenance	0	0	0	0	0	0	0	390130	390130	244750	0	16630	24600	0	0	21430	0	0	101290	408700	18570
1455	L&C	Watersmeet - General	0	0	0	21800	34040	0	0	0	55840	59250	53000	0	26250	0	0	32830	0	0	55070	226400	170560
1456	L&C	Watersmeet - Entertainments	0	0	0	0	0	0	0	0	0	0	0	0	40000	0	0	0	0	0	0	40000	40000
1457	L&C	Watersmeet - Bar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1458	L&C	Watersmeet - Catering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Sub-Total	**0**	**2000**	**68150**	**1104530**	**180830**	**0**	**0**	**1139290**	**2494800**	**1645454**	**501640**	**31490**	**499860**	**338660**	**0**	**2487040**	**0**	**0**	**1869450**	**7373594**	**4878794**
		Waste Collection and Disposal																					
1420	PSH	Domestic Refuse Collection	0	0	0	54100	0	0	0	161880	215980	0	0	0	43180	0	0	381090	0	0	1309500	1733770	1517790
1421	PSH	Trade Refuse Collection	0	0	0	281000	0	0	0	14420	295420	0	0	0	121000	0	0	25330	0	0	184660	330990	35570
1427	PSH	Clinical Waste Collection	0	0	0	73300	0	0	0	0	73300	0	0	0	17950	0	0	0	0	0	56340	74290	990
1424	PSH	Recycling-General	0	0	400	12470	0	0	0	1890	14760	0	13970	0	1500	0	0	65590	0	0	45110	126170	111410
9590	PSH	TRC Waste Management	0	0	0	0	0	0	0	2183320	2183320	1494900	0	502190	24160	0	0	0	0	0	206620	2227870	44550
1428	PSH	Recycling-Kerbside	0	0	136000	160000	0	0	0	150340	446340	0	0	0	81920	0	0	157280	0	0	1268350	1507550	1061210
		Sub-Total	**0**	**0**	**136400**	**580870**	**0**	**0**	**0**	**2511850**	**3229120**	**1494900**	**13970**	**502190**	**289710**	**0**	**0**	**629290**	**0**	**0**	**3070580**	**6000640**	**2771520**

		2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	**NET EXP £**
		Environmental Health																					
1186	PSH	Unfit Private Sector Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45460	45460	**45460**
1403	PSH	Sewerage	0	0	0	40	0	0	0	0	40	0	3000	0	0	0	0	0	0	0	17660	20660	**20620**
1412	PSH	Landfill Gas	0	0	0	0	0	0	0	0	0	0	960	0	0	0	0	0	0	0	1020	1980	**1980**
1429	PSH	Abandoned Vehicles	0	2500	0	6330	0	0	0	0	8830	0	0	0	12500	0	0	0	0	0	99550	112050	**103220**
1430	PSH	Cesspool Emptying	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
1431	PSH	Pest Control	0	0	0	24340	0	0	0	0	24340	28570	0	0	4510	0	0	0	0	0	127880	160960	**136620**
1435	PSH	Public Conveniences	0	0	0	0	0	0	0	0	0	0	0	0	31000	0	0	1570	0	0	0	32570	**32570**
1436	PSH	Env Health - Commercial Team	0	0	0	8900	0	0	0	95550	104450	133170	0	6960	7040	31300	0	6580	0	0	145720	330770	**226320**
1437	PSH	Health and Safety	0	0	0	0	0	0	0	0	0	0	0	510	20790	0	0	0	0	0	20890	42190	**42190**
1439	PSH	Animal Control	0	0	0	6400	0	0	0	0	6400	34550	0	0	11310	0	0	0	0	0	26410	72270	**65870**
1227	L&C	Community Safety	0	134000	0	0	0	0	0	0	134000	61260	0	2000	250800	0	0	0	0	0	145290	459350	**325350**
1442	PSH	Env Health - Residential Team	0	0	0	3440	0	0	0	222870	226310	194390	0	10550	2790	0	0	0	0	0	84890	292620	**66310**
1445	PSH	Licenses-Hackney Carriage	0	0	0	160700	0	0	0	0	160700	84160	0	1990	10600	0	0	0	0	0	99930	196680	**35980**
1449	PSH	Environmental Health	0	0	0	0	0	0	0	343350	343350	161540	0	1850	12200	0	0	0	0	0	167760	343350	**0**
		Sub-Total	**0**	**136500**	**0**	**210150**	**0**	**0**	**0**	**661770**	**1008420**	**697640**	**3960**	**23860**	**363540**	**31300**	**0**	**8150**	**0**	**0**	**982460**	**2110910**	**1102490**
		Other Environmental Services																					
1397	H&E	Land Drainage	0	0	0	0	0	0	0	0	0	0	5000	0	0	0	0	46700	0	0	5960	57660	**57660**
1432	H&E	Grants for Environmental Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
1446	PSH	Cemeteries	0	0	0	39710	0	0	0	0	39710	0	5940	0	200	0	0	8110	0	0	113210	127460	**87750**
1448	PSH	Environmental Protection	0	0	0	0	0	0	0	760880	760880	369430	0	23860	5360	0	0	0	0	0	362230	760880	**0**
		Sub-Total	**0**	**0**	**0**	**39710**	**0**	**0**	**0**	**760880**	**800590**	**369430**	**10940**	**23860**	**5560**	**0**	**0**	**54810**	**0**	**0**	**481400**	**946000**	**145410**
		Housing Revenue Account																					
HRA		Before Consolidation	577170	1890	0	706990	14550560	386000	485460	1044210	17752280	1301990	1882390	36350	1306700	0	5179470	3694990	0	166230	4721590	18289710	537430
		Consolidation Entry - Interest SOCH	0	0	0	0	0	-13170	0	0	-13170	0	0	0	0	0	0	0	0	0	0	0	13170
		Consolidation Entry - Interest Item 8	0	0	0	0	0	-372830	0	0	-372830	0	0	0	0	0	0	0	0	0	0	0	372830
		Consolidation Entry - Major Repairs	0	0	0	0	0	0	-485460	0	-485460	0	0	0	0	0	0	0	0	0	0	0	485460
		Consolidation Entry - Amortised Premium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Consolidation Entry - Capital Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10645620	0	0	0	10645620	10645620
		Consolidation Entry - Rev Contribs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-500000	0	0	0	-500000	-500000
		Consolidation Entry - Pensions	0	0	0	0	0	0	0	0	0	-12210	0	0	0	0	0	0	0	0	0	-12210	-12210
		Sub-Total	**577170**	**1890**	**0**	**706990**	**14550560**	**0**	**0**	**1044210**	**16880820**	**1289780**	**1882390**	**36350**	**1306700**	**0**	**5179470**	**13840610**	**0**	**166230**	**4721590**	**28423120**	**11542300**
		Housing Services																					
1111	H&E	Housing Services Management	0	0	0	0	0	0	0	183940	183940	71150	0	1340	400	0	0	0	0	0	111050	183940	0
1112	H&E	Housing Services Needs	0	0	0	0	0	0	0	283860	283860	176870	0	5000	2990	0	0	0	0	0	99000	283860	0
1113	H&E	Housing Services Allocations	0	0	0	0	0	0	0	346920	346920	173800	0	7840	1200	0	0	0	0	0	164080	346920	0
1114	H&E	Housing Services Residential	0	0	0	41220	0	0	0	603830	645050	397640	0	14970	6300	0	0	0	0	0	226140	645050	0
1181	H&E	Improvement Grants	105300	0	0	0	0	0	0	0	105300	0	0	0	0	0	0	358000	0	0	181240	539240	433940
1182	H&E	Housing Association Nominations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17150	17150	17150
1183	H&E	Housing Defects Act	53860	0	0	0	0	0	0	0	53860	0	0	0	0	0	0	0	0	0	0	0	-53860
1184	H&E	Care & Repair Coordination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10000	0	0	38630	48630	48630
1185	H&E	Private Sector Advice	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	121030	121030	121030
1188	H&E	Welfare	0	0	0	49000	0	0	0	0	49000	0	0	0	17720	0	0	0	0	0	44270	61990	12990
1189	H&E	Community Initiatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67800	67800	67800
1193	H&E	Rent Rebate-Local Enhancement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24140	0	0	0	0	24140	24140
1194	H&E	Homeless Family Accommodation	40000	0	0	5000	14530	0	0	0	59530	0	53570	0	80947	0	0	6090	0	0	155060	295667	236137
1196	H&E	Housing Associations	0	0	0	0	5000	13290	0	0	18290	0	0	0	3000	0	0	0	0	0	36560	39560	21270
2108	H&E	Departmental Policy Team	0	0	0	0	0	0	0	711840	711840	356290	0	6490	38820	0	0	0	0	0	310240	711840	0
1199	H&E	Housing Strategy GF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64210	64210	64210
9565	H&E	Depot - Batchworth	0	0	0	0	8000	0	0	92270	100270	0	51040	0	2000	0	0	24470	0	0	22760	100270	0
9567	H&E	Depot - Prestwick Road	0	0	0	0	0	0	0	12580	12580	1880	4960	0	0	0	0	5740	0	0	0	12580	0
9593	H&E	TRC Housing Maintenance	0	0	0	17880	0	0	0	717840	735720	372460	0	2000	133830	2500	0	25230	0		199700	735720	0
9571	H&E	Transport	0	0	0	0	0	0	0	156470	156470	0	0	127100	0	0	0	0	0	0	29370	156470	0
9582	H&E	Officers Standby	0	0	0	0	0	0	0	25470	25470	18290	0	0	0	0	0	0	0	0	7180	25470	0
		Sub-Total	**199160**	**0**	**0**	**113100**	**27530**	**13290**	**0**	**3135020**	**3488100**	**1568380**	**109570**	**164740**	**287207**	**2500**	**24140**	**429530**	**0**	**0**	**1895470**	**4481537**	**993437**
		Sub-Total All Housing	**776330**	**1890**	**0**	**820090**	**14578090**	**13290**	**0**	**4179230**	**20368920**	**2858160**	**1991960**	**201090**	**1593907**	**2500**	**5203610**	**14270140**	**0**	**166230**	**6617060**	**32904657**	**12535737**
		Corporate & Democratic Core																					
1201	RES	Corporate Management	0	0	0	0	0	0	0	351900	351900	0	0	0	248500	0	0	0	0	0	779560	1028060	676160
1207	RES	Council Newspaper	0	0	0	0	0	0	0	0	0	0	0	0	29000	0	0	0	0	0	24330	53330	53330
1209	RES	Democratic Representation	0	0	0	0	0	0	0	0	0	6340	0	0	319180	0	0	28940	0	0	338890	693350	693350
1211	RES	IT Compatibility/Development	0	0	0	0	0	0	0	0	0	0	0	0	12500	0	0	0	0	0	226180	238680	238680
1268	RES	Corporate Publicity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353620	353620	353620
		Sub-Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**351900**	**351900**	**6340**	**0**	**0**	**609180**	**0**	**0**	**28940**	**0**	**0**	**1722580**	**2367040**	**2015140**
		Local Tax Collection																					
1256	RES	NNDR	99180	0	0	4500	0	0	0	0	103680	31480	0	0	2660	0	50200	0	0	0	79450	163790	60110
1252	RES	Council Tax/CC/NNDR Collection	0	0	0	177000	0	0	0	0	177000	275300	0	7480	42160	0	0	0	0	0	517150	842090	665090
		Sub-Total	**99180**	**0**	**0**	**181500**	**0**	**0**	**0**	**0**	**280680**	**306780**	**0**	**7480**	**44820**	**0**	**50200**	**0**	**0**	**0**	**596600**	**1005880**	**725200**
		Housing Benefits																					
1253	RES	Benefits and Allowances	18243620	0	0	0	0	0	0	0	18243620	402170	0	3200	30800	0	17760890	0	0	0	283170	18480230	236610
1258	RES	Benefits Fraud	59000	5000	0	600	0	0	0	0	64600	122910	0	7610	17380	0	0	0	0	0	60490	208390	143790
		Sub-Total	**18302620**	**5000**	**0**	**600**	**0**	**0**	**0**	**0**	**18308220**	**525080**	**0**	**10810**	**48180**	**0**	**17760890**	**0**	**0**	**0**	**343660**	**18688620**	**380400**

		2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	**NET EXP** **£**
		Central Support Services:																					
1241	RES	Accountancy Practice	0	0	0	1320	0	0	0	552470	553790	386430	0	10670	6730	0	0	0	0	0	149960	553790	0
1249	RES	Internal Audit	0	0	0	0	0	0	0	109520	109520	0	0	0	0	72600	0	0	0	0	36920	109520	0
1251	RES	Financial Admin Management	0	0	0	0	0	0	0	120620	120620	90930	0	140	1700	0	0	0	0	0	27850	120620	0
1254	RES	Payroll	0	0	0	0	0	0	0	123450	123450	0	0	4500		51100	0	0	0	0	67850	123450	0
1255	RES	Creditors	0	0	0	0	0	0	0	267110	267110	0	0	0	5500	0	0	0	0	0	261610	267110	0
1257	RES	Rent Accounting	0	0	0	0	0	0	0	158160	158160	73410	0	0	250	0	0	0	0	0	84500	158160	0
1259	RES	Cash Collection & Mortgages	0	0	0	0	0	0	0	136110	136110	0	0	0	30860	0	0	0	0	0	105250	136110	0
1262	RES	Insurances	0	0	0	16430	0	0	0	515140	531570	59010	224120	64260	140230	0	0	0	0	0	43950	531570	0
1263	RES	Treasury Services	0	0	0	0	0	0	0	204580	204580	120780	0	2740	450	0	0	0	0	0	80610	204580	0
1264	RES	VAT & Stores	0	0	0	0	0	0	0	50220	50220	250	0	0	4680	0	0	0	0	0	45290	50220	0
1266	RES	Sundry Debtors	0	0	0	3500	0	0	0	136830	140330	28420	0	0	15450	0	0	0	0	0	96460	140330	0
1248	RES	Information Technology	0	0	0	0	0	0	0	2018470	2018470	217400	0	5730	526420	427500	0	770540	0	0	70880	2018470	0
1271	RES	Recruitment & Training	0	0	0	6700	0	0	0	370870	377570	233590	0	1600	10050	0	0	0	0	0	132330	377570	0
1231	RES	Legal Practice	0	0	0	16000	0	0	0	451360	467360	329850	0	2860	21680	0	0	0	0	0	112970	467360	0
3234	RES	Valuers	0	0	0	3000	0	0	0	238560	241560	121470	0	5490	1800	0	0	0	0	0	112800	241560	0
3237	RES	Surveyors	0	0	0	0	0	0	0	661670	661670	413320	0	19050	51980	0	0	0	0	0	177320	661670	0
1229	RES	Support Services	0	0	0	0	0	0	0	383460	383460	139150	0	1350	143040	0	0	0	0	0	99920	383460	0
3238	RES	Property & Facilities Manager	0	0	0	0	0	0	0	310270	310270	214370	0	5410	21540	0	0	0	0	0	68950	310270	0
1291	RES	Three Rivers House	0	0	0	0	35000	0	0	842630	877630	0	432770	0	15060	0	0	329550	0	0	100250	877630	0
1292	RES	Basing House	0	0	0	0	8610	0	0	59720	68330	0	16000	0	1260	0	0	41540	0	0	9530	68330	0
1294	RES	Oxhey Drive	0	0	0	0	0	0	0	37370	37370	0	24580	0	2550	0	0	7760	0	0	2480	37370	0
1223	RES	Corporate Resources	0	0	0	0	0	0	0	123050	123050	98580	0	3700	1070	0	0	0	0	0	19700	123050	0
1224	RES	Press and Public Relations	0	0	0	0	0	0	0	281110	281110	95380	3500	250	19000	0	0	4320	0	0	158660	281110	0
1232	RES	Committee Administration	0	0	0	0	0	0	0	449100	449100	196050	0	6690	1400	0	0	0	0	0	244960	449100	0
1236	RES	Office Services	0	0	6000	0	0	0	0	545420	551420	133520	43520	0	274460	0	0	0	0	0	99920	551420	0
1239	RES	Elections & Electoral Register	0	0	0	0	0	0	0	129820	129820	75020	0	1050	50	0	0	0	0	0	53700	129820	0
1261	RES	Chief Executive	0	0	0	0	0	0	0	210550	210550	160880	0	2020	2630	0	0	0	0	0	45020	210550	0
1265	RES	Corporate Development	0	0	0	0	0	0	0	529100	529100	390510	0	7150	20580	0	0	0	0	0	110860	529100	0
		Sub-Total	**0**	**0**	**6000**	**46950**	**43610**	**0**	**0**	**10016740**	**10113300**	**3578320**	**744490**	**144660**	**1320420**	**551200**	**0**	**1153710**	**0**	**0**	**2620500**	**10113300**	**0**
		Other Services																					
1202	RES	Register of Electors	0	0	2200	0	0	0	0	0	2200	8400	0	0	7900	0	0	0	0	0	112450	128750	126550
1203	RES	Conducting Elections	0	0	0	250	0	0	0	0	250	0	3970	0	65450	0	0	0	0	0	67630	137050	136800
1206	H&E	Fuel Voucher Scheme	0	0	0	0	0	0	0	0	0	0	0	0	3500	0	0	0	0	0	6940	10440	10440
1208	RES	Customer Services Centre	0	0	0	0	0	0	0	1146330	1146330	618770	0	300	14270	0	0	0	0	0	512990	1146330	0
1212	RES	Citizens Advice Bureaux	0	0	0	0	0	0	0	0	0	0	0	0	294850	0	0	0	0	0	19390	314240	314240
1215	RES	Major Incident Planning	0	0	0	0	0	0	0	0	0	0	0	0	26650	0	0	0	0	0	3230	29880	29880
1216	L&C	Community Development	0	0	0	0	0	0	0	11770	11770	0	0	0	5500	0	0	0	0	0	113770	119270	107500
1217	PSH	Travellers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1219	RES	Miscellaneous Inc & Exp	4210	0	0	0	0	0	0	0	4210	0	0	0	**0**	0	0	0	0	0	0	0	-4210
1220	RES	Unapportionable Central Overhead	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1222	RES	Pathfinder	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	179590	0	0	0	179590	179590
1228	RES	Energy Efficiency	0	0	0	0	0	0	0	0	0	0	0	0	7000	0	0	0	0	0	37230	44230	44230
1235	RES	Miscellaneous Properties	0	0	0	0	122950	0	0	0	122950	0	16730	0	22560	0	0	161520	0	0	35890	236700	113750
1391	H&E	Land Charges-Trading Account	0	0	0	300000	0	0	0	32220	332220	105960	0	500	28000	0	0	0	0	0	146770	281230	-50990
3031	RES	Vacancy Provision	0	0	0	0	0	0	0	0	0	-120000	0	0	0	0	0	0	0	0	0	-120000	-120000
		Sub-Total	**4210**	**0**	**2200**	**300250**	**122950**	**0**	**0**	**1190320**	**1619930**	**613130**	**20700**	**800**	**475680**	**0**	**0**	**341110**	**0**	**0**	**1056290**	**2507710**	**887780**
		Net Cost of District Services	**19199380**	**145390**	**310190**	**4245310**	**14933800**	**13290**	**0**	**22039580**	**60886940**	**13549234**	**3395210**	**1000850**	**5712817**	**1901230**	**23918200**	**19569430**	**0**	**166230**	**21149010**	**90362211**	**29475271**

	2006-07 Budget As approved by Council 14 Feb 06 Cost Centres	Govt Grants £	Other Grants £	Sales £	Fees & Charges £	Rents £	Interest Earned £	Transfers from Reserves £	Internal Rech-arges £	TOTAL INCOME £	Employ-ees £	Premises £	Transport £	Supplies /Services £	Agency & Contracts £	Transfer Payments £	Capital Charges £	Interest Paid £	Transfer to Reserves £	Internal Rech-arges £	TOTAL EXP £	**NET EXP** **£**
	Parish Precepts																					
3042	Abbots Langley	0	0	0	0	0	0	0	0		0	0	0	0	0	407160	0	0	0	0	407160	407160
3042	Chorleywood	0	0	0	0	0	0	0	0	0	0	0	0	0	0	260000	0	0	0	0	260000	260000
3042	Croxley Green	0	0	0	0	0	0	0	0	0	0	0	0	0	0	211930	0	0	0	0	211930	211930
3042	Sarratt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53570	0	0	0	0	53570	53570
3042	Watford Rural	0	0	0	0	0	0	0	0	0	0	0	0	0	0	71400	0	0	0	0	71400	71400
	Sub-Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1004060**	**0**	**0**	**0**	**0**	**1004060**	**1004060**
	Interest Income																					
3033	Interest Received	0	0	0	0	0	1102000	0	0	1102000	0	0	0	0	0	0	0	0	0	0	0	-1102000
	Consolidation Entry - Interest	0	0	0	0	0	13170	0	0	13170	0	0	0	0	0	0	0	0	0	0	0	-13170
		0	**0**	**0**	**0**	**0**	**1115170**	**0**	**0**	**1115170**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1115170**
	Amortised Premium																					
	Consolidation Entry - Amortised Premium	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3030	Pensions Adjustment	**0**	**0**	**0**	**0**	**0**	**0**	**2922000**	**0**	**2922000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3055000**	**0**	**3055000**	**133000**
3050	Capital Receipts to Pool	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1000000**	**0**	**0**	**0**	**0**	**1000000**	**1000000**
	Asset Management Revenue Account																					
3050	Depreciation-Amortisation Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-303850	0	0	0	-303850	-303850
3050	Depreciation-Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5356820	0	0	0	5356820	5356820
3050	Depreciation & Notional Interest GF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-6448050	0	0	0	-6448050	-6448050
3050	Consolidation Entry - Capital Charges HRA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-10645620	0	0	0	-10645620	-10645620
																		-				
	Consolidation Entry - Interest Item 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	372830	0	0	-372830	-372830
3050	Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	372830	0	0	372830	372830
	Sub-Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-12040700**	**0**	**0**	**0**	**-12040700**	**-12040700**
	Net District Operating Exp	**19199380**	**145390**	**310190**	**4245310**	**14933800**	**1128460**	**2922000**	**22039580**	**64924110**	**13549234**	**3395210**	**1000850**	**5712817**	**1901230**	**25922260**	**7528730**	**0**	**3221230**	**21149010**	**83380571**	**18456461**
3034	Housing Revenue Account Deficit	**0**	**0**	**0**	**0**	**0**	**0**	**537430**	**0**	**537430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-537430**
	Transfer from House Purchase Account	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Contributions from/to Reserves																					
3035	Future Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Insurance	0	0	0	0	0	0	52920	0	52920	0	0	0	0	0	0	0	0	0	0	0	-52920
	Regeneration Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Special Building Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Leavesden Hospital Open Space	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Renewals and Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Section 106 Agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Environmental Maintenance Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14280	0	14280	14280
	Waste Vehicle Maintenance	0	0	0	0	0	0	44550	0	44550	0	0	0	0	0	0	0	0	0	0	0	-44550
	Third Party Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Pensions	0	0	0	0	0	0	3055000	0	3055000	0	0	0	0	0	0	0	0	2922000	0	2922000	-133000
	Consolidation Entry - Major Repairs	0	0	0	0	0	0	485460	0	485460	0	0	0	0	0	0	0	0	0	0	0	-485460
		0	**0**	**0**	**0**	**0**	**0**	**3637930**	**0**	**3637930**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2936280**	**0**	**2936280**	**-701650**
	Economic cost of pensions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**166770**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**166770**	**166770**
	Contributions to Provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Appropriation Account:																					
3039	Minimum Revenue Provision	0	0	0	0	0	0	103730	0	103730	0	0	0	0	0	0	0	0	0	0	0	-103730
3039	Deferred Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-2475760	0	0	0	-2475760	-2475760
3039	Pensions Creditors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3039	Government Grants	-105300	0	0	0	0	0	0	0	-105300	0	0	0	0	0	0	0	0	0	0	0	105300
3039	Contribution to Capital Receipts Pool	0	0	0	0	0	0	1000000	0	1000000	0	0	0	0	0	0	0	0	0	0	0	-1000000
3039	Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1857980	0	0	0	-1857980	-1857980
		-105300	**0**	**0**	**0**	**0**	**0**	**1103730**	**0**	**998430**	**0**	**0**	**0**	**0**	**0**	**0**	**-4333740**	**0**	**0**	**0**	**-4333740**	**-5332170**
	Capital Expenditure Charged to Revenue																					
3039	Capital Expenditure Charged to Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	750000	0	750000	750000
	Consolidation Entry - Rev Contribs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500000	0	0	0	500000	500000
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**500000**	**0**	**750000**	**0**	**1250000**	**1250000**
	Contrib from Third Parties	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Contrib from Rev Balance/Surplus for Year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1038428**	**0**	**-1038428**	**-1038428**
	Budget Requirement	**19094080**	**145390**	**310190**	**4245310**	**14933800**	**1128460**	**8201090**	**22039580**	**70097900**	**13716004**	**3395210**	**1000850**	**5712817**	**1901230**	**25922260**	**3694990**	**0**	**5869082**	**21149010**	**82361453**	**12263553**
	Other Accounts																					
	Capital Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	656890	656890	**656890**
	Right to Buy Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	233680	233680	**233680**
	Debt Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
	Best Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
	Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	890570	890570	**890570**
	GRAND TOTAL	**19094080**	**145390**	**310190**	**4245310**	**14933800**	**1128460**	**8201090**	**22039580**	**70097900**	**13716004**	**3395210**	**1000850**	**5712817**	**1901230**	**25922260**	**3694990**	**0**	**5869082**	**22039580**	83252023	**13154123**

CHAPTER 3

CAPITAL INVESTMENT PROGRAMME & CAPITAL FUNDING

Regulatory Framework

Introduction

Capital expenditure is spending which produces an asset that will benefit the community for a long time, e.g. the acquisition and enhancement of buildings, plant and machinery and grants towards capital expenditure. Capital expenditure can be funded by:-

- Capital Receipts (the proceeds from selling assets)
- Borrowing (serviced by repayments of principal and interest from revenue)
- Contributions from Private Developers
- Capital Grants (e.g. disabled facility grants)
- Revenue Contributions
- Through a Public Private Partnership or the Private Finance Initiative
- Lottery Funding
- From Stock Transfer
- The Major Repairs Allowance (for housing expenditure)
- From additional resources made available to Arms Length Management Companies (for housing expenditure)

Capital Receipts

The Council has been debt free for four years. Its major source of capital funding has been from capital receipts derived from the sale of council houses under the Right to Buy (RTB) legislation. The decision was made to repay debt in order to maximise the benefit to the authority of the capital receipts generated from Right to Buy sales. On becoming debt free, 100% of these receipts could formerly be used for capital investment.

The Local Government Act 2003 abolished the concepts of usable and reserved capital receipts and changed how debt free Councils, such as Three Rivers, could use Capital Receipts from the sale of housing assets. In essence the Council now has to transfer a proportion of the receipts to a national pot for the provision and repair of affordable housing in other districts.

Capital receipts from the sale of HRA assets are subject to pooling at a rate of 75% for dwellings and 50% for other land and buildings. Exemption from pooling of non-RTB disposals is allowed if the sale proceeds are invested in affordable housing. Affordable housing includes investment in existing stock to meet the decent homes standard. The Council will use non-RTB capital receipts at the earliest opportunity to fund HRA capital expenditure for the decent homes standard. It agrees annually a capital allowance enabling it to do this under existing legislation. On 14 February 2006 the available capital allowance was increased by £2.210m from £6.513m to £8.723m.

There are transitional arrangements for RTB receipts which end on 31 March 2007.

Borrowing – The Prudential Code

The argument for borrowing to fund capital expenditure is that such investment is designed to benefit the community over a number of years and therefore the expenditure should be met from the taxation paid by the beneficiaries. Any arrangement to fund capital expenditure by credit has to be repaid ultimately from the revenue sources of income. It is prudent to make annual provision to repay debt so

that if 100% of a debt becomes due in twenty years time the taxpayers or rentpayers do not have to meet the whole amount in one year. The argument against borrowing is that it is building up debts to be met by generations who have not agreed to the spending decision.

The Local Government Act 2003 abolished the system of credit approvals and gives councils the ability to borrow for any purpose relevant to their functions and for the purposes of the prudent management of its financial affairs. Councils are only able to borrow however within a new prudential framework.

Each year a council decides the amount it can afford to borrow and keeps this under review. The Council is required to have regard to the CIPFA Prudential Code for Capital Finance.

The Code is designed to ensure that all external borrowing is within prudent and sustainable levels, that capital expenditure plans are affordable, that treasury management decisions are taken in accordance with good practice and that councils are accountable by providing a clear and transparent framework. Councils have to take into account all sources of future income and the potential calls on the use of that income.

Contributions from Private Developers

A council may be able to negotiate benefits when a private developer is seeking planning permission (known as Section 106 agreements or planning gain).

Capital Grants

Grants for specific purposes may be available from the Government. Some grants may depend on an element of funding from a council's own resources, e.g. disabled facility grants.

Revenue Contributions to Capital Expenditure / Outlay (RCCO).

Capital Expenditure may be met directly from Council Tax or Rent Income.

Public Private Partnerships (PPP) and Private Finance Initiative (PFI)

The Government still encourages these as options.

Lottery Funding

Some funding may be available through the national lottery.

Stock Transfer

The sale of the Council's housing stock to a Registered Social Landlord. The Government still intends to pursue this as an option as achieving its aims for affordable housing and the decent homes standard.

Major Repairs Allowance

A sum is included in the amount of housing subsidy paid to Councils for on-going major repairs to council houses.

Local Authorities and Companies

The Government has encouraged councils to create Arms Length Management Organisations that are charitable or non-profit making companies100% controlled by the council to undertake landlord functions

The Council's Capital Investment Programme

Medium Term Plan

The Council agreed its capital investment programme in February 2006 amidst continuing uncertainty as to the funding that was likely to be available to it, and taking into account its view as to a prudent balance of funds to carry forward.

The medium term capital plan is set out below:-

Medium Term Financial Plan – Capital Investment Programme	Col 1 2005/2006 £	Col 2 2006/2007 £	Col 3 2007/2008 £	Col 4 2008/2009 £
Funding Brought Forward				
HRA Schemes	4,120,545	3,681,085	1,302,725	2,113,145
General Fund Schemes	670,435	1,670,435	3,335,985	33,860
HRA or General Fund Schemes	10,617,847	7,076,657	3,089,617	1,226,922
Funding Generated in the Year				
HRA – Major Repairs Allowance	2,697,770	2,692,270	2,737,160	2,782,590
HRA – Revenue Contributions	500,000	500,000	500,000	500,000
HRA – Capital Receipts Transitional Pooling	930,000	465,000	0	0
HRA – Capital Receipts Other	143,540	702,500	0	0
HRA – Leaseholder Contributions	30,000	0	0	0
General Fund – Disabled Facility Grants	148,000	105,300	105,300	105,300
General Fund – DEFRA Grant	278,800	75,300	78,860	0
General Fund – Implementing Electronic Government	150,000	0	0	0
General Fund – Planning Delivery Grant				
General Fund – Ebury Play Area				
General Fund – Revenue Contributions	1,000,000	750,000	0	0
HRA or General Fund – Capital Receipts	635,340	1,547,500	620,000	620,000
Total Funding Available	21,922,277	19,266,047	11,769,647	7,381,817
Proposed Programme				
Housing Stock – Capital Works	4,740,770	4,704,870	4,460,000	4,568,000
General Fund Schemes	4,753,330	6,832,850	3,935,720	1,624,450
Total Programme	9,494,100	11,537,720	8,395,720	6,192,450
Funding Carried Forward	12,428,177	7,728,327	3,373,927	1,189,367

The Council plans to spend £11.538m on capital schemes in 2006/2007 (see Appendix 1). This includes £2.728m re-phased from 2005/06. Measures have been taken to ensure that the programme is delivered on time in future.

Of the total programme £4.705m relates to repairs to the housing stock. The Council is planning to invest a further £3.984m leisure schemes, £1.008m on improving access to its property for the disabled and £0.515m on information and communication technologies.

The Council's longer term capital position is that the funding it can generate will not meet the level of its current investment. This has been confirmed by the Council's principal consultant in carrying out the baseline position in respect of future options for the housing stock.

Capital Strategy and Asset Management Plan

More details of the Council's approach to capital investment can be found in its 'Capital Strategy and Asset Management Plan' available on the Council's website or in hard copy by request.

APPENDIX 1

Service Plan / Scheme Name	New Scheme	Capital 2006/07 £	Capital 2007/08 £	Capital 2008/09 £	Capital Future Years £	Revenue 2006/07 £	Revenue 2007/08 £	Revenue 2008/09 £	Revenue Future Years £	Safe	Sustainable	Prosperous	Healthy	Corporate Governance	Statutory	National Priority	Local Priority	Contractually Committed	Provision of Community Support	Provision of New Facilities	Protection of Assets	Property and Facilities Management
Housing Policy																						
Works for the Disabled		400,000	400,000	400,000	400,000	0	0	0	0			3.1.1			N	N	Y	N	N	N	N	
First Time Double Glazing		400,000	400,000	400,000	400,000	0	0	0	0	1.1.1.1	2.1.2.1	3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Asbestos Removal Housing		40,000	40,000	40,000	40,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	
Asbestos Removal PFM		85,000	85,000	85,000	85,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Balcony Railing Replacement		214,480	50,000	50,000	50,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Central Heating New Installations		250,000	250,000	250,000	250,000	0	0	0	0		2.1.2.1	3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Central Heating Replacement		260,000	260,000	260,000	260,000	0	0	0	0		2.1.2.1	3.1.1.1			Y	Y	Y	N	N	N	Y	
Double Glazing Replacement		150,000	150,000	150,000	150,000	0	0	0	0	1.1.1.1	2.1.2.1	3.1.1.1			Y	Y	Y	N	N	N	Y	
Energy Conservation		329,930	150,000	150,000	150,000	0	0	0	0		2.1.2.1	3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Entry Phone Installations OPD		30,000	30,000	30,000	30,000	0	0	0	0	1.1.1.1 1.1.1.2					N	N	Y	N	N	N	Y	Y
Entry Phone Installations		50,000	50,000	50,000	50,000	0	0	0	0	1.1.1.1 1.1.1.2					N	N	Y	N	N	N	Y	Y
Feasibility Studies		15,000	15,000	15,000	15,000	0	0	0	0	1.1.1.1 1.1.1.2	2.1.2.1	3.1.1.1 3.1.1.3			N	N	Y	N	N	N	N	Y
Garage Programme		30,000	30,000	30,000	30,000	0	0	0	0	1.1.1.1					N	N	Y	N	N	N	Y	Y
Piper & Entry Phone Replacement		50,000	50,000	50,000	50,000	0	0	0	0	1.1.1.1 1.1.1.2					N	N	Y	N	N	N	Y	Y
Rewiring		300,000	300,000	300,000	300,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Roof Replacement		571,240	350,000	350,000	350,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Secure Locks for the Vulnerable		40,000	40,000	40,000	40,000	0	0	0	0	1.1.1.1 1.1.1.2					N	N	Y	N	N	N	Y	Y
Structural Repairs		350,000	300,000	300,000	300,000	0	0	0	0			3.1.1.1			Y	Y	Y	N	N	N	Y	Y
Bullsland Hall Refurbishment		85,000	0	0	0	0	0	0	0													
Internal Refurbish Communal		132,240	0	0	0	0	0	0	0													
Internal Refurbish Dwellings		142,750	0	0	0	0	0	0	0													
Footpaths, Drives & Roads		180,000	0	0	0	0	0	0	0													
Highlands Refurbishment		599,230	0	0	0	0	0	0	0													
Additional schemes towards Decent Homes Standard		0	1,510,000	1,618,000	0	0	0	0	0	1.1.1.1		3.1.1.1			Y	Y	Y	Y	N	N	Y	Y
Total HRA		**4,704,870**	**4,460,000**	**4,568,000**	**2,950,000**	**0**	**0**	**0**	**0**													

Service Plan / Scheme Name	New Scheme	Capital 2006/07 £	Capital 2007/08 £	Capital 2008/09 £	Capital Future Years £	Revenue 2006/07 £	Revenue 2007/08 £	Revenue 2008/09 £	Revenue Future Years £	Safe	Sustainable	Prosperous	Healthy	Corporate Governance	Statutory	National Priority	Local Priority	Contractually Committed	Provision of Community Support	Provision of New Facilities	Protection of Assets	Property and Facilities Management
Development Plans and Transportation																						
Oxhey Woods Nature Reserve		4,500	1,000	0	0	0	0	0	0	1.3.2.1	2.2.1.1		4.2.1.1 4.3.1.1		N	N	Y	N	N	N	Y	
Prestwick Road Meadows		1,100	100	100	100	1,550	1,550	1,550	1,550	1.3.2.1	2.2.1.1		4.2.1.1		N	N	Y	N	Y	N	Y	
													4.3.1.1									
Withey Beds Nature Reserve		31,250	0	0	0	2,000	2,000	2,000	2,000	1.3.2.1	2.2.1.1		4.2.1.1		N	N	Y	N	N	N	Y	
													4.3.1.1									
Croxley Common Moor		2,000	2,000	2,000	2,000	5,000	5,000	5,000	5,000	1.3.2.1	2.2.1.1		4.2.1.1		Y	Y	Y	Y	Y	N	Y	
													4.3.1.1									
Tree Planting Schemes		4,000	4,000	4,000	4,000	0	0	0	0						N	Y	Y	N	N	Y	Y	
South Oxhey Bowling Green		25,000	0	0	0	0	0	0	0						N	N	Y	N	N	N	Y	
Colne Valley Park Projects		5,000	5,000	5,000	5,000	0	0	0	0						N	N	Y	N	Y	Y	Y	
Cemetery Memorial Safety		15,000	10,000	10,000	0	0	0	0	0						N	N	Y	N	N	Y	Y	
East Lane Cemetery		5,000	0	0	0	0	0	0	0						Y	N	Y	N	N	N	Y	
Path Construction		10,000	10,000	10,000	10,000	0	0	0	0						N	N	Y	N	N	N	Y	
Aquadrome Management		20,000	20,000	20,000	20,000	0	0	0	0	1.3.2.1		3.2.1.1 3.2.1.2	4.1.1.1 4.2.1.1		N	N	Y	N	N	Y	Y	
Aquadrome Algae		40,000	28,000	0	0	0	0	6,000	6,000				4.2.1.1		N	N	Y	N	N	N	Y	
New Bus Shelters		5,000	5,000	5,000	5,000	0	0	0	0	1.1.1.1 1.3.2.2	2.1.3.4	3.2.1.3 3.2.1.4	4.1.1.1 4.2.1.1		N	N	Y	N	N	Y	Y	
Chorleywood Estate Buildings		20,000	0	0	0	0	0	0	0						N	N	Y	N	N	N	Y	
Chorleywood Estate Grounds		20,000	0	0	0	10,000	10,000	10,000	10,000						N	N	Y	N	N	Y	Y	
Chorleywood Revitalisation		10,000	0	0	0	0	0	0	0	1.1.1.1		3.3.1.2			N	N	Y	N	Y	N	Y	
Cycle Tracks		50,000	50,000	50,000	50,000	0	0	0	0		2.1.3.4	3.2.1.1 3.2.1.4	4.2.1.1 4.3.1.1		N	Y	Y	N	N	Y	N	
Highway Improvements		75,000	75,000	75,000	100,000	0	0	0	0			3.2.1.4			N	N	Y	N	N	Y	N	
Listed Building Grants		5,000	5,000	5,000	5,000	0	0	0	0						N	Y	Y	N	N	N	Y	
Parking Controls		75,000	75,000	75,000	25,000	0	0	0	0			3.2.1.4 3.3.3.1			Y	Y	Y	N	N	Y	N	
Parking Bay Programme		75,000	75,000	75,000	0	0	0	0	0			3.3.3.1			N	N	Y	N	N	Y	N	
Enhancement of Retail Parades		10,000	10,000	10,000	10,000	0	0	0	0	1.1.1.1		3.3.1.2			N	Y	Y	N	N	Y	Y	
Sub-Total		**507,850**	**375,100**	**346,100**	**236,100**	**18,550**	**18,550**	**24,550**	**24,550**													

Service Plan / Scheme Name	New Scheme	Capital 2006/07 £	Capital 2007/08 £	Capital 2008/09 £	Capital Future Years £	Revenue 2006/07 £	Revenue 2007/08 £	Revenue 2008/09 £	Revenue Future Years £	Safe	Sustainable	Prosperous	Healthy	Corporate Governance	Statutory	National Priority	Local Priority	Contractually Committed	Provision of Community Support	Provision of New Facilities	Protection of Assets	Property and Facilities Management
Policy Services (DLE)																						
Barn Lea DDA	Y	13,560	0	0	0	0	0	0	0				4.1.1.1 4.2.1 5.2.2		Y	Y	Y	N	N	Y	N	N
Fairway Inn DDA		63,000	0	0	0	0	0	0	0													
Pavilions DDA	Y	931,120	0	0	0	0	0	0	0				4.1.1.1 4.2.1.1 4.3.1.3 5.2.2		Y	Y	Y	N	N	Y	N	N
Sub-Total		**1,007,680**	**0**	**0**	**0**	**0**	**0**	**0**	**0**													
Leisure Services																						
Young People in South Oxhey	Y	0	80,000	0	0	0	4,000	4,000	4,000	1.3.2.1 1.3.2.2		3.2.1.1	4.2.1.1		N	Y	Y	N	N	Y	N	
Baldwins Lane Tennis Courts	Y	22,600	0	0	0	0	0	0	0	1.3.2.1 1.3.2.2			4.1.1.1 4.1.4.3 4.2.1.1 4.3.1.1 4.3.1.3		N	Y	Y	N	Y	N	Y	
Capital Grants		225000	60,000	60,000	60,000	0	0	0	0	1.3.2.2		3.1.6	4.2.1.1 4.1.1.1		N	Y	Y	N	Y	Y	Y	
Special Maintenance		124,000	100,000	100,000	100,000	0	0	0	0						Y	Y	Y	Y	N	N	Y	
Woodside Leisure Centre		2,000,000	0	0	0	0	0	0	0						N	N	Y	N	N	Y	N	
William Penn Leisure Centre		1,499,010	2,596,610	423,210	0	0	0	0	0	1.3.2.2			4.1.1.1 4.2.1.1 4.3.1.1 4.3.1.2 4.3.1.3		N	Y	Y	Y	N	Y	Y	
Watersmeet Improvement		50,000	50,000	50,000	0	0	0	0	0				4.1.1.1 4.2.1.1		N	Y	Y	N	N	N	Y	
Leisure External Signage	Y	10,000	0	0	0	0	0	0	0				4.1.1.1 4.2.1.1 4.3.1.1		N	Y	Y	N	N	N	N	
Mead Place & Otley Way Play		26,820	0	0	0	0	0	0	0													
Informal Skateboarding		26,580	0	0	0	0	0	0	0													
Sub-Total		**3,984,010**	**2,886,610**	**633,210**	**165,000**	**0**	**4,000**	**4,000**	**4,000**													

Service Plan / Scheme Name	New Scheme	Capital 2006/07 £	Capital 2007/08 £	Capital 2008/09 £	Capital Future Years £	Revenue 2006/07 £	Revenue 2007/08 £	Revenue 2008/09 £	Revenue Future Years £	Safe	Sustainable	Prosperous	Healthy	Corporate Governance	Statutory	National Priority	Local Priority	Contractually Committed	Provision of Community Support	Provision of New Facilities	Protection of Assets	Property and Facilities Management
Environmental Health																						
Disabled Facility Grants		250,000	250,000	250,000	250,000	0	0	0	0			3.1.1.2	4.1.2.1		Y	N	Y	Y	N	Y	N	
Homes Repairs Assistance		10,000	10,000	10,000	10,000	0	0	0	0			3.1.1.2	4.1.2.1		N	N	Y	N	N	N	N	
Renovation Grants		50,000	50,000	50,000	50,000	0	0	0	0			3.1.1.2	4.1.2.1		N	N	Y	N	N	N	N	
Grants Officer Salary		58,000	60,500	63,000	65,500	0	0	0	0			3.1.1.2	4.1.2.1		Y	N	Y	Y	N	Y	N	
Hackney Carriage Ranks		5,000	0	0	0	0	0	0	0	1.1					Y	N	Y	N	N	Y	N	
Hackney Carriage Zones		5,000	0	0	0	0	0	0	0													
Sound Level Meter	Y	10,000	0	0	0	0	0	0	0	1.2					Y	Y	Y	N	Y	N	N	
Sub-Total		**388,000**	**370,500**	**373,000**	**375,500**	**0**	**0**	**0**	**0**													
Environmental Protection																						
Trade Waste Bins		10,000	10,000	5,000	0	0	0	0	0	1.1.2.3		3.3.1.1			N	Y	Y	N	N	Y	N	
Bulk Domestic Bins		10,000	10,000	5,000	5,000	0	0	0	0	1.1.2.3	2.1.1.1				Y	Y	Y	N	N	Y	N	
Dog Litter Bins		4,000	4,000	4,000	4,000	0	0	0	0	1.1.2.3		3.3.1.1			Y	Y	Y	N	N	Y	N	
Litter Bins		6,000	6,000	6,000	6,000	0	0	0	0	1.1.2.3		3.3.1.1			Y	Y	Y	N	N	Y	N	
Recycling Frames for Flats		37,920	0	0	0	0	0	0	0		2.1.1.1			5.5.2.1	N	Y	Y	N	N	Y	N	
Recycling Transfer		134,000	0	0	0	0	0	0	0													
Replacement Plant & Vehicles		25,000	25,000	25,000	25,000	0	0	0	0				4.1.1.1 4.2.1.1 4.3.1.3		N	Y	Y	N	N	N	N	
Fly-tipping Cameras		10,000	10,000	0	0	0	0	0	0													
Replacement Waste Collection & Recycling Vehicles		0	0	0	2,110,000	0	0	0	0		2.1.1.1				Y	Y	Y	N	N	N	N	
Sub-Total		**236,920**	**65,000**	**45,000**	**2,150,000**	**0**	**0**	**0**	**0**													
Customer Services Centre																						
CCTV Upgrade Three Rivers House		8,500	0	0	0	0	0	0	0	1.1.1					N	Y	Y	N	N	N	Y	
Call Centre Training Facility		5,000	0	0	0	0	0	0	0					5.2. 5.5.1	N	N	Y	N	N	Y	Y	
Sub-Total		**13,500**	**0**	**0**	**0**	**0**	**0**	**0**	**0**													
Democratic Services																						
IT Grant to Members	Y	17,760	17,760	17,760	17,760	0	0	0	0						N	N	N	N	N	N	N	N
LAF Grants	Y	11,000	10,000	10,000	5,000	0	0	0	0						N	N	N	N	N	N	N	N
Sub-Total		**28,760**	**27,760**	**27,760**	**22,760**	**0**	**0**	**0**	**0**													

Service Plan / Scheme Name	New Scheme	Capital 2006/07 £	Capital 2007/08 £	Capital 2008/09 £	Capital Future Years £	Revenue 2006/07 £	Revenue 2007/08 £	Revenue 2008/09 £	Revenue Future Years £	Safe	Sustainable	Prosperous	Healthy	Corporate Governance	Statutory	National Priority	Local Priority	Contractually Committed	Provision of Community Support	Provision of New Facilities	Protection of Assets	Property and Facilities Management
ICT Services																						
Credit/Debit Payment Security		23,380	0	0	0	2,010	2,010	2,010	2,010					5.2.3	N	N	N	N	N	N	Y	
Hardware Replacement		75,000	75,000	75,000	100,000	0	0	0	0					5.2.3	N	N	N	N	N	Y	N	
Remote Access (Increase)		6,500	0	0	0	1,410	1,410	1,410	1,410					5.2.3	N	N	N	N	N	Y	N	
Software Licences		117,240	120,750	124,380	128,480	0	0	0	0					5.2.3	Y	N	N	N	N	N	Y	
Microsoft Assurance Licence		32,350	0	0	32,350	0	0	0	0					5.2.3	N	N	N	N	N	N	Y	
MS Assurance Office Applications		84,480			84,480	0	0	0	0					5.2.3	N	N	N	N	N	N	Y	
Total Land Charges		27,200	0	0	0	0	0	0	0					5.2.3	N	N	N	N	N	Y	N	
Internet Intruder Detection System		12,500	0	0	0	1,250	1,250	1,250	1,250					5.2.3	N	N	N	N	N	N	Y	
Firewall Resilience		15,000	0	0	0	2,100	2,100	2,100	2,100					5.2.3	N	N	N	N	N	N	Y	
Pickwick Election System	Y	0	5,000	0	0	0	0	0	0					5.2.3	Y	N	N	N	N	N	Y	
Codeman Upgrade		10,500	0	0	0	0	0	0	0													
Housing Annual Maintenance		16,200	0	0	0	0	0	0	0													
Planning Notebooks/ Laptops		12,000	0	0	0	0	0	0	0													
GIS Web Enablement		60,000	0	0	0	0	0	0	0													
Radius Upgrade		23,000	0	0	0	0	0	0	0													
Sub-Total		**515,350**	**200,750**	**199,380**	**345,310**	**6,770**	**6,770**	**6,770**	**6,770**													
Property & Facilities																						
Batchworth Depot – CCTV		0	5,000	0	0	0	0	0	0	1.1.1					N	N	N	N	N	N	Y	□
Oxhey Office Comfort Conditioning		14,000	0	0	0	0	0	0	0						N	N	N	N	N	N	Y	□
Three Rivers House – Boiler Renewal		100,000	0	0	0	0	0	0	0		2.1.2.1				N	N	N	N	N	N	Y	□
Three Rivers House – CCTV		0	5,000	0	0	0	0	0	0	1.1.1					N	N	N	N	N	N	Y	□
Three Rivers House Ventilation Plant		12,000	0	0	0	0	0	0	0						N	N	N	N	N	N	Y	□
The Strip Feasibility Study		24,780	0	0	0	0	0	0	0													
Sub-Total		**150,780**	**10,000**	**0**	**0**	**0**	**0**	**0**	**0**													
Total General Fund		**6,832,850**	**3,935,720**	**1,624,450**	**3,294,670**	**25,320**	**29,320**	**35,320**	**35,320**													
Grand Total		**11,537,720**	**8,395,720**	**6,192,450**	**6,244,670**	**25,320**	**29,320**	**35,320**	**35,320**													

CHAPTER 4

THE BALANCE SHEET

Background

In the private sector the balance sheet is used by the managers of a business, its shareholders and prospective investors to assess the liquidity and hence stability of a company and, by reference to the Profit and Loss Account, the potential returns to its owners - the shareholders.

In Local Government the Balance Sheet is not regarded as so important. There are not dividends to be paid to shareholders. The emphasis tends to be on the Consolidated Revenue Account (or profit and loss account in private sector terminology). This is because the primary stakeholders are the members of the community contributing taxes to pay for local services and these transactions are accounted for in the revenue accounts.

Shown below is a summarised version of the Council's balance sheet as at 31 March 2005. It shows that the majority of the Council's 'equity' is tied up in long term assets. The cash and investments held equate to the Council's reserves before settling debtors and creditors.

Summarised Balance Sheet as at 31.03.05
(excludes Pension Liability and Reserve)

Fixed Assets	415,526,387	Value of Dwellings, Land, Buildings, Vehicles, Plant etc.
Fixed Asset Restatement Reserve	-350,801,253	
Capital Financing Reserve (part)	-59,696,292	
Grants & Contributions Deferred	-5,028,842	
	-415,526,387	Equivalent of Shareholders Equity in the private sector
Cash and Bank	236,337	
Investments	25,391,053	
	25,627,390	
Cash Backed Balances		
Capital Financing Reserve (part)	-2,282,146	Cash backed
Earmarked Reserves	-2,776,292	Earmarked Capital (£0.4m) and Revenue (£2.4m)
Usable Capital Receipts	-13,880,091	For use on Capital Expenditure
General Fund	-4,832,096	For General Fund revenue expenditure only (or RCCO)
Housing Revenue Account	-2,222,372	For HRA revenue expenditure only (or RCCO)
Major Repairs Reserve	-414,482	Used only to support housing capital expenditure
Collection Fund	119,365	Relates to collection of outstanding Council Tax and NNDR
Other Reserves	-65,979	
	-26,354,093	
Debtors, Creditors, Stock & WIP		
Deferred Payments	81,420	
Long Term Debtors	523,792	
Stock and Work in Progress	31,707	
Debtors	3,542,846	
Creditors	-3,453,062	
	726,703	Cash & Investments will be reduced to level of cash backed reserves when creditors & debtors are settled.
Total	0	

Cash Backed Balances

The Council's cash backed balances are held as investments as explained in Chapter 5 below - Cash Flow and Treasury Management. The specific use to which some reserves and balances may be applied is restricted by statute. The Council has an existing policy for the use of each of its balances that is consistent with the legal requirements. The Council may re-designate its reserves or reallocate money between those having the same legal status.

For the purpose of setting budgets a distinction can be drawn between:-

a) revenue balances;

b) balances earmarked for specific capital schemes;

c) balances available exclusively for General Fund capital schemes; and,

d) balances available for either General Fund or Housing Revenue Account capital schemes.

The table at Appendix 1 below describes for each balance:-

a) the amount held at 31 March 2005.

b) the amount estimated to be held at 31 March 2006.

c) its legal status; and,

d) the use to which it is put under current Council policy.

Capital Financing Reserve

The Council is able to use those formerly 'set-aside' capital receipts that it is holding at 31 March 2006 in its capital financing reserve, estimated to total £1,548,487.

The Capital Financing Reserve earns interest that supports the General Fund revenue account. It has been used to support capital expenditure when revenue costs are greater than any resultant loss of interest.

Revenue Balances

General Fund Revenue Balance and Housing Revenue Account Balance

These balances are the Council's 'working balances' and are retained at a prudent minimum to assist cash flow management, avoid the need to borrow in the short term, and cover unforeseen expenditure. Excess amounts can be used to support expenditure, but cannot be relied on indefinitely to support *on-going* expenditure.

General Fund Revenue Balance

In recent years the Council has budgeted to retain approximately 10% of net revenue expenditure plus a risk assessed amount for contingencies in the General Fund as a prudent minimum. It is planned to use the excess over this amount in a combination of support to revenue and capital expenditure in the medium term.

Contingencies exist in case:-

- pay awards or inflation are greater than anticipated in the budget,
- the Council loses its partial exemption on VAT,
- economic circumstances adversely affect the budget (e.g. interest rates or disposable incomes),
- Pension Fund contributions increase beyond the estimate
- Significant costs are incurred resulting from the housing options appraisal
- emergencies occur.

A balance of £1.9m is considered the prudent minimum.

Housing Revenue Account Balance

It is estimated that the balance at 31 March 2006 of £2,354,432 will represent £612 per property.

Usable Capital Receipts

At 31 March 2006 it is estimated that the Council will hold £10,757,742 in capital receipts. With effect from 1 April 2004 capital receipts from right to buy council house sales have been subject to pooling and the availability to fund capital expenditure from those receipts retained by the Council subject to Government regulation (see Chapter 3).

APPENDIX 1

Cash Backed Balances	31 March 2005 Actual		31 March 2006 Estimate		Legal Status	Use under Current Council Policy
	£	£	£	£		
Capital Financing Reserve (part)						
Provision for Credit Liabilities	1,758,354		1,548,487		General Fund or Housing Capital	General Fund or Housing Capital
Deferred Capital Receipts	523,792		523,792		SOCH, Right to Buy Mortgages	Partially usable receipts subject to pooling as mortgages repaid
Sub-Total		2,282,146		2,072,279		
Earmarked Reserves						
Insurance	130,280		77,360		General Fund Revenue or Capital	Self Insurance and Excesses
Section 106 Capital	10,427		0		Earmarked Sum	General Fund Capital Schemes
Section 106 Revenue	28,152		28,152		Earmarked Sum	Earmarked for pedestrian/Cycle Bridge
Section 106 Revenue	111,294		111,294		Earmarked Commuted Sums	Interest used to fund environmental maintenance of adopted land
Future Capital Expenditure	670,435		1,670,435		General Fund Revenue or Capital	General Fund Capital
Leavesden Hospital Open Space	1,213,563		1,213,563		Earmarked Commuted Sum	Interest used for maintenance of Leavesden Country Park
Environmental Maintenance Plant	20,230		34,510		General Fund Revenue or Capital	Replacement of environmental maintenance plant
Waste Vehicles	158,520		181,820		General Fund Revenue or Capital	Maintenance of vehicles in later years
Third Party Contributions						
Disability Discrimination	284,435		0		Earmarked Sum	Earmarked for Disability Discrimination Act works
Ebury Play Scheme	37,347		0		Earmarked Sum	Earmarked for play equipment scheme at Ebury Play Area
IEG Grant	93,249		0		Earmarked Sum	Earmarked for Implementing Electronic Government
HCC Cycleways	7,903		0		Earmarked Sum	Earmarked for Cycleway schemes
Planning Delivery Grant -Capital	5,344		0		Earmarked Sum	Earmarked for Planning IT
Withey Beds	5,113		0		Earmarked Sum	Earmarked for scheme at the Withey Beds
Sub-Total		2,776,292		3,317,134		
Usable Capital Receipts						
Transitional Pooling Arrangements	3,706,063		3,681,085		Housing Capital	Housing Capital
Other	10,174,028		7,076,657		General Fund or Housing Capital	General Fund or Housing Capital
Sub-Total		13,880,091		10,757,742		
Revenue Balances						
General Fund		4,832,096		4,420,795	General Fund Revenue or Capital	Working Balance, General Fund Revenue or Capital
Housing Revenue Account		2,222,372		2,354,432	HRA Revenue or Capital	Working Balance, Housing Stock Revenue or Capital
Other Balances						
Major Repairs Reserve		414,482		0	HRA Capital	Housing Stock Capital
Collection Fund		-119,365		0	Collection Fund	Local Tax collection to meet precepts and General Fund demand
Other Reserves		65,979		65,979	Monies held for third parties	Chairman's Charity/Burials (Estates) etc
TOTAL		**26,354,093**		**22,988,361**		

CHAPTER 5

CASH FLOW & TREASURY MANAGEMENT

Background

The administration of the Council's Debt and Investments is consolidated into a central function, termed 'Treasury Management', to ensure the most efficient use of funds. Revenue Accounts are charged for the management of these funds. The charge is called a 'Debt Management Expense'.

An integral part of the Treasury Management function is the monitoring of Cash Flow to ensure that sufficient funds are available to meet expenditure and surplus funds are invested to achieve the maximum return for the Council with the minimum risk to its capital.

Local Authority Treasury Management is governed by a Code of Practice issued by The Chartered Institute of Public Finance and Accountancy (CIPFA), which sets out guidelines for the daily activities and the reporting structure.

Under the Code of Practice, the Council must formulate:-

a) a general 'Treasury Policy Statement' ; and,

b) a 'Treasury Management Strategy' for each financial year.

Treasury Policy Statement

The Treasury Policy Statement outlines the matters to be taken into consideration in formulating the annual Treasury Management Strategy. The Council receives a report annually on performance and compliance with the Policy Statement.

Treasury Management Strategy

The Council each year considers and adopts a strategy for Treasury Management. In determining its strategy a number of factors are taken into account including forecasts of the economic position, e.g. inflation and interest rates, and advice is also taken from specialist consultants. The strategy will determine the level of debt maintained and the proportion of fixed to variable debt held. The Council is debt free.

Cash Flow Forecast

The forecast of cash flow for the three year period is prepared as part of the estimate process and forms an important element in assessing the receipt and payment of interest.

Treasury Management Policy Statement

The Council defines the policies and objectives of its treasury management activities as follows:-

1. The Council defines its treasury management activities as:
"The management of the authority's 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".

2. The Council 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 Council.

3. The Council 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 best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

Treasury Management Practices

The Council will prepare the following treasury management practices to which schedules will be attached to specify the systems and routines to be employed and the records to be maintained.

TMP 1 Treasury risk management

TMP 2 Best value and performance measurement

TMP 3 Decision–making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Staff training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

TREASURY MANAGEMENT STRATEGY STATEMENT 2006/2007

1. INTRODUCTION

The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

This Treasury Strategy Statement details the expected activities of the Treasury function in the forthcoming financial year (2006/07). Its production and submission to the Executive Committee is a requirement of the Council's approved Treasury Management Policy Statement which is a requirement of the CIPFA Code of Practice on Treasury Management. Its format and structure is as required by the approved Policy.

The objectives of the Strategy are:

(i) To clarify the current position regarding borrowing and investment.

(ii) To estimate the necessary activity required in the capital and money markets in the 2006/2007 financial year and to devise an appropriate strategy consistent with the other objectives.

(iii) To achieve maximum security and liquidity of principal on any money invested externally, consistent with achieving a reasonable market return on those investments.

The Strategy for 2006/07 is based on leading market forecasts for interest rates. It covers:

- the current portfolio position
- treasury limits
- prospects for interest rates
- the borrowing strategy
- the investments strategy
- any extraordinary treasury issues.
- Prudential Indicators

The Strategy must be flexible to cater for fluctuations in:

- short and long term interest rates and future expectations of their movements
- current cash positions
- medium and long term cash flow forecasts
- legislation.

2. CURRENT PORTFOLIO POSITION

As at the end of period 9 (25 December 2005) the Council had investments totalling £28.4 million earning an average rate of interest of 4.59%.

3. TREASURY LIMITS FOR 2006/07 TO 2008/09

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

4. PROSPECTS FOR INTEREST RATES

The Council appointed Sector Treasury Services Limited as treasury advisers and part of their service is to assist in the formulation of a view on interest rates. The table below shows their interest rate forecast for the short and longer term.

Sector View: Interest rate forecast at 13.01. 06

	Q/E1 2006	Q/E2 2006	Q/E3 2006	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007
Base rate	4.50%	4.25%	4.25%	4.00%	4.25%	4.50%	4.75%	4.75%
5yr Gilt Yield	4.00%	4.00%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%
10yr PWLB Rate	4.25%	4.25%	4.50%	4.50%	4.75%	4.75%	4.75%	4.75%
25yr PWLB Rate	4.25%	4.25%	4.25%	4.50%	4.50%	4.75%	4.75%	4.75%

Sector advise as follows:
The risk to this forecast is to the downside in as much as the cuts in rates could occur earlier than our forecast suggests, although this will not necessarily affect the timing of the first upward move in Q1 2007.

Economic background

UK

- GDP growth weakened from 3.2% in 2004 to 1.7% in 2005 under the impact of monetary and fiscal tightening and the oil price shock-depressing household spending. Growth expected to recover weakly to about 2.0% in 2006 and then return to the long term trend rate of 2.5% in 2007.
- House price inflation has fallen to low levels and may now stabilise
- Inflation forecast to stay around target despite hike in oil prices. MPC on alert for pipeline cost pressures, primarily from oil price increases, feeding through into output prices and then into retail prices.
- Public sector deficit to decline steadily over next few years as the Government cuts back on the rate of growth of its expenditure.

International

- Boom in world commodity prices driven by strong growth in China and India; potential for further increases in prices but supply side increases and improvements in technology are likely to reduce prices in the medium term
- Inability of oil producers to spend their huge cash surpluses and reluctance of Asian economies to run current account deficits will suppress world demand and dampen world growth
- US – Fed nearing the end of its phase of measured rate raising. Fed rate may now peak at 4.5%.
- US GDP growth expected to weaken from 4.2% 2004 to 3.5% 2005 and 3.0% 2006
- ECB had held repo rate at 2.00% since June 2003; increase in December to 2.25% and further increases expected as the economic outlook has improved.
- Eurozone GDP growth expected to rise weakly and to continue to under perform the UK and US economies.

5. CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

Members will be aware that the Council became debt-free during the financial year 2000/2001 and therefore has no fixed term borrowing. It is anticipated that there will be no capital borrowings required during 2006/07. On the basis that the Authority remains debt-free throughout 2006/2007 then the long-term borrowing limit should be set at nil. Short-term borrowing (up to one year) is permitted for a debt-free authority and the limit should be set at the limit of £5 million. This provides sufficient funds to cover for a circumstance where an investment fails to be paid on time and where the Council has a to make precept payment on the same day. All short term and any temporary borrowing that the Council makes is considered to be at a variable rate of interest as it is less than one year.

The table below summarises the Council's borrowing strategy.

Borrowing Requirement 2006/07

	2006/07 £	2007/08 £	2008/09 £
New Borrowing	Nil	Nil	Nil
Alternative financing arrangements	Nil	Nil	Nil
Replacement borrowing	Nil	Nil	Nil
Total	Nil	Nil	Nil

It is recommended to Council that the following Treasury Limits for 2006/07 be approved:

Long Term borrowing limit	Nil
Short Term Borrowing Limit	£5 million
Maximum proportion of interest on Long Term borrowing which is subject to variable rate interest.	50 %

6. INVESTMENTS STRATEGY AND CRITERIA

Investments will be made in accordance with Part I Local Government Act 2003 and with the institutions identified in the Council's investment list approved as part of the Treasury Management Policy Statement.

This authority maintains only temporary, short term investments and investments will accordingly be made with reference to the cash flow requirements. New long-term investments are not being envisaged (although this will be kept under constant review).
Local authorities are restricted as to the nature and sources of their investments. All new investments made by Three Rivers will comply with the Local Government Act 2003 (Part 1).

The Investments are placed to meet the following criteria:

- To be as risk free as possible.
- To enable sufficient cash to be available to meet all revenue and capital requirements.

Where cash is available and surplus to the above requirement, the period of investment is assessed by reference to Three Rivers credit criteria and the result of yield curve analysis which identifies the optimum period for interest maximisation.

Investment Criteria

All the Council's investments are made under the category of Specific investments. These are sterling denominated, with maturities up to a maximum of 1 year and made with institutions with the highest Credit Rating. These are considered to offer greater security and higher liquidity. Listed below are the institutions that fall into this category.

Specific Investments

- UK Local Authorities
- UK Government
- Banks with Clearing Status in the UK
- UK Clearing Banks' wholly owned subsidiaries
- Merchant Banks
- Foreign Banks UK
- UK Building Societies
- UK Public Corporations

The following factors were taken into consideration in compiling the policy:

Maximum Amounts to be Invested

The higher the credit rating, the higher the proportion of the Council's portfolio may be invested with any one institution. Based on 2004/05, on average, approximately £27m will be invested at any one time but investments may fall to as low as £21m at certain times of the financial year. Increase in investments is due to having more funds available resulting from rephasing on the Council's capital programme, increased capital receipts (Right to Buy sales) and positive variances on the general fund balance throughout the year. The investments represent the accumulated balances on all the Council's reserves. This is predominantly earmarked for funding the capital programme and for other specific purposes including works associated with the Disability Discrimination Act, Leavesden Country Park and supporting the General Fund and Housing Revenue Account balances.

The aim is to spread the risk, but this must be balanced with the tendency for marginally higher rates to be payable on larger investments. Therefore the maximum investments with any one institution in each category represent approximately 25%, 10% and 5% of the total portfolio, respectively.

Maximum Length of Investment

The majority of money invested derives from capital receipts. All local Authorities may invest for periods of more than one year. All the Council's investments are made under the category of Specific investments and therefore are limited to 1 year.

Credit Worthiness of the Institutions

Credit Ratings are an independent assessment of the credit quality of an organisation. Where available, Three Rivers utilises the credit ratings of the three leading agencies Fitch, Moody's and Poors. These are provided as part of the service by Sector Treasury Services Limited.

Where credit ratings are unavailable, reference is made to other factors that affect credit quality in particular the size and resources of the organisation.

A detailed analysis of the criteria and categorisation used is attached at Annex 1, with the actual institutions involved identified in Annex 2. The latter is produced to give members some concept of the high credit quality required by this authority in its investments.

These appendices are amended during the year on information obtained from Sector Treasury Services Limited.

7. EXTRAORDINARY TREASURY ISSUES

Large Scale Voluntary Transfer (LSVT)

The Council has submitted a Housing Stock Options appraisal to the Government Office Eastern Region. The option of an LSVT has been signed off and the consultation process has begun, concluding in a ballot of tenants. The outcome may have a significant impact on the TM Strategy.

8. CASH FLOW FORECASTS

Annex 3 to 6 are cash flow forecasts for 2005/2006 to 2008/2009. The 2005/06 cash flow shows a total amount of interest received of £1,510,000, this excludes £230,000 being the accrual for 2004/05 and the estimated accrual for 2005/06 of £90,000. On an accruals basis the predicted gross interest earned for 2005/06 is expected to be £1,370,000. This is £85,330 more than the latest estimate.

The trend of income in 2006/2007 is expected to be similar to those of 2005/2006, whilst expenditure will vary from the 2005/06 trend to take into account the payment of 'pooled ' receipts to the ODPM. Where no other information is available an estimate has been used based on 2005/2006 actuals. Based on Sector's current projections of future interest rates it is assumed that an average rate for 2006/07 is 4.40% and for future years 4.71%.

The cashflow shows a total amount of interest received of £1,139,000; this excludes the £90,000 accrual for 2005/06 and the estimated accrual for 2006/07 of £40,000. On an accruals basis the predicted gross interest earned for 2006/07 is expected to be £1,089,000. These latest predictions have been included in the latest budget for 2005/06 and future years, shown elsewhere on this agenda.

The cashflows forecasts are reviewed throughout the year.

9. PRUDENTIAL INDICATORS

Attached at Annex 7 are the relevant Prudential Indictors for the purposes of setting an integrated treasury management strategy.

ANNEX 1

Institution Type	Max Amount: £7m Max Length: 364 Days	Max Amount: £7m Max Length: 6 Months	Max Amount: £2m Max Length: 3 Months	Max Amount: £1m Max Length: 1 Month
Banks with Clearing Status in the UK	F1+ or P1 short term backed up by AAA or AA long term credit rating	F1 or P1 short term backed up by a single A long term rating	F1 or P1 short term backed up by lower than A long term rating	Non rated clearers
Wholly Owned Subsidiaries of UK Clearing Banks	None	None	None	None
Merchant Banks	F1 or P1 short term backed up by assets in excess of £15,000m	F1+ or P1 short term backed up by assets in excess of £5,000m	F1+ or P1 short term backed up by assets in excess of £2,500m	None
Foreign Banks	F1+ or P1 short term backed up by AAA long term credit rating	F1+ or P1 short term backed up by AA long term credit rating	None	None
UK Building Societies	Where rated: F1+ or P1 short term backed up by AAA or AA long term credit rating Where not rated: Assets over £15,000m	Where rated: F1+ or P1 short term backed up by an A long term credit rating Where not rated: Assets over £5,000m	Where rated: N/A Where not rated: Assets of £2,500m	Where rated: N/A Where not rated: Assets over £1,000m
UK Local Authorities	All	N/A	N/A	N/A
UK Public Corporations	None	None	All	N/A

Note 1: There may be some difference in the credit ratings between agencies. Where this has occurred the organisation has been categorised in the lowest band or at least downgraded by one category. F1 = High rating from Fitch. P1 = High rating from Moody's. AAA = Highest credit rating

ANNEX 2

APPLICABLE ORGANISATIONS BASED UPON DECEMBER 2005 DATA

Institution Type	**Max Amount: £7m** **Max Length: 364 Days**	**Max Amount: £7m** **Max Length: 6 Months**	**Max Amount: £2m** **Max Length: 3 Months**	**Max Amount: £1m** **Max Length: 1 Month**
Banks with Clearing Status in the UK	Barclays Bank CitiBank Int Nat West Bank Lloyds TSB Bank HBOS	Abbey National Alliance & Leicester Bradford & Bingley Bristol & West HSBC Northern Rock Standard Chartered	Clydesdale	Co-operative Bank
Wholly Owned Subsidiaries of UK Clearing Banks	None	None	None	None
Merchant Banks	None	None	None	None
Foreign Banks	Bayerische Landesbank GZ Landesbank Hessen-Theurigen GZ Rabobank UBS AG	Deutsche Bank AG	None	None
UK Building Societies	Nationwide	Britannia Chelsea Coventry Portman Skipton Yorkshire Leeds & Holbeck West Bromwich	Cheshire Derbyshire Principality Newcastle	Dunfermline Norwich& Peterborough Nottingham Stroud & Swindon Scarborough Progressive BS
UK Local Authorities	All	N/A	N/A	N/A
UK Public Corporations	None	None	All	N/A

ANNEX 3

CASH FLOW FORECAST BY PERIOD FOR YEAR 2005/2006														
	Month	April	May	June	July	August	September	October	November	December	January	February	March	
	Period:	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est	Est	Est	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash Balance Brought Forward		47	118	443	438	644	408	345	526	442	407	2	(3)	47
RECEIPTS														
Misc Inc	**-Hsg Ben Subsidy**	1,353	1,379	1,353	1,287	1,256	1,620	1,808	1,459	1,420	1,351	1,478	1,478	17,242
	-Grant		38			38			38				35	148
	-VAT		253	118	411		210	352	229		194	191	207	2,165
	-SOCH Receipts	69	333	241	172	245	76	176	303	604	161	160	160	2,700
	-Oth Cap Rec			6		17						120		143
	-Other revenue income	(202)	228	466	640	362	265	823	52	328	450	450	450	4,311
HRA Rent Income		509	794	669	720	750	663	844	663	579	330	330	330	7,181
Mortgages		4	12	9	7	6	4	8	11	4	4	4	4	77
Council Tax		3,341	5,036	3,187	5,098	4,015	3,202	5,383	4,033	3,140	4,164	800	800	42,199
NNDR		2,130	3,353	2,279	2,180	1,726	1,397	2,087	1,818	2,045	2,913	250	250	22,428
Debtors		132	305	89	124	66	141	206	227	76	151	140	160	1,817
New Loan														0
TOTAL RECEIPTS		7,336	11,730	8,417	10,639	8,480	7,578	11,687	8,832	8,196	9,718	3,923	3,874	100,410
PAYMENTS														
Precepts	**-County**	3,918	3,918		3,918	3,918	3,918	3,918	3,918		3,918	3,918	3,918	39,180
	-Parish		459					459						918
Negative Housing Subsidy				878	439	439	439	616	468	468	468		468	4,683
Net Payment of NNDR/RSG		1,202	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	(339)	805	17,526
Salaries		557	561	581	567	576	576	577	596	594	598	598	598	6,979
Wages		44	43	33	41	71	44	43	39	40	44	40	40	522
Creditors	**- Cheques**	546	1,019	721	728	862	579	555	754	706	1,137	1,137	1,137	9,882
	- BACS	1,272	2,233	1,914	2,150	1,936	1,879	3,026	2,127	2,608	1,763	1,763	1,763	24,434
Capital Receipts to the Pool			94		217				168		377			856
Loans	**- Principal**													0
	- Interest													0
TOTAL PAYMENTS		7,539	10,089	5,889	9,822	9,564	9,197	10,956	9,832	6,178	10,067	7,117	8,729	104,980
Net Bal:receipts/(payments)		(156)	1,759	2,971	1,255	(440)	(1,211)	1,076	(474)	2,460	58	(3,193)	(4,858)	(4,523)
Inv repaid	**- Principal**	9,680	14,380	6,775	14,895	17,835	13,000	13,875	15,040	7,352	8,500	10,750	12,500	144,582
	- Interest	64	144	147	149	123	126	110	106	187	104	140	110	1,510
		9,588	16,283	9,893	16,299	17,518	11,915	15,061	14,672	9,999	8,662	7,697	7,752	141,569
Temp(Invest)/Borrow		(9,470)	(15,840)	(9,455)	(15,655)	(17,110)	(11,570)	(14,535)	(14,230)	(9,592)	(8,660)	(7,700)	(7,750)	(141,567)
Balance Carried Forward		118	443	438	644	408	345	526	442	407	2	(3)	2	2

ANNEX 4

CASH FLOW FORECAST BY PERIOD FOR YEAR 2006/2007														
	Month	April	May	June	July	August	September	October	November	December	January	February	March	
	Period:	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
		Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash Balance Brought Forward		2	(3)	4	(1)	(2)	2	3	1	(1)	4	(1)	4	2
RECEIPTS														
Misc Inc	**-Hsg Ben Subsidy**	1,495	1,494	1,495	1,494	1,494	1,495	1,494	1,494	1,495	1,494	1,494	1,494	17,932
	-Grant		26			26			26			27		105
	-VAT		261	122	423		216	362	236		500	197	213	2,530
	-SOCH Receipts	69	333	241	172	245	76	176	303	604	161	160	160	2,700
	-Oth Cap Rec													0
	-Other revenue income	(202)	228	466	640	362	265	823	52	328	450	450	450	4,311
HRA Rent Income		523	816	688	740	771	682	868	682	595	339	339	339	7,382
Mortgages		4	4	4	4	4	4	4	4	4	4	4	4	48
Council Tax		3,505	5,283	3,343	5,348	4,212	3,359	5,647	4,231	3,294	4,368	839	839	44,268
NNDR		2,186	3,440	2,338	2,237	1,771	1,433	2,141	1,865	2,098	2,989	257	257	23,012
Debtors		132	305	89	124	66	141	206	227	76	151	140	160	1,817
New Loan														0
TOTAL RECEIPTS		7,712	12,190	8,786	11,182	8,951	7,671	11,721	9,120	8,494	10,456	3,907	3,916	104,105
PAYMENTS														
Precepts	**-County**	4,110	4,110		4,110	4,110	4,110	4,110	4,110		4,110	4,110	4,110	41,100
	-Parish		478					478						956
Negative Housing Subsidy				971	485	485	485	681	518	518	518		518	5,179
Net Payment of NNDR/RSG		1,217	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	353	947	17,610
Salaries		616	616	616	616	616	616	616	616	616	616	616	616	7,392
Wages		41	41	41	41	41	41	41	41	41	41	41	41	492
Creditors	**- Cheques**	604	1,128	798	806	954	641	614	835	782	1,290	1,290	1,290	11,033
	- BACS	1,408	2,472	2,119	2,380	2,143	2,080	3,350	2,355	2,887	2,028	2,028	2,028	27,279
Capital Receipts to the Pool			160		331				246		578			1,315
Loans	**- Principal**													0
	- Interest													0
TOTAL PAYMENTS		7,997	10,682	6,222	10,446	10,027	9,650	11,567	10,397	6,521	10,858	8,438	9,550	112,356
Net Bal:receipts/(payments)		(282)	1,505	2,568	735	(1,078)	(1,977)	156	(1,277)	1,972	(398)	(4,532)	(5,630)	(8,249)
Inv repaid	**- Principal**	11,188	11,188	10,990	12,770	13,640	13,600	13,560	11,720	13,860	10,530	15,930	10,210	149,185
	- Interest	82	82	81	94	100	100	144	86	102	77	117	75	1,139
		10,987	12,774	13,639	13,598	12,662	11,723	13,861	10,529	15,934	10,209	11,514	4,655	142,075
Temp(Invest)/Borrow		(10,990)	(12,770)	(13,640)	(13,600)	(12,660)	(11,720)	(13,860)	(10,530)	(15,930)	(10,210)	(11,510)	(4,660)	(142,080)
Balance Carried Forward		(3)	4	(1)	(2)	2	3	1	(1)	4	(1)	4	(5)	(5)

ANNEX 5

CASH FLOW FORECAST BY PERIOD FOR YEAR 2007/2008

	Month	April	May	June	July	August	September	October	November	December	January	February	March	
	Period:	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
		Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash Balance Brought Forward		2	3	2	(0)	1	0	4	2	5	3	1	(3)	2
RECEIPTS														
Misc Inc	**-Hsg Ben Subsidy**	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	18,744
	-Grant		26			26			26			27		105
	-VAT		269	126	436		222	373	243		515	203	219	2,606
	-SOCH Receipts	69	333	241	172	245	76	176	303	604	161	160	160	2,700
	-Oth Cap Rec													0
	-Other revenue income	(202)	228	466	640	362	265	823	52	328	450	450	450	4,311
HRA Rent Income		558	871	734	790	823	727	926	727	635	362	362	362	7,877
Mortgages		2	2	2	2	2	2	2	2	2	2	2	2	24
Council Tax		3,677	5,542	3,507	5,610	4,418	3,524	5,924	4,438	3,455	4,582	880	880	46,437
NNDR		2,242	3,527	2,397	2,294	1,816	1,469	2,195	1,912	2,151	3,065	266	264	23,598
Debtors		132	305	89	124	66	141	206	227	76	151	140	160	1,817
New Loan														0
TOTAL RECEIPTS		8,040	12,665	9,124	11,630	9,320	7,988	12,187	9,492	8,813	10,850	4,052	4,059	108,219
PAYMENTS														
Precepts	**-County**	4,311	4,311		4,311	4,311	4,311	4,311	4,311		4,311	4,311	4,311	43,110
	-Parish		500					500						999
Negative Housing Subsidy				1,065	532	532	532	747	568	568	568		568	5,680
Net Payment of NNDR/RSG		1,246	1,719	1,719	1,719	1,719	1,719	1,719	1,719	1,719	1,719	361	971	18,049
Salaries		634	634	634	634	634	634	634	634	634	634	634	634	7,608
Wages		42	42	42	42	42	42	42	42	42	42	42	42	504
Creditors	**- Cheques**	538	1,004	711	717	849	571	547	743	696	1,148	1,148	1,148	9,821
	- BACS	1,254	2,201	1,886	2,119	1,908	1,852	2,982	2,096	2,570	1,805	1,805	1,805	24,283
Capital Receipts to the Pool			240		441				329		771			1,781
Loans	**- Principal**													0
	- Interest													0
TOTAL PAYMENTS		8,025	10,650	6,057	10,515	9,995	9,660	11,481	10,442	6,229	10,999	8,302	9,480	111,835
Net Bal:receipts/(payments)		18	2,017	3,069	1,115	(675)	(1,672)	709	(948)	2,589	(145)	(4,249)	(5,424)	(3,614)
Inv repaid	**- Principal**	7,635	7,635	7,710	9,710	10,840	10,900	11,200	9,310	12,040	8,430	14,720	8,350	118,480
	- Interest	60	60	61	76	85	86	133	73	95	66	116	66	976
		7,713	9,712	10,840	10,901	10,250	9,314	12,042	8,435	14,723	8,351	10,587	2,992	115,842
Temp(Invest)/Borrow		(7,710)	(9,710)	(10,840)	(10,900)	(10,250)	(9,310)	(12,040)	(8,430)	(14,720)	(8,350)	(10,590)	(2,990)	(115,840)
Balance Carried Forward		3	2	(0)	1	0	4	2	5	3	1	(3)	2	2

ANNEX 6

CASH FLOW FORECAST BY PERIOD FOR YEAR 2008/2009														
	Month	April	May	June	July	August	September	October	November	December	January	February	March	
	Period:	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
		Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash Balance Brought Forward		2	1	3	(3)	5	4	(1)	(4)	2	(3)	2	(3)	2
RECEIPTS														
Misc Inc	**-Hsg Ben Subsidy**	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	1,633	19,596
	-Grant		26			26			26			27		105
	-VAT		277	130	449		229	384	250		530	209	226	2,684
	-SOCH Receipts	69	333	241	172	245	76	176	303	604	161	160	160	2,700
	-Oth Cap Rec													0
	-Other revenue income	(202)	228	466	640	362	265	823	52	328	450	450	450	4,311
HRA Rent Income		554	864	728	783	816	721	918	721	630	359	359	359	7,812
Mortgages		2	2	2	2	2	2	2	2	2	2	2	2	24
Council Tax		3,857	5,814	3,679	5,885	4,634	3,697	6,214	4,655	3,624	4,807	923	923	48,712
NNDR		2,298	3,614	2,456	2,351	1,861	1,505	2,249	1,959	2,204	3,141	273	271	24,182
Debtors		132	305	89	124	66	141	206	227	76	151	140	160	1,817
New Loan														0
TOTAL RECEIPTS		8,343	13,096	9,424	12,039	9,645	8,269	12,605	9,828	9,101	11,234	4,176	4,184	111,943
PAYMENTS														
Precepts	**-County**	4,522	4,522		4,522	4,522	4,522	4,522	4,522		4,522	4,522	4,522	45,220
	-Parish		522					522						1,044
Negative Housing Subsidy				1,147	574	574	574	805	612	612	612		612	6,122
Net Payment of NNDR/RSG		1,276	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	369	994	18,497
Salaries		653	653	653	653	653	653	653	653	653	653	653	653	7,836
Wages		43	43	43	43	43	43	43	43	43	43	43	43	516
Creditors	**- Cheques**	515	961	680	687	813	546	523	711	666	1,099	1,099	1,099	9,399
	- BACS	1,200	2,106	1,805	2,028	1,826	1,772	2,854	2,006	2,460	1,728	1,728	1,728	23,239
Capital Receipts to the Pool			320		441				329		771			1,861
Loans	**- Principal**													0
	- Interest													0
TOTAL PAYMENTS		8,209	10,889	6,090	10,709	10,193	9,872	11,684	10,638	6,195	11,190	8,414	9,651	113,734
Net Bal:receipts/(payments)		137	2,208	3,336	1,327	(544)	(1,599)	920	(814)	2,908	41	(4,236)	(5,469)	(1,789)
Inv repaid	**- Principal**	6,315	6,315	6,500	8,570	9,890	9,960	10,370	8,440	11,420	7,690	14,420	7,790	107,680
	- Interest	50	50	51	67	78	78	126	66	90	60	113	61	891
		6,501	8,573	9,887	9,965	9,424	8,439	11,416	7,692	14,417	7,792	10,297	2,382	106,782
Temp(Invest)/Borrow		(6,500)	(8,570)	(9,890)	(9,960)	(9,420)	(8,440)	(11,420)	(7,690)	(14,420)	(7,790)	(10,300)	(2,380)	(106,780)
Balance Carried Forward		1	3	(3)	5	4	(1)	(4)	2	(3)	2	(3)	2	2

ANNEX 7

Prudential Indicator	2004/05 £ Actual	2005/06 £ Outturn	2006/07 £ Estimate	2007/08 £ Estimate	2008/09 £ Estimate
Capital Financing Requirement Overall HRA	 -2,200,000 -6,251,000	 -2,282,000 -6,251,000	 -2,282,000 -6,251,000	 -2,282,000 -6,251,000	 -2,282,000 -6251,000
Affordable Borrowing Limit – Authorised Limit for External Debt *Short Term Borrowing* *Long Term Borrowing*	 0 0	 7,000,000 0	 7,000,000 0	 7,000,000 0	 7,000,000 0
Affordable Borrowing Limit – Operational Boundary for External Debt *Short Term Borrowing* *Long Term Borrowing*	 0 0	 5,000,000 0	 5,000,000 0	 5,000,000 0	 5,000,000 0
Estimate of Capital Expenditure Non – HRA HRA	 4,911,417 3,046,752	 4,753,330 4,740,770	 6,839,140 4,704,870	 3,512,712 4,460,000	 725,300 4,568,000
Estimate of Ratio of Financing Costs to Net Revenue Stream Non – HRA *HRA*	 -8.51% 15.40%	 -8.06% 15.90%	 -5.93% 14.36%	 -4.70% 14.61%	 -4.24% 12.57%
Upper Limit for Fixed Interest Rate Exposure *Net principal re fixed rate investments*	 0%	 0%	 0%	 0%	 0%
Upper Limit for Variable Interest Rate Exposure *Net principal variable rate investments* *Long-term borrowing* *Short –term borrowing*	 0 0 0	 100% 0% 100%	 100% 0% 100%	 100% 0% 100%	 100% 0% 100%
Upper Limit for Total Principal Sums Invested for over 364 days	0	0	0	0	0
Maturity Structure of New Fixed Rate Borrowing during 2005/06 Under 12 months 1 to 2 years 2 to 5 years 5 to 10 years 10 years and above			Upper Limit 0% 0% 0% 0% 0%	Lower Limit 0% 0% 0% 0% 0%	

CHAPTER 6

ACCOUNTING FRAMEWORK

Background

The Council's accounting framework complies with *The Accounts and Audit Regulations 2003* and *The Code of Practice on Local Authority Accounting in the United Kingdom 2005 : A Statement of Recommended Practice* (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Accounting policies are set out in the Council's annual Statement of Accounts.

Income and expenditure falls into two categories, revenue and capital. The revenue accounts show the transactions associated with the day-to-day activities of the Council and the capital accounts the transactions associated with the creation of assets benefiting the community over a period of time usually beyond the financial year in which the transaction takes place.

Revenue Accounts

The contents of the revenue accounts are summarised below:

	Collection Fund	*Consolidated Revenue Account*	
		General Fund	*Housing Revenue Account*
Expenditure *Employees -* e.g.Salaries & Wages *Premises* e.g. Repairs *Transport* *Supplies* *Transfer Payments* e.g. Grants *Contract Payments* *Capital Financing Costs*	Precepts to: Herts County Council Herts Police Authority Transfer to: TRDC General Fund Payment to National NDR Pool	Services: Planning Leisure Environment Parish Precepts	Repairs and Maintenance Supervision and Management
Income	Council Tax NNDR	Demand on Collection Fund Revenue Support Grant Redistributed Non-Domestic Rates Grant Fees/Charges Interest	Rents

The revenue accounts contain different 'Funds':

The Collection Fund exists to collect the sums from local taxation (Council Tax and National Non-Domestic Rates) and distribute these amounts to the Hertfordshire County Council, Hertfordshire Police Authority, The District and Parish Councils.

The revenue transactions of the collection fund are excluded from the Council's Consolidated Revenue Account which comprises the transactions of two further 'funds';

- the Housing Revenue Account, which is 'ring-fenced', and records the income and expenditure of the Council in its capacity as landlord;

- the General Fund, to which all other transactions are posted.

Revenue accounts are further analysed in two ways:

1. Objective And Subjective Analysis

Type Of Analysis	*Meaning*	*Examples (see page 24)*
Objective Analysis	An analysis by Service	Domestic Refuse Collection Building Control
Subjective Analysis	An analysis by type of Expenditure	Employee Costs Premises Costs Supplies & Services etc

The Council's accounts use a combination of both of these analyses.

Information is generally reported at Cost Centre level. A cost centre collects together expenditure relating to a particular activity of the Council and is, therefore, an objective grouping of costs.

Within each cost centre, costs are analysed subjectively under standard groupings, namely:

Employees
Premises
Transport
Supplies & Services
Agency & Contracted service
Transfer Payments
Central, Departmental & Technical Support (Internal Recharges)
Capital Charges
Income

further (unpublished) analysis is carried out within these groupings, for example:

Employees:
- Salaries-Basic
- Salaries- Overtime
- Wages
- Employers Contributions - Superannuation
- Employers Contributions - National Insurance
- Indirect Employee Expenses e.g. training

2. Financial And Management Accounts

These types of account each have a different purpose:

Type Of Account	*Purpose Of Account*	*Example*
Financial Accounts	To report to the public the cost of the Council's services. These meet the statutory financial reporting requirements.	Domestic Refuse Collection
Management Accounts	In addition to the costs of services, these accounts provide management information on the costs of the Council's departments and sections. These accounts are for internal management purposes only.	Accountancy Practice

In order to meet the statutory requirements for financial reporting the holding accounts are cleared to service accounts via the internal recharging mechanism (see below).

Internal Recharges

These are referred to synonymously as:

Indirect Income and Expenditure;
Central, Departmental & Technical Support;
Trading Agreements & Apportionments (TAGs); and,
‘Funny Money’.

These charges are for services provided by one section of the Council to another. They may be for work carried out in support of another department of the Council, for example, a charge from the Accountancy Practice to the Personnel Section, or they may represent the costs incurred by a department in support of one of the revenue services or capital schemes.

They exist to show the true cost of any activity.

They are referred to as 'funny money' because, since there is an internal income to one section for every equal internal expenditure of another, they do not represent any real increase in expenditure or income to the Council as a whole.

Capital Accounts

The contents of the capital accounts are shown below:

	Collection Fund	*General Fund*	*Housing Revenue Account*
Expenditure Examples · Land · Buildings · Vehicles & Plant Expenditure on assets that have benefit for more than one year	n/a	Capital Investment	
Income Sources of Capital Funding	n/a	Revenue Contributions Capital Receipts Capital Grants Private Sector/Third Party Contributions Reserves	

Capital expenditure and its funding are discussed in greater detail in Chapter 3.

ANNEX A

LEGISLATIVE BACKGROUND

Listed below is a brief summary of the legislation affecting Local Government finance.

SOURCE	SUMMARY
Local Government Act 1972 (Part VIII)	Sets out basic framework of responsibility to keep funds and accounts and provide for proper financial administration. Permits contributions towards expenditure on concurrent functions. S151 of the Act requires that each local authority must secure that one of its officers has responsibility for the administration of its financial affairs.
Local Government Act 1986	Requires a separate account of expenditure on publicity.
Local Government Finance Act 1988	Includes requirement for Chief Finance Officer to be professionally qualified, duties and responsibilities of Chief Finance Officer, capital expenditure, the duty to consult ratepayers and payments (between authorities). S114 of the Act requires the Chief Finance Officer to make a report to all the authority's members, in consultation with the monitoring officer (Local Government and Housing Act 1989) if there is or likely to be unlawful expenditure or an unbalanced budget.
Local Government Finance Act 1992	Introduced Council Tax.
Local Government Act 2003	Amended capital financing arrangements; introduced business improvement districts and powers to charge for discretionary services and to trade.
Accounts and Audit Regulations 2003	Lists what is required in the statement of accounts, including the requirement to disclose remuneration of officers earning more than £50,000; requires Council to approve statement of accounts by prescribed deadlines.

ANNEX B

GLOSSARY

Aggregate External Finance (AEF)

The total level of revenue support the government provides to local authorities for their core functions. Comprises Revenue Support Grant, police grant, specific formula and ring-fenced grants and the amount distributed from business rates.

Annual Financial Plan

The Council's revenue budget and capital investment programme for the year.

Assumed National Council Tax

The difference between Total Assumed Spending and Aggregate External Finance is approximately the amount that would be raised in Council Tax if local authorities as a whole spent at the level of their Formula Spending Shares. Dividing this total amount by the total council tax base produces an assumed national tax rate. This then gives the standard level of council tax for a band D property if all local authorities spent at the level of their Formula Spending Share. This amount is used to work out how the revenue Support Grant should be shared between authorities. Previously known as Council Tax for Standard Spending.

Billing Authority

The authority responsible for collecting council tax – district councils, London boroughs and unitary authorities.

Budget Requirement

The amount the Council estimates as its planned spending after deducting funding from reserves and income it expects other than from council tax and government grant (e.g. fees and charges).

Business Rates

Called National Non-Domestic Rates. The means by which local businesses contribute to the cost of local services. Business rates are paid into a central pool and divided between councils depending on the number of residents each authority has.

Capital Charges

A Committee's Revenue Accounts include Capital Charges for the use of assets it has acquired through its capital programme. The charge takes the form of Notional Interest and Depreciation. In this way the true cost of the service is reflected in the accounts although the Council Tax is unaffected since the total of these notional charges is deducted before the tax is calculated.

Capital Expenditure

Capital Expenditure is defined in Part I of the Local Government Act 2003 as expenditure of the authority which falls to be capitalised in accordance with proper practices. It can be summarised as the acquisition, construction or enhancement of land, roads, buildings and other structures; the acquisition, installation or replacement of plant, machinery and vehicles; and grants to enable such expenditure in respect of the above

Capital Financing Requirement

The capital financing requirement measures the Council's underlying need to borrow for capital purposes. Any decision taken to borrow or use a credit arrangement to finance major projects will impact on the capital financing requirement which replaces credit ceilings.

Capital Investment Programme

The Council's Capital Expenditure is included in its Capital Investment Programme.

Capital Receipts

Capital receipts are the income derived from the disposal of assets which would be classified as capital expenditure if the authority had been acquiring those assets.

Capping

The rules set by the government to limit the overall level of Council Tax. The government has taken reserve powers to enable it to limit excessive Council Tax increases.

Chartered Institute of Public Finance and Accountancy (CIPFA)

A professional body whose codes of practice are recognised for the purposes of accounting and financial reporting and management.

Council Tax

A local tax on domestic property set by the Council. The Council's budget requirement is met by council tax and government grants.

Council Tax Base

This is the number of Band D equivalent properties determined by the Council each December.

Council Tax Bands

There are eight Council Tax Bands – A to H. A band A property pays 6/9ths of a Band D charge. A Band H property pays twice the Band D charge.

Fixed Costs

An element of an authority's costs which do not vary with size. It mainly consists of the costs of running the corporate and democratic core of an authority, sometimes described as "the costs of being in business, not the costs of doing business".

Floor Damping

A method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a fixed level of increase in grant. The grant increases of authorities who receive more that the floor are scaled back by a fixed proportion to help pay for the floor.

Formula Grant

Comprises Revenue Support Grant and redistributed business rates.

Housing Revenue Account (HRA)

A ‘ring-fenced’ account within the consolidated revenue account dealing with income and expenditure arising from the Council’s responsibilities as a landlord.

Housing Subsidy

The subsidy payable by the Government towards HRA costs. It consists of management and maintenance allowances, capital financing charges, rent income and the major repairs allowance. From 1 April 2004 rent rebates were no longer reimbursed via this subsidy but as a specific grant to the General Fund (to match the rent rebate expenditure). This has meant that the subsidy figure has become negative and that the Council now makes a payment from its HRA to the Government.

Income (Conventions for distinguishing from Expenditure)

Accounting Statements use different conventions for indicating whether an item is income or expenditure. Income items are shown thus:

-1,000, -£1,000, £1,000-, (1,000), (£1,000).

Negative figures generally indicate income.

However, when a net income (or surplus for the year) is added to a balance sheet item (e.g. the General Fund Balance) it is usually shown as a positive figure (as to show the General Fund Balance as a negative figure could induce panic!):

	£
Opening General Fund Balance at 1 April 1995	1,256,200
Add: Excess of Income over Expenditure/Surplus for Year	223,393
Closing General Fund Balance at 31 March 1996	1,479,593

Major Repairs Allowance

A significant element of Housing Subsidy which must be transferred to a Major Repairs Reserve and used only for the refurbishment of the Council’s housing stock.

National Non-Domestic Rates

See business rates above.

Outturn

The amounts in the Council's accounts at the end of a financial year (occasionally referred to as the 'Actual' or 'Actual Outturn'). Projected Outturn is the amount estimated as the outturn during the year in question.

Precept

An amount levied by one authority on another. In this context, the 'major precepting authorities' are the County Council and Police Authority, Parish

Councils are 'local precepting authorities', and the District Council is the billing authority.

Prudential Indicators

The prudential capital finance scheme was introduced by the Local Government Act 2003 and took effect from 1 April 2004. CIPFA's Prudential Code requires that the Council establishes a number of prudential indicators at the time it sets its budget to ensure that the capital investment plans are affordable, prudent and sustainable.

Relative Needs Formulae (RNF's)

The first stage in calculating formula grant. There are different formulae for each service block.

Reserves

Sums set aside to meet revenue or capital expenditure in the future. They may or may not be earmarked for a specific purpose by the Council.

Revenue Balances

These are the Council's financial safety net. They are amounts built up from accumulated surpluses and are reviewed each year to maintain a prudent minimum to meet unforeseen or urgent expenditure and to provide a small working balance to avoid unnecessary borrowing. In recent years the General Fund balance has equated to 10% of net revenue expenditure plus an amount calculated for contingencies.

Revenue Contributions to Capital

Capital expenditure that is met from the revenue account in the year of acquisition. No on-going debt is therefore incurred. Often referred to as 'Pay-as-you go'.

Revenue Expenditure

Expenditure on ongoing items such as salaries and wages. All expenditure other than that classified as capital.

Revenue Support Grant (RSG)

A government grant which can be used to finance revenue expenditure on any service.

Ring-fenced Grant

A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be used.

Special Expenses

Those expenses incurred by the Council on services in certain parts of the district where the same service is provided in another part of the area by one or more parish councils. These expenses are separated from general expenses and charged in the council tax only to those areas to which they relate.

Specific and Specified Capital Grants

Targeted or ring-fenced grants are sometimes referred to as specific grants, examples are private sector improvement grants and disabled facility grants.

Targeted Grant

A government grant which is distributed outside the general formula but has no conditions attached.

Third Party Contributions to Capital Expenditure

Contributions from external organisations towards capital expenditure (e.g. lottery funding and Section 106 agreements).

Usable Capital Receipts

The element of a capital receipt that is not pooled is known as the Usable Capital Receipt and can only be used to finance capital expenditure.

Virement

The increase in expenditure on one budget offset by a corresponding decrease elsewhere.