GUIDE TO THE FINANCES OF

THREE RIVERS DISTRICT COUNCIL

and the

MEDIUM TERM FINANCIAL PLAN

2011 – 2014

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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Director of Corporate Resources & Governance

March 2011

CHAPTER 1

INTRODUCTION

The Financial Plan

This document provides a guide to the Council's finances. It is also an attempt to put into plain English how the local government finance system affects 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 medium to long term, and

   b) 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 Council's budgetary process ensures that the Council's scarce resources are allocated to the priorities set out in its Strategic Plan which can be found on the Council's website at:

http://www.threerivers.gov.uk/GetResource.aspx?file=Strategic_Plan_%202011-2014.pdf

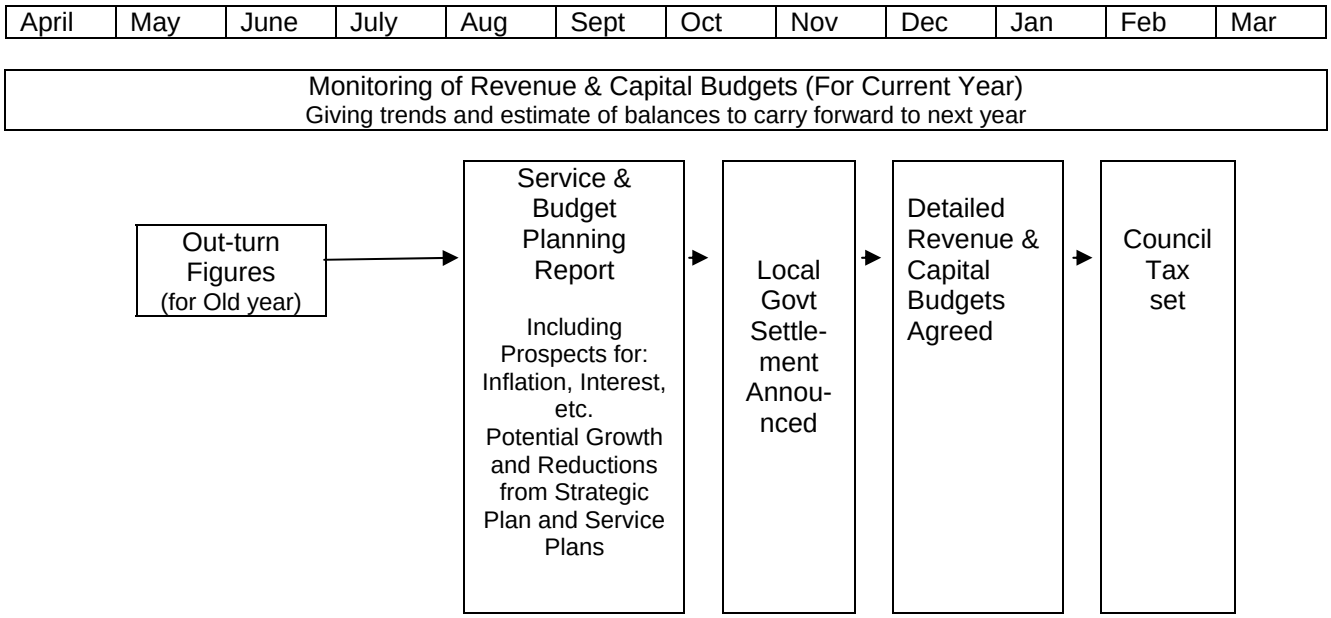
This document details the three-year medium-term financial plan which was agreed in February 2011 for the period April 2011 to March 2014, and its longer-term ten-year financial plan.

Budgets are cascaded into service plans where both the strategic objectives from the Strategic Plan and operational service objectives are set out. Budget information is complimented in the service plans by performance measures and risk management.

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 projected 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. In accordance with The Accounts and Audit Regulations, the accounts are completed by 30 June, audited, and approved before 30 September. The latest Statement of Accounts can be found on the Council's website at:

http://www.threerivers.gov.uk/Default.aspx/Web/StatementOfAccounts

Strategic, Service & Financial Planning Reports

In September the Council's Chief Financial Officer (Director of Corporate Resources and Governance) 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 and scrutiny committees and residents.

Setting the Council's Budget

The Council agrees its budgets in February.

Setting The Council Tax

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

CHAPTER 2

THE INCOME & EXPENDITURE ACCOUNT

Regulatory Framework

The Comprehensive Income and Expenditure Account is the equivalent of a private sector company's Profit & Loss Account.

It includes revenue expenditure incurred on:-

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

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

c) contributions towards capital expenditure.

and income from:-

a) fees and charges made for the Council services provided,

b) income from Council Tax, and,

c) government grants.

The total level of government grants to local authorities is determined as part of the Comprehensive Spending Review (CSR). The Chancellor of the Exchequer announced on 20 October 2010, reductions in government grants to local authorities of 28% in real terms over the next four years to 2014/15, averaging 7.1% per year. In reducing grants to local councils, the Settlement reflected the government's policy to reduce public debt.

The fact that the government indicated that it would protect funding for social care and education – services provided by the county council – implied that districts may be worse off than the average.

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
- Highway Maintenance
- Capital Financing
- Police
- Fire
- Adults' Personal Social Services
- Environmental, Protective & Cultural Services

This Council's needs relate only to Environmental, Protective & Cultural Services and Capital Financing.

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/decrease in grant, called Floor Damping. The cost of achieving floor increases is met by scaling back increases above the floor.

The Local Government Finance Settlement calculated a provisional grant for the first two years of the CSR period. The relevant components of the Council's grant are as follows:

	2010/11	2011/12		2012/13	
	£	£	Change %	£	Change %
Relative Needs Amount	2,054,661	1,521,691	-25.9	1,355,926	-10.9
Relative Resource Amount	-3,311,242	-1,939,226	+41.4	-1,908,107	-1.6
Central Allocation	6,357,166	4,442,039	-30.1	4,019,439	-9.5
Floor Damping	597,871	680,753	+13.9	542,583	-20.3
Formula Grant	5,698,457	4,705,257	-17.4	4,009,841	-14.8
Revenue Support Grant	722,548	1,110,996	+53.8		
Redistributed Business Rates	4,975,908	3,594,261	-27.8		
Formula Grant	5,698,457	4,705,257	-17.4	4,009,841	-14.8

It can be seen from the table above that the Council is relying on the floor damping mechanism to retain its level of grant. Without floor damping the Council would receive £4.025m in 2011/12 and £3.467m in 2012/13.

The floor damping calculation for 2011/12 is shown below:

2010/11 Budget Requirement	£11.653m
2010/11 Formula Grant	£5.698m
Formula Grant as percentage of Budget Requirement	48.9%

The Council Ranks 163 out of 201 districts and therefore falls into Floor Band 4 which means that grant cannot fall by more than 16.2%

2010/11 Adjusted Formula Grant	£5.615m
2011/12 'Raw' Grant	£4.025m
Change	-£1.590m
Decrease before floor damping	28.32%
Maximum fall in grant (£5.615m * 16.2%)	£0.910m
Total Grant (£5.615m - £0.910m)	£4.705m

The 2010/11 Adjusted Formula Grant figure used above takes account of the fact that functions are transferring to or from the Council. The adjusted 2010/11 formula grant is reduced primarily for concessionary fares, the responsibility for which is transferring to the county council, and private sewers which will become the responsibility of the Thames Water Authority.

The Secretary of State for Communities and Local Government in a statement to the House of Commons on 13 December 2010 said that no authority would face more than a 8.9% reduction in spending power in either 2011-12 or 2012-13 and that a special transitional grant would be made available where this would otherwise occur.

The tables below demonstrate that the Council does not qualify for the Transitional Grant:-

2011/12 Transitional Grant		£m
2010/11 Council Tax Requirement		7.421
2010/11 Adjusted Formula Grant		5.615
2010/11 Housing & Council Tax Benefit Subsidy Administration Grant		0.544
2010/11 Preventing Homelessness Grant		0.041
2010/11 Revenue Spending Power		13.622
2010/11 Council Tax Requirement		7.421
2011/12 Formula Grant		4.705
2011/12 Housing & Council Tax Benefit Subsidy Administration Grant		0.509
2011/12 Preventing Homelessness Grant		0.057
2011/12 Indicative Council Tax Freeze Grant		0.151
2011/12 Estimated Revenue Spending Power		12.843
Change	-5.72%	-0.779

2012/13 Transitional Grant		£m
2010/11 Council Tax Requirement		7.421
2011/12 Formula Grant		4.705
2011/12 Preventing Homelessness Grant		0.057
2011/12 Indicative Council Tax Freeze Grant		0.151
2011/12 Estimated Revenue Spending Power		12.334
2010/11 Council Tax Requirement		7.421
2012/13 Formula Grant		4.009
2012/13 Preventing Homelessness Grant		0.041
2012/13 Indicative Council Tax Freeze Grant		0.151
2012/13 Estimated Revenue Spending Power		11.622
Change	-5.77%	-0.712

Longer term planning has been made difficult by the Government not announcing provisional grant figures for years three and four of the CSR period, i.e. 2013/14 and 2014/15. If grant were to fall to its ‘raw’ level by the end of the CSR period (i.e. floor damping would no longer apply), then the Council could expect to see a further decrease in grant of 14.9% over the two years 2013/14 and 2014/15. The financial plan has used reductions of 7.1% in each year.

The government has reserve powers to ‘cap’ local authority budget requirements.

Medium Term Financial Plan 2011 – 2014 : Revenue

The Council ensures that its strategic, service and financial planning is closely linked so that resources are properly allocated to its priorities. The Council's aims and objectives are included within its *Strategic Plan.* This is based on the themes 'sustainable' and 'safe' communities derived from the *Community Strategy* developed with the Council's partners. The Strategic Plan is supported by individual *Service Plans.* There is a performance management framework which measures how the Council is performing against these plans.

The *Three Year Medium-Term Financial Plan* assumes increases in the council taxbase of 0.5% for 2012/13 and 2013/14. It includes the formula government grants announced in the local government settlement for 2011/12 and 2012/13 and assumes a further decrease of 7.1% in 2013/14. Council tax is assumed to increase by 1.98% for each of the 2012/13 and 2013/14 financial years. In 2011/12, formula grant will contribute 39% of the budget requirement (the council's net expenditure after allowing for other income such as specific grants, fees and charges and contributions from balances). The remainder comes from council tax payers.

Income & Expenditure Account (General Fund)	Col 1 2010/2011 Revised Budget	Col 2 2011/2012 Original Budget	Col 3 2012/13 Forecast	Col 4 2013/14 Forecast
Data				
Council Tax Base (No.)	38,494.63	38,541.01		
Council Tax Base Increase (%)			0.50	0.50
Formula Government Grants (£)	5,698,457	4,705,257	4,009,841	
Government Grant Decrease (%)				-7.1
Collection Fund Surplus (+) / Deficit (-) (£)	-40,486	-40,816	0	0
TRDC Band D Council Tax (£)	155.74	155.33		
Parish Council Precepts	1,425,917	1,425,805	1,489,970	1,557,010
Council Tax Increase (%)			1.98	1.98
Financial Statement	£	£	£	£
General Fund Balance Brought Forward at 1 April	8,231,369	6,445,624	6,189,000	5,763,200
Income from Council Tax & Formula Government Grants	13,079,042	12,076,821	11,635,620	11,570,872
Projected Net Expenditure from Medium Term Plan (-)	-14,864,787	-12,333,445	-12,061,420	-11,643,736
Revenue Budget Surplus (+) /Deficit (-) for Year	-1,785,745	-256,624	-425,800	-72,864
General Fund Balance Carried Forward at 31 March	6,445,624	6,189,000	5,763,200	5,690,336

The table above shows that the Council's budget will be approaching a break even position in 2013/14 and that it will have a balance of £5.7m at 31 March 2014.

The Council has also prepared a longer-term ten-year financial plan. This is shown at Table 1 below. The table also shows the cost reductions that the Council is planning to make to balance its budget in the light of the reductions in government grant.

TABLE 1

Consolidated Revenue Account (General Fund)	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
Data											
Council Tax Base (No.)	38,494.63	38,541.01									
Council Tax Base Increase (%)			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Government Grants (£)	5,698,457	4,705,257	4,009,841								
Government Grants Increase / Decrease (-) (%)				-7.1	-7.1	0.0	0.0	2.0	2.0	2.0	2.0
Collection Fund Surplus (+) / Deficit (-) (£)	-40,486	-40,816	0	0	0	0	0	0	0	0	0
Band D Council Tax (£)	155.74	155.33									
Council Tax Increase - TRDC (%)		**-0.265**	**1.98**	**1.98**	**1.98**	**1.98**	**1.98**	**1.98**	**1.98**	**1.98**	**1.98**
Employee Cost Inflation (%)					3.00	3.00	3.00	3.00	3.00	3.00	3.00
Parish Precept Increase (%)					3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other Cost Inflation (%)					2.00	2.00	2.00	2.00	2.00	2.00	2.00
Interest Rate (%)					4.00	5.00	5.00	5.00	5.00	5.00	5.00
Fees & Charges Increase (%)					2.50	2.50	2.50	2.50	2.50	2.50	2.50
Efficiency Savings (% of Expenditure)		0.00	0.25	0.50	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Financial Statement	£	£	£								
General Fund Balance Brought Forward at 1 April	8,231,369	6,445,624	6,189,000	5,763,200	5,690,336	5,569,056	5,498,948	5,434,230	5,434,413	5,431,991	5,447,446
Expenditure:											
Employee Costs (-)	-11,533,100	-11,623,390	-11,821,230	-12,092,120	-12,454,884	-12,828,530	-13,213,386	-13,609,788	-14,018,081	-14,438,624	-14,871,782
Other Costs (-)	-9,342,700	-7,545,440	-7,448,490	-7,449,830	-7,598,827	-7,750,803	-7,905,819	-8,063,936	-8,225,214	-8,389,719	-8,557,513
Parish Precepts	-1,425,917	-1,425,805	-1,489,970	-1,557,010	-1,603,720	-1,651,832	-1,701,387	-1,752,428	-1,805,001	-1,859,151	-1,914,926
Growth (-) / Savings (+) Proposals	0	836,930	1,163,430	1,811,440	1,844,649	1,727,522	1,762,072	1,797,314	1,833,260	1,869,925	1,907,324
Revenue Contribution to Capital Expendiiture (-)	0	0	0	0	0	0	0	-125,000	-300,000	-500,000	-750,000
Sub-Total	-22,301,717	-19,757,705	-19,596,260	-19,287,520	-19,812,782	-20,503,643	-21,058,520	-21,753,838	-22,515,037	-23,317,568	-24,186,898
Income:											
Fees & Charges (+)	5,785,420	5,604,130	5,677,640	5,706,070	5,848,722	5,994,940	6,144,813	6,298,434	6,455,894	6,617,292	6,782,724
Housing & Council Tax Benefits (net) (+)	697,050	505,140	468,380	431,794	431,794	431,794	431,794	431,794	431,794	431,794	431,794
Internal Recharges (+)	330,150	316,280	320,590	320,590	327,002	333,542	340,213	347,017	353,957	361,036	368,257
Net Transfer from Reserves (+)	298,430	378,580	385,520	310,710	316,924	323,263	329,728	336,322	343,049	349,910	356,908
Interest (+)	325,880	620,130	634,710	730,620	915,328	1,082,751	1,048,841	1,021,313	965,825	944,591	958,912
Efficiency Savings (+)	0	0	48,000	144,000	342,000	549,000	766,000	1,098,000	1,445,000	1,808,000	2,187,000
Sub-Total	7,436,930	7,424,260	7,534,840	7,643,784	8,181,770	8,715,289	9,061,389	9,532,880	9,995,520	10,512,624	11,085,595
Net Expenditure	-14,864,787	-12,333,445	-12,061,420	-11,643,736	-11,631,012	-11,788,354	-11,997,131	-12,220,958	-12,519,517	-12,804,945	-13,101,302
Income from Council Tax & Government Grants	13,079,042	12,076,821	11,635,620	11,570,872	11,509,732	11,718,246	11,932,412	12,221,141	12,517,095	12,820,400	13,131,186
Revenue Budget Surplus (+) /Deficit (-) for Year	-1,785,745	-256,624	-425,800	-72,864	-121,280	-70,108	-64,719	183	-2,422	15,455	29,884
General Fund Balance Carried Forward at 31 March	6,445,624	6,189,000	5,763,200	5,690,336	5,569,056	5,498,948	5,434,230	5,434,413	5,431,991	5,447,446	5,477,329

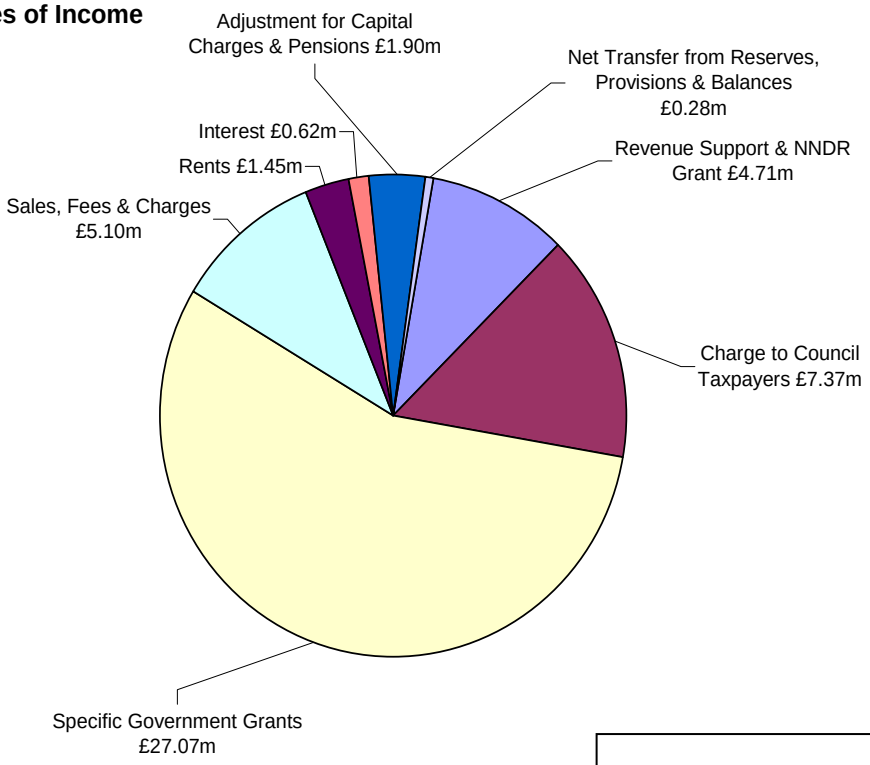
Consolidated Revenue Account (General Fund)	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
Potential Growth:	0	0	0	0							
Revenue Implications of Capital Expenditure	0	0	0	0							
Carpenders Park Skate Board Facilities	0	1,000	1,000	1,000							
New Play Area - A/L Langlebury	0	0	1,500	1,500							
Utilities Remote Monitoring	0	300	300	300							
TRH Voltage	0	-3,400	-6,800	-6,800							
ICT - Greentrac Energy Saving Software	0	-3,350	-4,550	-4,550							
Aquadrome Erosion Control	0	0	25,000	25,000							
Improving Play Areas - Ashridge Ward	0	0	0	1,500							
Additional Shared Services - Implementation cost	0	200,000	205,000	0							
Community Toilets	0	1,200	1,200	1,200							
	0	195,750	222,650	19,150							
Potential Savings											
Indicative Council Tax Freeze Grant	0	151,000	151,000	151,000	151,000						
Income: Increased Charges	0	5,000	5,150	5,300							
Committee Room Vending	0	1,000	1,030	1,060							
Civic Reception	0	2,500	2,500	2,500							
Rememberance Wreaths	0	0	0	0							
Professional Fees Consultant	0	0	3,100	3,100							
Grant & Contributions	0	23,000	0	0							
Income: Herts Choice Homes	0	13,000	13,000	13,000							
Income: HARI	0	20,000	0	0							
Income: Grounds Hire	0	0	5,000	5,150							
Noticeboard Maintenance	0	0	0	0							
Legal Fees	0	10,000	10,000	10,000							
Income: Pre-Application Advice	0	3,000	3,090	3,180							
Part-Time Legal Assistant	0	0	7,400	7,600							
Delete 2 x 16 hr vacant posts	0	22,880	23,300	24,000							
Security Contract (delete 11-7 Mon - Sun)	0	21,500	21,500	21,500							
Income: Pre-Application Advice	0	20,000	20,600	21,200							
Planning Fees	0	15,000	15,000	15,000							
Cut Customer Services Excellence budget	0	5,000	5,000	5,000							
Performance Management Temporary Staff budget	0	0	5,000	5,000							
Performance & Scrutiny - Specialist Consultants	0	0	3,000	3,000							
Training	0	2,500	2,500	2,500							
Members IT Grant	0	0	0	0							
Reconfigure Courier Service	0	3,500	3,500	3,500							
Hire of Meeting Rooms	0	2,440	2,440	2,440							
Communication Officer Reduced Hrs	0	4,980	5,100	5,300							
Reduce Management Cost	0	0	25,000	25,000							
Miscellaneous IT Costs	0	0	6,000	6,000							
Abandon scrutiny of partnerships	0	34,000	34,700	35,700							
Part-Time Admin Assistant	0	3,890	4,000	4,100							
Temporary Staff	0	10,000	10,000	10,000							
Basing House - Rental Income	0	10,000	15,000	15,000							
Elections every 4 Years	0	0	0	0							
Land Charges - Staff Rationalisation	0	40,000	40,800	42,000							
Out-of-hours found dog service	0	3,300	3,300	3,300							
Hanging Baskets	0	2,250	2,250	2,250							

	Revise Procurement Service	0	15,000	15,000	15,000
	Residents' and Long-Stay Car Parking Charges	0	34,020	36,520	39,020
	Reduce Community Safety budget	0	0	0	0
	Herts Works Economic Dev Service	0	8,000	8,000	8,000
	Street Naming & Numbering - Reduction in admin	0	7,000	7,000	7,000
	Reduce Consultation Officer to 0.5fte	0	16,500	16,800	17,300
	Local Area Forums	0	0	0	0
	Staffing (1)	0	30,000	30,600	31,500
	Staffing (2)	0	7,400	7,500	7,700
	CWP – Staffing	0	10,000	10,000	10,000
	Brown Bin Charges	0	104,000	109,000	114,000
	Green Garden Sacks	0	2,000	2,000	2,000
	Black Sack Distribution	0	0	0	0
	Cut DCTP budget	0	0	5,000	5,000
	Cut LAA budget	0	0	10,000	10,000
	Weekly Organic Waste Recycling	0	130,000	182,000	234,000
	Council Newspaper – Audio Transcription	0	1,000	1,000	1,000
	Reduce Cost of Councillors	0	0	0	100,000
	CWP – Special Responsibility Allowance	0	5,000	5,000	5,000
	Adjust charges for special collections	0	15,000	15,000	15,000
	Training	0	1,300	1,300	1,300
	Arts Development – Cease Partnership Work	0	6,350	6,350	6,350
	Mill End Youth Project	0	2,000	2,000	2,000
	Cease Buggyfit & Everyday Active	0	5,600	5,600	5,600
	Croxley Skate Park – Reduce staff supervision	0	2,000	2,000	2,000
	Leisure Development – Reduce casual staff	0	4,000	4,000	4,000
	Rickmansworth Festival	0	0	5,000	10,000
	Leisure Development – Delete 0.5 fte staff (vacant)	0	15,650	16,000	16,500
	Aquadrome Car Parking charges	0	0	0	0
	Amend Free Swimming / Gym Scheme	0	15,000	15,000	15,000
	Buses - Reconfigure Services	0	50,000	50,000	50,000
	Cease A-Z of Services	0	4,500	4500	4,500
	Reduce CAB Grant	0	0	0	0
	Countywide Partnership Projects	0	0	9000	9,000
	Hertfordshire Youth Games	0	0	0	5,500
	Trees & Landscapes	0	7000	7000	7,000
	Reduce tree works	0	10,000	10,000	10,000
	Countryside Management Service	0	8,000	8,000	8,000
	Delete 1 x 37hr vacant post	0	26,680	27,200	28,000
	Fees & Charges - inflation where not already added	0	0	15,260	49,850
	Additional Garage Income	0	57,940	86,190	108,790
	additional income HWP textile bank contract	0	2,000	2,000	2,000
	Additional Shared Services	0	0	200,000	410,000
		0	1,032,680	1,386,080	1,830,590

The charts below 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 2011/12).

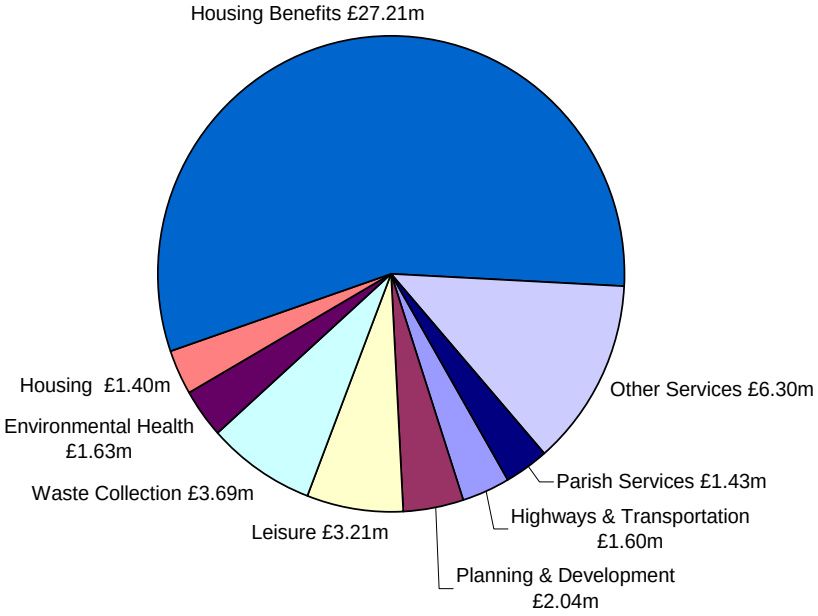
The Council's gross revenue expenditure on district services and parish precepts is estimated to be £48.51m in 2011/2012. Of this amount £36.43m is raised from specific government grants, interest earned, and charges for services, leaving £12.08m as the Council's budget requirement.

Sources of Income



	£m
Total Income	48.51

Gross Expenditure on Services



	£m
District Services	47.08
Parish Services	1.43
Total Expenditure	48.51

Setting the Council Tax

1. **Summary**

The Council Tax for 2011/2012 was set by the Council on 22 February 2011 taking into account the budgets set by the Hertfordshire County Council and the Hertfordshire Police Authority. The calculation of Council Tax is shown in the composite report below.

2. **Background**

2.1 The recommendations at paragraph 9 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.

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

3. **Details**

3.1 ***The Council's Budget***

This is the figure agreed by the Council as its General Fund revenue budget for 2011/2012. (Cross Reference: Recommendation 9.1 below).

3.2 ***The Council Tax Base***

This recommendation reminds the Council of the decisions it took on 14 December 2010 concerning the Council Tax Base for 2011/2012.

(Cross Reference: Recommendation 9.2 below).

3.3 ***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 the United Kingdom:-

	Expenditure Under Section 32(2) £	Income Under Section 32(3) £	Net Expenditure Budget Requirement Under Section 32(4) £
General Fund			
Highways & Transportation	1,603,030	(368,070)	1,234,960
Planning & Economic Development	2,039,330	(897,350)	1,141,980
Leisure	3,206,120	(593,690)	2,612,430
Waste Collection	3,686,500	(1,664,110)	2,022,390
Environmental Health	1,626,390	(396,230)	1,230,160
Other Environmental Services	224,510	(85,010)	139,500
Housing	1,400,170	(133,560)	1,266,610
Corporate & Democratic Core	2,259,870	(9,630)	2,250,240
Local Taxation Collection	1,060,430	(353,160)	707,270
Housing Benefits	27,207,220	(26,795,230)	411,990
Central Support Services	816,490	(812,880)	3,610
Other Services	1,943,370	(1,522,170)	421,200
Net Cost of District Services	47,073,430	(33,631,090)	13,442,340
Parish Precepts			
Abbots Langley	558,955	0	558,955
Chorleywood	338,500	0	338,500
Croxley Green	245,200	0	245,200
Sarratt	72,500	0	72,500
Watford Rural	210,650	0	210,650
Interest	0	(607,130)	(607,130)
Pensions Adjustment	2,674,000	0	2,674,000
Net District Operating Expenditure	51,173,235	(34,238,220)	16,935,015
Contribution from Reserves	0	(22,910)	(22,910)
Contribution from Pensions Reserve	0	(2,839,670)	(2,839,670)
General Revenue Account Appropriations	0	(1,738,990)	(1,738,990)
Contribution from Revenue Balances	0	(256,624)	(256,624)
Amount to be met from Government Grants and by Taxpayers - Total Budget Requirement	51,173,235	(39,096,414)	12,076,821

3.4 ***Redistributed Non-Domestic Rates, Revenue Support Grant and Collection Fund Balance.***

The Department for Communities and Local Government informed the Council on 31 January 2011 of the following:-

	£
Redistributed Non-Domestic Rate	3,594,261
Revenue Support Grant	1,110,996
Total External Support	4,705,257

In accordance with Section 33(2) of the Act and the Local Authorities (Alteration of Requisite Calculations and Funds) Regulations 1994, the 2011/2012 Council Tax is to be decreased by:-

	£
Three Rivers Proportion of estimated deficit on the Collection for 2010/11 (See Appendix A below)	(40,816)

The total of External Support less Collection Fund Deficit is as follows;-

	£
Total External Support	4,705,257
Three Rivers Proportion of estimated deficit on the Collection for 2010/11	(40,816)
Total	4,664,441

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

3.5 ***Basic Amount of Tax***

Calculated as follows:-

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

$$\frac{12{,}076{,}821 - 4{,}664{,}441}{38{,}541.01} = £192.32$$

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).

3.6 ***Aggregate Amount of Special Items***

Special items include both Parish Precepts and Special Expenses:-

	£	£
Parish Precepts		
Abbots Langley P.C.	558,955	
Chorleywood P.C.	338,500	
Croxley Green P.C.	245,200	
Sarratt P.C.	72,500	
Watford Rural P.C.	210,650	
Total Parish Precepts		1,425,805
Special Expenses (See also Appendix 1)		
Area:		
Abbots Langley	(22,540)	
Chorleywood	89,730	
Croxley Green	161,670	
Sarratt	0	
Watford Rural	270,540	
Unparished	666,130	
Total Special Expenses		1,165,530
Total Special Items		2,591,335

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

3.7 ***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:-

$$\text{Basic Amount of Tax (Paragraph 3.5 above and Recommendation 9.3 (e))} - \frac{\text{Aggregate of Special Items (Paragraph 3.6 above and Recommendation 9.3 (f))}}{\text{Council's Total Tax Base (Paragraph 3.2 above and Recommendation 9.2 (a))}}$$

$$192.32 - \frac{2{,}591{,}335}{38{,}541.01} = £125.08$$

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

(Cross Reference: Recommendation 9.3 (g) below)

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

This calculation adds back to the calculation at paragraph 3.7 above, the Special items that relate to each part of the District with regard to the tax base in each part:-

	A Langley £	Chorleywood £	Croxley Grn £	Sarratt £	Watford Rural £	Unparished £
Special Items						
Precepts	558,955	338,500	245,200	72,500	210,650	0
Special Exps	(22,540)	89,730	161,670	0	270,540	666,130
Sub-Total	536,415	428.230	406,870	72,500	481,190	666,130
Divided by Tax Base	8,207.56	6,023.70	5,353.16	1,086.05	7,854.54	10,016.00
Sub-Total	65.36	71.09	76.01	66.76	61.26	66.51
Add Council Tax if no Special Items existed	125.08	125.08	125.08	125.08	125.08	125.08
Total	190.44	196.17	201.09	191.84	186.34	191.59

(Cross Reference: Recommendation 9.3 (h) and Appendix B below).

3.9 ***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 3.8 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))

3.10 ***Major Precepting Authorities***

The Hertfordshire County Council met on 18 February 2011, and the Hertfordshire Police Authority met on 16 February 2011 to determine their budgets. Precepts have been announced of £43,120,838.22 and £5,697,132.10 giving Band D charges of £1,118.83 and £147.82 respectively. Applying the appropriate proportions gives the charges shown in Recommendation 9.4.

The Council is setting the Council Tax charges at the earliest opportunity. This is done to enable billing to take place as soon as possible thus maximising cash-flow. In previous years, the precepts were unknown at the time the Council set its own council tax so a Council Tax Setting Committee met subsequently to include the precepts in the overall charge. This is not required this year.

3.11 ***Total Charge for Each Area and Each Band***

This is derived by adding the figures in paragraph 3.8 (District and Parish Charge) to those in paragraph 3.10 (Major Precepting Authorities) to give a total charge on each area for each band.

(Cross Reference: Recommendation 9.2 below).

4 **Options/Reasons for Recommendation**

4.1 The report is made to set the Council Tax for 2011/2012.

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, Website, Customer Services Centre and Environmental Implications**

6.1 None specific.

7. **Financial Implications**

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

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 22 February 2011, the Council approved a General Fund revenue budget for 2011/2012 of £12,076,821.

9.2 That it be noted that, at its meeting on 14 December 2010, the Council calculated the following amounts for the year 2011/2012 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992:-

(a) 38,541.01 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	8,207.56
Chorleywood	6,023.70
Croxley Green	5,353.16
Sarratt	1,086.05
Watford Rural	7,854.54
Unparished Area	10,016.00

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 now calculated by the Council for the year 2010/2011 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

(a) £51,173,235 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) £39,096,414 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) £12,076,821 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) £4,664,441 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, adjusted by the amount of the sums which the Council estimates will be transferred in the year to or from its collection fund and general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Deficits and Surpluses).

(e) £192.32 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) £2,591,335 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(g) £125.08 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	190.44
Chorleywood	196.17
Croxley Green	201.09
Sarratt	191.84
Watford Rural	186.34
Unparished	191.59

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	126.96	148.12	169.28	190.44	232.76	275.08	317.40	380.88
Chorleywood	130.78	152.58	174.37	196.17	239.76	283.36	326.95	392.34
Croxley Green	134.06	156.40	178.75	201.09	245.78	290.46	335.15	402.18
Sarratt	127.89	149.21	170.52	191.84	234.47	277.10	319.73	383.68
Watford Rural	124.23	144.93	165.64	186.34	227.75	269.16	310.57	372.68
Unparished	127.73	149.01	170.30	191.59	234.17	276.74	319.32	383.18

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 2011/2012 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	745.89	870.20	994.52	1,118.83	1,367.46	1,616.09	1,864.72	2,237.66
Hertfordshire Police Authority	98.55	114.97	131.40	147.82	180.67	213.52	246.37	295.64
Total	844.44	985.17	1,125.92	1,266.65	1,548.13	1,829.61	2,111.09	2,533.30

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 2011/2012 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	971.40	1,133.29	1,295.20	1,457.09	1,780.89	2,104.69	2,428.49	2,914.18
Chorleywood	975.22	1,137.75	1,300.29	1,462.82	1,787.89	2,112.97	2,438.04	2,925.64
Croxley Green	978.50	1,141.57	1,304.67	1,467.74	1,793.91	2,120.07	2,446.24	2,935.48
Sarratt	972.33	1,134.38	1,296.44	1,458.49	1,782.60	2,106.71	2,430.82	2,916.98
Watford Rural	968.67	1,130.10	1,291.56	1,452.99	1,775.88	2,098.77	2,421.66	2,905.98
Unparished	972.17	1,134.18	1,296.22	1,458.24	1,782.30	2,106.35	2,430.41	2,916.48

COLLECTION FUND ADJUSTMENT

The estimated position on the Collection Fund at 31 March 2011 is shown below. The deficit at the end of the financial year is shared between Three Rivers, the County Council and the Police Authority.

COLLECTION FUND **Income and Expenditure Account**	**2010/2011 Estimated Council Tax £**
Income	
Council Tax	51,052,357
Council Tax Benefit	5,158,346
Contributions towards Previous Year Deficit	
Hertfordshire County Council	234,555
Hertfordshire Police Authority	29,941
Three Rivers District Council	40,486
Total Income	56,515,685
Expenditure	
Precepts and Demands	
Hertfordshire County Council	43,068,947
Hertfordshire Police Authority	5,690,276
Three Rivers District Council	7,421,071
Contribution to Provision for Doubtful Debts	280,332
Total Expenditure	56,460,626
Surplus/Deficit(-) for Year	55,059

COLLECTION FUND **Fund Balance** **and Appropriation Account**	**Estimated Council Tax £**
Balance Brought Forward 01.04.2010	-364,052
Add:	
Surplus/Deficit (-) for Year	55,059
Balance Carried Forward 31.03.2011	-308,993
Appropriations Reducing/Increasing(-)	
2011/2012 Council Tax Charge:	
Transfer to:	
Three Rivers DC General Fund	-40,816
Hertfordshire County Council	-236,880
Hertfordshire Police Authority	-31,297
Total	-308,993

APPENDIX B

Council Tax Special Items 2011/12	Abbots Langley	Chorleywood	Croxley Green	Sarratt	Watford Rural	Unparished	Total
	£	£	£	£	£	£	£
Special Expenses							
Aquadrome	0	0	0	0	0	109,700	109,700
The Centre, South Oxhey	0	0	0	0	3,620	0	3,620
Playing Fields and Open Spaces	390	51,100	103,730	0	182,420	385,920	723,560
Woodlands	1,850	38,630	27,980	0	85,730	40,800	194,990
Cemeteries	0	0	29,960	0	0	50,480	80,440
Watersmeet	0	0	0	0	0	79,230	79,230
Community Halls	(24,780)	0	0	0	(1,230)	0	(26,010)
Total Special Expenses	(22,540)	89,730	161,670	0	270,540	666,130	1,165,530
Parish Council Precepts	558,955	338,500	245,200	72,500	210,650	0	1,425,805
Total Special Items	536,415	428,230	406,870	72,500	481,190	666,130	2,591,335
Council Tax Base	8,207.56	6,023.70	5,353.16	1,086.05	7,854.54	10,016.00	38,541.01
Band D Charge for Special Items	65.36	71.09	76.01	66.76	61.26	66.51	67.24

Revenue Budget 2011 - 2012

The Council's detailed budgets are shown below.

		Govt Grants 9100	Other Grants 9200	Sales 9300	Fees & Charges 94/9500	Rents 9600	Interest Earned	Transfers from Reserves	Capital Amort Grants	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
	Cost Centres	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	Highways and Transportation																						
1400	Car Park-Enforcement-SPA	0	0	0	355270	0	0	0	9970	0	**365240**	30010	2840	500	12500	257780	0	63500	0	0	2720	**369850**	**4610**
1402	Car Park-Maintenance	0	0	0	0	3000	0	0	600	0	**3600**	0	94440	0	0	0	0	7720	0	0	1640	**103800**	**100200**
1406	Dial-a-Ride	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	43780	0	0	0	0	**43780**	**43780**
1407	Concessionary Fares	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1409	Street Naming and Numbering	0	0	0	0	0	0	0	0	0	**0**	0	12130	0	7620	0	0	0	0	0	45810	**65560**	**65560**
1414	Miscellaneous Highways	0	0	0	0	0	0	0	22490	0	**22490**	0	7000	0	0	0	0	213070	0	0	0	**220070**	**197580**
1423	Better Buses Fund	0	0	0	0	0	0	0	0	0	**0**	0	0	0	86570	0	0	0	0	0	0	**86570**	**86570**
1434	Environmental Maintenance	0	0	0	9800	0	0	0	0	0	**9800**	0	0	2500	21130	7100	0	15490	0	0	714520	**760740**	**750940**
1592	Environmental Mtce Contractor							0	0	501680	**501680**	357540	0	76280	19600	0	0	0	0	0	33980	**487400**	**-14280**
	Sub-Total	**0**	**0**	**0**	**365070**	**3000**	**0**	**0**	**33060**	**501680**	**902810**	**387550**	**116410**	**79280**	**147420**	**264880**	**43780**	**299780**	**0**	**0**	**798670**	**2137770**	**1234960**
	Planning & Economic Devlmnt																						
1204	Rickmansworth Regeneration	0	0	0	0	0	0	0	9570	0	**9570**	0	0	0	0	0	0	23440	0	0	0	**23440**	**13870**
1529	Building Control General	0	0	0	0	0	0	0	0	0	**0**	0	0	0	5100	0	0	0	0	0	7520	**12620**	**12620**
1541	Planning Delivery Grant	0	0	0	0	0	0	0	0	0	**0**	85910	0	3180	0	0	0	0	0	0	31140	**120230**	**120230**
1542	Planning Environmental Initiative	0	0	0	0	0	0	0	0	0	**0**	0	0	0	67470	0	0	0	0	0	22180	**89650**	**89650**
1543	Planning Economic Development	0	0	0	0	0	0	0	0	0	**0**	0	0	0	12500	0	0	10000	0	0	0	**22500**	**22500**
1544	Building Control Enforcement	0	0	0	0	0	0	0	0	0	**0**	0	0	0	500	0	0	0	0	0	17890	**18390**	**18390**
1545	Development Control	0	0	9500	391800	0	0	0	0	675790	**1077090**	525060	0	18350	108060	0	0	0	0	0	727700	**1379170**	**302080**
1547	Development Plans	0	0	4000	3000	0	0	0	37230	236920	**281150**	245560	0	5250	160260	0	0	99890	0	0	266650	**777610**	**496460**
1548	Building Control	0	41050	3400	444600	0	0	0	0	10490	**499540**	354830	0	17880	40380	0	0	0	0	0	152630	**565720**	**66180**
1549	Planning Administration	0	0	0	0	0	0	0	0	149420	**149420**	91280	0	1380	5200	0	0	0	0	0	51560	**149420**	**0**
1546	Director of Community & Environment	0	0	0	0	0	0	0	0	162670	**162670**	146320	0	1740	0	0	0	0	0	0	14610	**162670**	**0**
	Sub-Total	**0**	**41050**	**16900**	**839400**	**0**	**0**	**0**	**46800**	**1235290**	**2179440**	**1448960**	**0**	**47780**	**399470**	**0**	**0**	**133330**	**0**	**0**	**1291880**	**3321420**	**1141980**
	Leisure Services																						
	Community Sports Network	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1454	Community Arts	0	0	0	1580	0	0	0	0	4840	**6420**	56990	0	1910	3870	0	0	0	0	0	35620	**98390**	**91970**
1455	Watersmeet - General	0	0	1000	101500	35170	0	0	0	0	**137670**	108780	59780	0	22030	0	0	23090	0	0	34340	**248020**	**110350**
1456	Watersmeet - Entertainments	0	0	20300	143000	0	0	0	0	0	**163300**	57440	8900	0	127720	0	0	0	0	0	51210	**245270**	**81970**
1460	PDU Leavesden	0	0	0	0	26780	0	0	0	0	**26780**	0	0	0	0	0	0	4000	0	0	2000	**6000**	**-20780**
1463	ACD Fund	0	0	0	6150	0	0	0	0	36010	**42160**	47550	7190	1880	17300	0	0	0	0	0	28940	**102860**	**60700**
1466	Oxhey Hall	0	0	0	0	1230	0	0	0	0	**1230**	0	0	0	0	0	0	0	0	0	0	**0**	**-1230**
1469	Grants/Subscriptions-Leisure	0	0	0	0	0	0	0	0	0	**0**	0	0	0	20210	0	0	60000	0	0	46660	**126870**	**126870**
1471	Trees & Landscapes	0	0	0	13400	0	0	0	0	177850	**191250**	273380	62790	12940	20540	0	0	4140	0	0	69710	**443500**	**252250**
1472	Museum	0	0	0	0	80	0	0	0	0	**80**	0	0	0	0	0	0	0	0	0	19660	**19660**	**19580**
1473	Playing Fields & Open Spaces	0	0	0	37600	46770	0	0	96040	0	**180410**	0	124100	0	11840	0	0	137970	0	0	737970	**1011880**	**831470**
1474	Big Lottery - Sout Oxhey	0	0	0	19660	0	0	0	0	0	**19660**	13390	0	330	2440	3500	0	0	0	0	0	**19660**	**0**
1475	Big Lottery - Mill End	0	0	0	19660	0	0	0	0	0	**19660**	13390	0	330	2440	3500	0	0	0	0	0	**19660**	**0**
1476	Big Lottery - Leavesden	0	0	0	28160	0	0	0	0	0	**28160**	13390	0	330	2440	12000	0	0	0	0	0	**28160**	**0**
1489	Aquadrome	0	0	0	26450	0	0	0	0	0	**26450**	15350	36680	0	540	0	0	41660	0	0	130600	**224830**	**198380**
1490	Sports Development-Leisure Projects	0	0	0	5600	0	0	0	0	0	**5600**	14500	2000	0	23000	0	0	0	0	0		**39500**	**33900**
1492	Leisure Venues	0	0	0	0	100	0	0	28970	0	**29070**	0	5320	0	15000	13010	0	33660	0	0	213070	**280060**	**250990**
1494	Leisure Development	0	0	0	0	0	0	0	0	126620	**126620**	124780	0	6750	0	0	0	0	0	0	79500	**211030**	**84410**
1495	Play Development - Playschemes	0	2000	0	14300	0	0	0	0	0	**16300**	111180	15100	0	22100	0	0	0	0	0	61710	**210090**	**193790**
1496	Sports Development - Sports Projects	0	0	0	200	0	0	0	0	0	**200**	11330	2000	0	27750	0	0	0	0	0	38280	**79360**	**79160**
1497	Croxley Skatepark	0	0	0	0	0	0	0	0	0	**0**	20180	4000	0	3430	0	0	0	0	0	23090	**50700**	**50700**
1498	Grants/Subscriptions-Community	0	0	0	0	0	0	0	0	0	**0**	0	0	0	37900	0	0	0	0	0	50660	**88560**	**88560**
1499	Community Services Support Team	0	0	0	0	0	0	0	0	533290	**533290**	235220	0	5010	8140	0	0	0	0	0	284920	**533290**	**0**
9587	TR - Aquadrome	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1594	TR - Grounds Maintenance	0	0	0	43000	0	0	0	0	630400	**673400**	504360	0	58510	59900	0	0	4130	0	0	46500	**673400**	**0**
1267	Community Partnerships	0	0	0	0	0	0	0	0	182390	**182390**	133100	0	3420	22100	0	0	0	0	0	103160	**261780**	**79390**
	Sub-Total	**0**	**2000**	**21300**	**460260**	**110130**	**0**	**0**	**125010**	**1691400**	**2410100**	**1754310**	**327860**	**91410**	**450690**	**32010**	**0**	**308650**	**0**	**0**	**2057600**	**5022530**	**2612430**
	Waste Collection and Disposal																						
1420	Domestic Refuse Collection	0	3040	0	77500	0	0	0	4470	0	**85010**	0	0	0	30730	0	0	125290	0	0	1233600	**1389620**	**1304610**
1421	Trade Refuse Collection	0	0	0	716560	0	0	0	16170	0	**732730**	0	0	0	259460	0	0	22040	0	0	293170	**574670**	**-158060**
1424	Recycling-General	0	0	400	16940	0	0	0	0	0	**17340**	0	10290	0	4600	0	0	0	0	0	25460	**40350**	**23010**
1427	Clinical Waste Collection	0	0	0	81370	0	0	0	0	0	**81370**	0	0	0	18500	0	0	0	0	0	79170	**97670**	**16300**
1428	Recycling-Kerbside	0	0	155100	613200	0	0	0	41640	0	**809940**	0	0	0	49320	0	0	82390	0	0	1514760	**1646470**	**836530**
9590	TR Waste Management	0	0	0	0	0	0	0	0	2848980	**2848980**	1804540	0	692660	61260	0	0	102340	0	0	188180	**2848980**	**0**
	Sub-Total	**0**	**3040**	**155500**	**1505570**	**0**	**0**	**0**	**62280**	**2848980**	**4575370**	**1804540**	**10290**	**692660**	**423870**	**0**	**0**	**332060**	**0**	**0**	**3334340**	**6597760**	**2022390**

		Govt Grants 9100	Other Grants 9200	Sales 9300	Fees & Charges 94/9500	Rents 9600	Interest Earned	Transfers from Reserves	Capital Amort Grants	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
	Cost Centres	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	Environmental Health																						
1186	Unfit Private Sector Housing	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	38080	**38080**	**38080**
1227	Community Safety	0	71010	0	0	0	0	0	0	0	**71010**	90300	0	4300	200510	0	0	0	0	0	69570	**364680**	**293670**
1403	Sewerage	0	0	0	40	0	0	0	0	0	**40**	0	3090	0	0	0	0	0	0	0	24390	**27480**	**27440**
1412	Landfill Gas	0	0	0	0	0	0	0	0	0	**0**	0	2820	0	0	0	0	0	0	0	0	**2820**	**2820**
1429	Abandoned Vehicles	0	0	830	0	0	0	0	0	0	**830**	0	0	0	1000	0	0	0	0	0	99370	**100370**	**99540**
1431	Pest Control	0	0	0	26250	0	0	0	0	0	**26250**	36500	0	7370	2890	0	0	0	0	0	142800	**189560**	**163310**
1435	Public Conveniences	0	0	0	0	0	0	0	0	0	**0**	0	0	0	4200	0	0	0	0	0	8740	**12940**	**12940**
1436	Env Health - Commercial Team	0	0	0	8830	0	0	0	0	0	**8830**	173290	0	5330	8040	22800	0	980	0	0	223220	**433660**	**424830**
1437	Health and Safety	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1439	Animal Control	5000	0	0	1540	0	0	0	0	9950	**16490**	34480	0	6970	11410	0	0	0	0	0	46640	**99500**	**83010**
1442	Env Health - Residential Team	0	0	0	11530	0	0	0	0	261960	**273490**	231890	0	12130	6800	0	0	0	0	0	169950	**420770**	**147280**
1445	Licenses	0	0	0	271200	0	0	0	0	0	**271200**	90590	0	1820	24730	0	0	0	0	0	91300	**208440**	**-62760**
1449	Environmental Health	0	0	0	0	0	0	0	0	738130	**738130**	112060	0	1730	8700	0	0	0	0	0	615640	**738130**	**0**
	Sub-Total	**5000**	**71010**	**830**	**319390**	**0**	**0**	**0**	**0**	**1010040**	**1406270**	**769110**	**5910**	**39650**	**268280**	**22800**	**0**	**980**	**0**	**0**	**1529700**	**2636430**	**1230160**
	Other Environmental Services																						
1397	Land Drainage	0	0	0	0	0	0	0	0	0	**0**	0	5000	0	0	0	0	35440	0	0	10390	**50830**	**50830**
1446	Cemeteries	0	0	0	75010	0	0	0	0	0	**75010**	0	7380	0	200	0	0	8230	0	0	147870	**163680**	**88670**
1448	Environmental Protection	0	0	0	0	0	0	0	0	727980	**727980**	391050	0	21460	5360	0	0	0	0	0	310110	**727980**	**0**
1565	Depot - Batchworth	0	0	0	0	10000	0	0	0	45920	**55920**	0	49680	0	2000	0	0	2600	0	0	1640	**55920**	**0**
										0													
	Sub-Total	**0**	**0**	**0**	**75010**	**10000**	**0**	**0**	**0**	**773900**	**858910**	**391050**	**62060**	**21460**	**7560**	**0**	**0**	**46270**	**0**	**0**	**470010**	**998410**	**139500**
	Housing Services																						
	HGF Accounts transferred to Thrive	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1112	Housing Services Needs	0	20000	0	0	0	0	0	0	675910	**695910**	430140	0	13310	13960	0	0	0	0	0	238500	**695910**	**0**
1116	Needs & Strategy	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1117	Strategy & Development	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1181	Improvement Grants	0	0	0	0	0	0	0	126780	0	**126780**	0	0	0	0	0	0	420000	0	0	237980	**657980**	**531200**
1182	Housing Association Nominations	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	135180	**135180**	**135180**
1183	Housing Defects Act	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
1184	Care & Repair Coordination	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	10000	0	0	21040	**31040**	**31040**
1185	Private Sector Advice	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	86180	**86180**	**86180**
1191	Choice Based Lettings	0	92670	0	0	0	0	0	0	0	**92670**	0	0	0	69500	0	0	0	0	0	24200	**93700**	**1030**
1194	Homeless Family Accommodation	0	0	0	890	5000	0	0	0	0	**5890**	0	10190	0	52830	0	0	0	0	0	359790	**422810**	**416920**
1196	Housing Associations	0	0	0	0	2000	13000	0	0	0	**15000**	0	0	0	0	0	0	0	0	0	0	**0**	**-15000**
1199	Housing Strategy GF	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	80060	**80060**	**80060**
	Sub-Total	**0**	**112670**	**0**	**890**	**7000**	**13000**	**0**	**126780**	**675910**	**936250**	**430140**	**10190**	**13310**	**136290**	**0**	**0**	**430000**	**0**	**0**	**1182930**	**2202860**	**1266610**
	HRA Accounts transferred to Thrive	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Sub-Total All Housing	**0**	**112670**	**0**	**890**	**7000**	**13000**	**0**	**126780**	**675910**	**936250**	**430140**	**10190**	**13310**	**136290**	**0**	**0**	**430000**	**0**	**0**	**1182930**	**2202860**	**1266610**
	Corporate & Democratic Core																						
1201	Corporate Management	0	0	0	0	0	0	0	0	0	**0**	0	0	0	201470	**6420**	0	0	0	0	1032600	**1240490**	**1240490**
	SS Treasury Management	0	9630	0	0	0	0	0	0	0	**9630**	350	0	0	15700	**-6420**	0	0	0	0	0	**9630**	**0**
1207	Council Newspaper	0	0	0	0	0	0	0	0	0	**0**	0	0	0	20000	0	0	0	0	0	36810	**56810**	**56810**
1209	Democratic Representation	0	0	0	0	0	0	0	0	0	**0**	11040	0	0	325680	0	0	27800	0	0	512600	**877120**	**877120**
1268	Corporate Publicity	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	75820	**75820**	**75820**
	Sub-Total	**0**	**9630**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9630**	**11390**	**0**	**0**	**562850**	**0**	**0**	**27800**	**0**	**0**	**1657830**	**2259870**	**2250240**
	Local Tax Collection																						
3252	Council Tax/CC/NNDR Collection/ Debt Rec	0	0	0	182000	0	0	0	0	0	**182000**	-520	0	0	64360	**221710**	0	0	0	0	561090	**846640**	**664640**
	SS Contractor Costs (Revenues)		64250								**64250**	527920		0	0	**-463670**						**64250**	**0**
3256	NNDR	99180	0	0	7730	0	0	0	0	0	**106910**	460	0	0	0	**31590**	78790	0	0	0	38700	**149540**	**42630**
	Sub-Total	**99180**	**64250**	**0**	**189730**	**0**	**0**	**0**	**0**	**0**	**353160**	**527860**	**0**	**0**	**64360**	**-210370**	**78790**	**0**	**0**	**0**	**599790**	**1060430**	**707270**
	Housing Benefits																						
3253	Benefits and Allowances	18693730	8095900	0	0	0	0	0	0	0	**26789630**	-740	0	0	0	**566050**	26284490	0	0	0	170210	**27020010**	**230380**
	SS Contractor Costs (Benefits)										**0**	531050		0	0	-531050						**0**	**0**
3258	Benefits Fraud	0	5000	0	600	0	0	0	0	0	**5600**	-320	0	2690	0	**128430**	0	0	0	0	56410	**187210**	**181610**
	Sub-Total	**18693730**	**8100900**	**0**	**600**	**0**	**0**	**0**	**0**	**0**	**26795230**	**529990**	**0**	**2690**	**0**	**163430**	**26284490**	**0**	**0**	**0**	**226620**	**27207220**	**411990**

		Govt Grants 9100	Other Grants 9200	Sales 9300	Fees & Charges 94/9500	Rents 9600	Interest Earned	Transfers from Reserves	Capital Amort Grants	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**
	Cost Centres	£	£	£	£	£	£	£	£	£	**£**	£	£	£	£	£	£	£	£	£	£	**£**	**£**
	Central Support Services:																						
1223	Corporate Resources & Governance	0	0	0	5070	0	0	0	0	152070	**157140**	121290	0	3700	1140	0	0	0	0	0	31010	**157140**	**0**
	SS Contractor Costs (HR, ICT, Finance)		574250		0	0	0	0	0	0	**574250**	1139120		27730	566350	-1158950						**574250**	**0**
1224	Communications	0	0	0	0	0	0	0	0	167310	**167310**	108720	3500	250	7100	0	0	370	0	0	47370	**167310**	**0**
1229	Support Services	0	0	0	0	0	0	0	0	46710	**46710**	33850	0	0	140	0	0	0	0	0	12720	**46710**	**0**
1231	Legal Practice	0	0	0	22000	0	0	0	0	493020	**515020**	341270	0	1320	16890	0	0	0	0	0	155540	**515020**	**0**
1232	Committee Administration	0	0	0	0	0	0	0	0	414540	**414540**	160640	0	7500	900	0	0	0	0	0	245500	**414540**	**0**
1236	Office Services	0	0	0	14300	0	0	0	0	678260	**692560**	241570	61670	5770	248140	0	0	0	0	0	125910	**683060**	**-9500**
1239	Elections & Electoral Register	0	0	0	0	0	0	0	0	155490	**155490**	84780	0	1250	50	0	0	690	0	0	68720	**155490**	**0**
3241	Accountancy Practice	0	0	0	16270	0	0	0	0	523390	**539660**	-780	0	8070	0	**349100**	0	0	0	0	183270	**539660**	**0**
3248	Information Technology	0	0	3000	0	0	0	0	0	1211790	**1214790**	-4440	0	2690	371740	**583540**	0	157680	0	0	103580	**1214790**	**0**
3249	Internal Audit	0	0	0	0	0	0	0	0	111770	**111770**	-2900	0	0	0	**96750**	0	0	0	0	17920	**111770**	**0**
3251	Exchequer Services	0	0	0	0	0	0	0	0	55840	**55840**	-820	0	0	0	39710	0	0	0	0	16950	**55840**	**0**
3254	Payroll	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3255	Creditors	0	0	0	0	0	0	0	0	47140	**47140**	-900	0	0	0	**39930**	0	0	0	0	8110	**47140**	**0**
3259	Cash Collection & Mortgages	0	0	0	6400	0	0	0	0	13450	**19850**	0	0	0	0	**9380**	0	0	0	0	10470	**19850**	**0**
1261	Chief Executive	0	0	0	0	0	0	0	0	178780	**178780**	157600	0	2490	3090	0	0	0	0	0	15600	**178780**	**0**
3262	Insurances	0	0	0	21800	0	0	0	0	328450	**350250**	35520	88750	83370	122800	**17320**	0	0	0	0	2490	**350250**	**0**
1263	Treasury Services	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3264	VAT	0	0	0	0	0	0	0	0	26620	**26620**	0	0	0	0	**2600**	0	0	0	0	24020	**26620**	**0**
1265	Performance Management & Scrutiny	0	0	0	0	0	0	0	0	148270	**148270**	53940	0	600	9420	0	0	12600	0	0	71710	**148270**	**0**
3266	Debt Recovery	0	0	0	6000	0	0	0	0	217540	**223540**	-2060	0	0	0	**210370**	0	0	0	0	15230	**223540**	**0**
3271	Recruitment & Training	0	0	0	0	0	0	0	0	482770	**482770**	21290	0	0	1800	**231840**	0	0	0	0	227840	**482770**	**0**
1291	Three Rivers House	0	0	0	0	85500	0	0	0	739510	**825010**	0	455010	0	18560	0	0	97020	0	0	254420	**825010**	**0**
1292	Dasing House	0	0	0	0	10610	0	0	0	51120	**69730**	0	22060	0	1260	0	0	12290	0	0	34120	**69730**	**0**
1294	Oxhey Drive	0	0	0	0	39680	0	0	0	0	**39680**	0	6980	0	2800	0	0	9550	0	0	33460	**52790**	**13110**
3234	Valuers	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3237	Surveyors	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3238	Property & Facilities Manager	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
9582	Standby Service	0	0	0	0	0	0	0	0	8400	**8400**	0	0	0	8400	0	0	0	0	0	0	**8400**	**0**
	Sub-Total	**0**	**574250**	**3000**	**91840**	**143790**	**0**	**0**	**0**	**6252240**	**7065120**	**2487690**	**637970**	**144740**	**1380580**	**421590**	**0**	**290200**	**0**	**0**	**1705960**	**7068730**	**3610**
	Other Services																						
1202	Register of Electors	0	0	2200	0	0	0	0	0	0	**2200**	21100	0	0	7900	0	0	0	0	0	93980	**122980**	**120780**
1203	Conducting Elections	0	0	0	0	0	0	0	0	0	**0**	1000	3970	0	81350	0	0	0	0	0	70440	**156760**	**156760**
1206	Fuel Voucher Scheme	0	0	0	0	0	0	0	0	0	**0**	0	0	0	3500	0	0	0	0	0	0	**3500**	**3500**
1208	Customer Services Centre	0	0	0	57630	0	0	0	0	813210	**870840**	568510	0	400	11800	0	0	8760	0	0	281370	**870840**	**0**
1212	Citizens Advice Bureaux	0	0	0	0	0	0	0	0	0	**0**	0	0	0	313340	0	0	0	0	0	21330	**334670**	**334670**
1215	Major Incident Planning	0	0	0	0	0	0	0	0	0	**0**	0	0	0	22700	0	0	0	0	0	8210	**30910**	**30910**
1216	Community Development	0	0	0	0	0	0	0	0	0	**0**	0	0	0	5500	0	0	0	0	0	71080	**76580**	**76580**
1219	Miscellaneous Inc & Exp	151000	0	0	0	0	0	0	0	0	**151000**	-56170	0	0	0	0	0	0	0	0	0	**-56170**	**-207170**
1220	Non Distributed Costs	0	0	0	0	0	0	0	0	0	**0**	68910	0	0	0	0	0	0	0	0	45030	**113940**	**113940**
1228	Energy Efficency	0	0	0	0	0	0	0	0	0	**0**	0	0	0	19500	0	0	0	0	0	730	**20230**	**20230**
1233	Shared Services	0	0	0	0	0	0	0	0	0	**0**	0	0	0	200000	0	0	59170	0	0	0	**259170**	**259170**
1234	Sustainability Projects	0	0	0	0	0	0	0	0	0	**0**	58230	0	1440	7500	0	0	0	0	0	124310	**191480**	**191480**
1235	Miscellaneous Properties - shops & gar stock	0	0	0	0	149550	0	0	2510	0	**152060**	0	39360	0	35250	0	0	172140	0	0	144860	**391610**	**239550**
1237	Head of Sustainability	22500	0	0	0	0	0	0	0	229120	**251620**	68730	0	3090	2730	0	0	0	0	0	177070	**251620**	**0**
1238	Asset Management - Property	0	0	0	3000	0	0	0	0	751780	**754780**	301020	16000	12090	44690	0	0	0	0	0	380980	**754780**	**0**
1260	Garages & Shops	0	0	0	0	1023290	0	0	0	0	**1023290**	0	60500	0	4880	0	0	26290	0	0	145670	**237340**	**-785950**
1391	Land & Property Information Section	0	0	0	113000	0	0	0	0	91440	**204440**	109340	0	510	13030	0	0	0	0	0	138310	**261190**	**56750**
3031	Vacancy Provision	0	0	0	0	0	0	0	0	0	**0**	-190000	0	0	0	0	0	0	0	0	0	**-190000**	**-190000**
											0	0										**0**	**0**
	Sub-Total	**173500**	**0**	**2200**	**173630**	**1172840**	**0**	**0**	**2510**	**1885550**	**3410230**	**950670**	**119830**	**17530**	**773670**	**0**	**0**	**266360**	**0**	**0**	**1703370**	**3831430**	**421200**
	Net Cost of District Services	**18971410**	**8978800**	**199730**	**4021390**	**1446760**	**13000**	**0**	**396440**	**16874990**	**50902520**	**11493260**	**1290520**	**1150510**	**4615040**	**694340**	**26407060**	**2135430**	**0**	**0**	**16558700**	**64344860**	**13442340**

		Govt Grants 9100	Other Grants 9200	Sales 9300	Fees & Charges 94/9500	Rents 9600	Interest Earned	Transfers from Reserves	Capital Amort Grants	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
	Cost Centres	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	Parish Precepts																						
3042	Abbots Langley	0	0	0	0	0	0	0	0	0		0	0	0	0	0	558955	0	0	0	0	**558955**	**558955**
3042	Chorleywood	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	338500	0	0	0	0	**338500**	**338500**
3042	Croxley Green	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	245200	0	0	0	0	**245200**	**245200**
3042	Sarratt	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	72500	0	0	0	0	**72500**	**72500**
3042	Watford Rural	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	210650	0	0	0	0	**210650**	**210650**
	Sub-Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1425805**	**0**	**0**	**0**	**0**	**1425805**	**1425805**
	Interest Income																						
3033	Interest Received Incl cap reciept Stock Tra	0	0	0	0	0	607130	0	0	0	**607130**	0	0	0	0	0	0	0	0	0	0	**0**	**-607130**
	Consolidation Entry - Interest	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**	**607130**	**0**	**0**	**0**	**607130**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-607130**
3030	Pensions Adjustment	**0**	**0**	**0**	**0**	**0**	**0**	1364000	**0**	**0**	**1364000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	4038000	**0**	**4038000**	**2674000**
3043	Capital Receipts to Pool	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Asset Management Revenue Account	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3050	Interest Paid	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Net District Operating Exp	**18971410**	**8978800**	**199730**	**4021390**	**1446760**	**620130**	**1364000**	**396440**	**16874990**	**52873650**	**11493260**	**1290520**	**1150510**	**4615040**	**694340**	**27832865**	**2135430**	**0**	**4038000**	**16558700**	**69808665**	**16935015**
3034	Housing Revenue Account Deficit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
transfer	Transfer from HRA re stock transfer	**0**	**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																						
3035/7	Future Capital Expenditure	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3035/7	Insurance	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3035/7	Regeneration Schemes	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3035/7	Leavesden Hospital Open Space	0	0	0	0	0	0	37190	0	0	**37190**	0	0	0	0	0	0	0	0	0	0	**0**	**-37190**
3035/7	Section 106 Agreements	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3035/7	Environmental Maintenance Plant	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	14280	0	**14280**	**14280**
3035/7	Waste Vehicle Maintenance	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3035/7	Third Party Contributions	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
	Consolidation Entry - Major Repairs	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**	**37190**	**0**	**0**	**37190**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**14280**	**0**	**14280**	**-22910**
3035/7	Pensions - General Fund	0	0	0	0	0	0	4919100	0	0	**4919100**	0	0	0	0	0	0	0	0	2079430	0	**2079430**	**-2839670**
	Consolidation Entry - Pensions	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**	**4919100**	**0**	**0**	**4919100**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2079430**	**0**	**2079430**	**-2839670**
	Contributions to Provisions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Appropriation Account:																						
3039	Commutation Adjustment	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3039	Deferred Charges	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	-532800	0	0	0	**-532800**	**-532800**
3039	Government Grants	0	0	0	0	0	0	0	-396440	0	**-396440**	0	0	0	0	0	0	0	0	0	0	**0**	**396440**
3039	Contribution to Capital Receipts Pool	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3039	Depreciation	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	-1602630	0	0	0	**-1602630**	**-1602630**
		0	**0**	**0**	**0**	**0**	**0**	**0**	**-396440**	**0**	**-396440**	**0**	**0**	**0**	**0**	**0**	**0**	**-2135430**	**0**	**0**	**0**	**-2135430**	**-1738990**
	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	0	0	0	**0**	**0**
	Consolidation Entry - Rev Contribs HRA	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**	**0**	**0**
	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**	**0**
	Contrib from Rev Balance/Surplus for Year	**0**	**0**	**0**	**0**	**0**	**0**	**256624**	**0**	**0**	**256624**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-256624**
	Budget Requirement	**18971410**	**8978800**	**199730**	**4021390**	**1446760**	**620130**	**6576914**	**0**	**16874990**	**57690124**	**11493260**	**1290520**	**1150510**	**4615040**	**694340**	**27832865**	**0**	**0**	**6131710**	**16558700**	**69766945**	**12076821**
	Other Accounts									0											0		
	Capital Accounts	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	316290	**316290**	**316290**
	Right to Buy Sales	0	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**	**0**
	Sub-Total	0	0	0	0	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	316290	**316290**	**316290**
	GRAND TOTAL	**18971410**	**8978800**	**199730**	**4021390**	**1446760**	**620130**	**6576914**	**0**	**16874990**	**57690124**	**11493260**	**1290520**	**1150510**	**4615040**	**694340**	**27832865**	**0**	**0**	**6131710**	**16874990**	**70083235**	**12393111**

CHAPTER 3

CAPITAL INVESTMENT PROGRAMME & CAPITAL FUNDING

Regulatory Framework

Introduction

Capital expenditure can be defined as that which benefits the community over a number of years. Regulations prevent the Council treating day to day revenue expenditure as capital expenditure since it is imprudent to fund regular on-going costs from finite capital resources.

Capital Funding

The Capital Investment Programme is funded from a number of sources which can be categorised as either 'earmarked' (and used on specific schemes) or 'unrestricted' funding (available to fund any scheme).

Earmarked Funding

Government Grants

Grants for specific purposes may be available from the Government, e.g. Planning Delivery Grant, Decent Private Sector Housing Grants. Some grants may depend on an element of funding from the council's own resources, e.g. Disabled Facility Grants.

Partnership Funding

The Council attracts partnership funding from local authorities, e.g. the County Council, and other agencies, e.g. the Community Safety Partnership and the Hertfordshire Waste Partnership.

Third Party Contributions

These include contributions from private developers where the Council has been able to negotiate benefits when planning permission is sought (known as Section 106 agreements or planning gain).

Other Funding

The Council has benefited in the past from other funding such as lottery grants. The Government still encourages public private partnerships (PPP) and private finance initiatives (PPI) although the opportunities for a Council of Three Rivers' size appear extremely limited.

Unrestricted Funding

The Use of Capital Receipts

The Council's main source of capital receipts has been the sale of council houses under the Right to Buy legislation. When the Council sold its housing stock to Thrive Homes Ltd, the Transfer Agreement included a Right to Buy Sharing Agreement whereby the Council is entitled to a share

of the post-transfer receipts from Right to Buy sales and a 'VAT Shelter Agreement' whereby the Council benefits from the recovery of VAT on continuing works carried out by Thrive. Other capital receipts derive from the selling of assets, e.g. land.

Reserve for Capital Expenditure

The Council has a general reserve which it has put aside for future capital expenditure. It has the ability, should it wish, to re-designate this reserve for revenue use.

Revenue Contributions

Capital Expenditure may be met directly from Council Tax.

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, say, in twenty years time the taxpayers 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 and the 2003 Prudential Code for Capital Finance in Local Authorities introduced new borrowing powers and requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated Treasury Management Strategy (see below).

The Prudential Code requires the Council to set a number of Prudential Indicators, over a period of three years and to incorporate them into its Treasury Management Strategy. 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.

It is not proposed to borrow to fund capital expenditure in the medium term.

The Council's Capital Investment Programme

Medium Term Plan

The Council agreed its medium-term capital investment programme on 22 February 2011. This is set out below:-

Medium Term Financial Plan – Capital Investment Programme	Col 1 2010/2011 Revised Budget £	Col 2 2011/2012 Original Budget £	Col 3 2012/2013 Forecast £	Col 4 2013/2014 Forecast £
Funding Brought Forward				
Earmarked	598,846	235,515	243,205	604,205
Unrestricted	19,924,329	15,765,470	12,254,000	10,596,930
Funding Generated in the Year				
Earmarked	687,440	258,000	511,000	763,000
Unrestricted	1,836,210	2,361,660	1,773,870	1,538,690
Total Funding Available	23,046,825	18,572,645	14,782,075	13,502,825
Capital Investment Programme				
Use of Earmarked Funding	1,050,771	202,310	150,000	150,000
Using of Unrestricted Funding	5,995,069	5,873,130	3,430,940	2,936,440
Total Programme	7,045,840	6,075,440	3,580,940	3,086,440
Funding Carried Forward				
Earmarked	235,515	243,205	604,205	1,217,205
Unrestricted	15,765,470	12,254,000	10,596,930	9,199,180
Funding Carried Forward	16,000,985	12,497,205	11,201,135	10,416,385

The Council plans to spend £6.075m on capital schemes in 2011/12. Of this £0.202m is to be met from earmarked funding and £5.873m from other capital funding.

The Council has also prepared a ten-year long-term capital plan. This is shown at Appendix 1 below.

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

CAPITAL INVESTMENT PROGRAMME 2010-2013

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Earmarked Funding											
Brought Forward											
Govt Grant - Decent Private Housing	168,599	0	0	0	0	0	0	0	0	0	0
Govt Grant - Planning Delivery Grant / EDMS Project	8,619	0	0	0	0	0	0	0	0	0	0
Govt Grant - Disabled Facility Grants	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - DCMS - Free Swim	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911
Govt Grant - Performance Reward Grant	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - New Homes Grant	0	0	60,000	421,000	1,034,000	1,776,000	2,761,000	3,956,000	3,956,000	3,956,000	3,956,000
Playbuilder - Oulton Way	0	0	0	0	0	0	0	0	0	0	0
Playbuilder - Hayling Road	0	52,310	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - Waste & Recycling Vehicles	0	0	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - S106 Marconi Site Croxley Green	0	0	0	0	0	0	0	0	0	0	0
S106: Marconi Site Croxley Green	0	0	0	0	0	0	0	0	0	0	0
S106: 10-12 High Street	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434
S106: Land adj Rickmansworth School	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860
S106: Penn Place	0	0	0	0	0	0	0	0	0	0	0
All Saints Lane - Residents Contribution	0	0	0	0	0	0	0	0	0	0	0
Reserve for Waste Vehicles	238,423	0	0	0	0	0	0	0	0	0	0
Generated in the Year											
Govt Grant - Decent Private Housing	35,000	0	0	0	0	0	0	0	0	0	0
Govt Grant - Planning Delivery Grant	14,500	0	0	0	0	0	0	0	0	0	0
Govt Grant - Disabled Facility Grants	155,020	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Govt Grant - DCMS - Free Swim	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - Performance Reward Grant	217,210	0	0	0	0	0	0	0	0	0	0
Govt Grant - New Homes Grant	0	60,000	361,000	613,000	742,000	985,000	1,195,000	0	0	0	0
Playbuilder - Oulton Way	52,310	0	0	0	0	0	0	0	0	0	0
Playbuilder - Hayling Road	52,310	0	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - Waste & Recycling Vehicles	75,000	0	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - S106 Marconi Site Croxley Green	4,700	0	0	0	0	0	0	0	0	0	0
S106: Marconi Site Croxley Green	33,500	0	0	0	0	0	0	0	0	0	0
S106: 10-12 High Street	0	0	0	0	0	0	0	0	0	0	0
S106: Land adj Rickmansworth School	0	0	0	0	0	0	0	0	0	0	0
S106: Penn Place	14,570	0	0	0	0	0	0	0	0	0	0
All Saints Lane - Residents Contribution	33,320	0	0	0	0	0	0	0	0	0	0
Reserve for Waste Vehicles	0	0	0	0	0	0	0	0	0	0	0
Total Earmarked Funding	1,286,286	445,515	754,205	1,367,205	2,109,205	3,094,205	4,289,205	4,289,205	4,289,205	4,289,205	4,289,205

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Proposed Use of Earmarked Funding											
Govt Grant - Decent Private Housing	203,599	0	0	0	0	0	0	0	0	0	0
Govt Grant - Planning Delivery Grant	42,500	0	0	0	0	0	0	0	0	0	0
Govt Grant - Disabled Facility Grants	489,771	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Govt Grant - DCMS - Free Swim	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - Performance Reward Grant	277,210	0	0	0	0	0	0	0	0	0	0
Govt Grant - New Homes Grant	0	0	0	0	0	0	0	0	0	0	0
Playbuilder - Oulton Way	142,000	0	0	0	0	0	0	0	0	0	0
Playbuilder - Hayling Road	0	105,300	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - Waste & Recycling Vehicles	75,000	132,200	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - S106 Marconi Site Croxley Green	4,700	0	0	0	0	0	0	0	0	0	0
S106: Marconi Site Croxley Green	111,540	0	0	0	0	0	0	0	0	0	0
S106: 10-12 High Street	0	0	0	0	0	0	0	0	0	0	0
S106: Land adj Rickmansworth School	0	0	0	0	0	0	0	0	0	0	0
S106: Penn Place	59,770	0	0	0	0	0	0	0	0	0	0
All Saints Lane - Residents Contribution	33,320	0	0	0	0	0	0	0	0	0	0
Reserve for Waste Vehicles	527,860	0	0	0	0	0	0	0	0	0	0
Total Earmarked Expenditure	1,967,270	937,500	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Funding Gap(-)											
To be met from Other Funding	-916,499	-735,190	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000
Other Funding (Unrestricted Capital Use)											
Balance Brought Forward											
Usable Capital Receipts	17,493,894	13,335,035	9,823,565	8,166,495	6,768,745	5,253,935	3,047,635	1,959,255	742,065	-434,295	-886,785
Revenue Contributions /Reserve for Capital Expenditure	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,555,435	2,855,435	3,355,435
Generated in the Year											
Usable Capital Receipts	1,836,210	2,361,660	1,773,870	1,538,690	1,690,130	1,849,640	2,017,560	2,194,250	2,280,080	2,375,450	2,380,760
Revenue Contributions /Reserve for Capital Expenditure	0	0	0	0	0	0	0	125,000	300,000	500,000	750,000
Total Other Funding	21,760,539	18,127,130	14,027,870	12,135,620	10,889,310	9,534,010	7,495,630	6,708,940	5,877,580	5,296,590	5,599,410
Less: Used to meet funding gap above	-916,499	-735,190	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000	-550,000
Total Available for Use	20,844,040	17,391,940	13,477,870	11,585,620	10,339,310	8,984,010	6,945,630	6,158,940	5,327,580	4,746,590	5,049,410
Proposed Use of Unrestricted Funding											
Scheme Expenditure (inc Rephased Schemes)	5,995,069	5,873,130	3,430,940	2,936,440	3,204,940	4,055,940	3,105,940	3,411,440	3,456,440	2,827,940	2,888,440
Capital Resources Carried Forward:-											
Earmarked Funding											
Govt Grant - Decent Private Housing	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - Planning Delivery Grant	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - Disabled Facility Grants	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - DCMS - Free Swim	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911	25,911
Govt Grant - Performance Reward Grant	0	0	0	0	0	0	0	0	0	0	0
Govt Grant - New Homes Grant	0	60,000	421,000	1,034,000	1,776,000	2,761,000	3,956,000	3,956,000	3,956,000	3,956,000	3,956,000
Playbuilder - Oulton Way	0	0	0	0	0	0	0	0	0	0	0
Playbuilder - Hayling Road	52,310	0	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - Waste & Recycling Vehicles	0	0	0	0	0	0	0	0	0	0	0
Hertfordshire County Council - S106 Marconi Site Croxley Green	0	0	0	0	0	0	0	0	0	0	0
S106: Marconi Site Croxley Green	0	0	0	0	0	0	0	0	0	0	0
S106: 10-12 High Street	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434	104,434
S106: Land adj Rickmansworth School	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860	52,860
S106: Penn Place	0	0	0	0	0	0	0	0	0	0	0
All Saints Lane - Residents Contribution	0	0	0	0	0	0	0	0	0	0	0
Reserve for Waste Vehicles	0	0	0	0	0	0	0	0	0	0	0
Other Funding (Unrestricted Capital Use)											
Usable Capital Receipts	13,335,035	9,823,565	8,166,495	6,768,745	5,253,935	3,047,635	1,959,255	742,065	-434,295	-886,785	-1,394,465
Revenue Contributions /Reserve for Capital Expenditure	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,430,435	2,555,435	2,855,435	3,355,435	4,105,435
Total Carried Forward	16,000,985	12,497,205	11,201,135	10,416,385	9,643,575	8,422,275	8,528,895	7,436,705	6,560,345	6,607,855	6,850,175

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Re-Phasing from 2010-11											
Oxhey Pavilion	0	25,000	0	0	0	0	0	0	0	0	0
Cemeteries Memorial Enhancement	0	53,080	0	0	0	0	0	0	0	0	0
Waste & Recycling Vehicles	0	132,200	0	0	0	0	0	0	0	0	0
Frames for Flats Recycling	0	24,510	0	0	0	0	0	0	0	0	0
Improving Play Areas - Oulton Way	0	50,300	0	0	0	0	0	0	0	0	0
Improving Play Areas - Hayling Road	0	105,300	0	0	0	0	0	0	0	0	0
Improving Play Areas - Asburnham Drive	0	97,000	0	0	0	0	0	0	0	0	0
BMX Tracks - South Oxhey	0	37,440	0	0	0	0	0	0	0	0	0
New Bus Shelters	0	9,520	0	0	0	0	0	0	0	0	0
Retail Parades	0	0	0	0	0	0	0	0	0	0	0
Revitalisation Scheme	0	30,000	0	0	0	0	0	0	0	0	0
Operating Land & Buildings											
Aquadrome - Management Plan: Access Enhancements	174,660	80,000	0	0	0	0	0	0	0	0	0
Aquadrome - Blue / Green Algae Treatment	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Aquadrome - Erosion Control	0	300,000	0	0	0	0	0	0	0	0	0
Aquadrome - Gate (subject to report to committee)	0	20,000	0	0	0	0	0	0	0	0	0
Aquadrome - Bury Lake Young Mariners - Feasibility Study	60,000	0	0	0	0	0	0	0	0	0	0
Aquadrome - Whole Life Costing	0	0	0	0	10,000	500,000	20,000	0	50,000	0	50,000
Watersmeet	74,000	0	0	0	0	0	0	0	0	0	0
Watersmeet - Photo Voltaic System to Roof	75,000	0	0	0	0	0	0	0	0	0	0
Watersmeet - Electrical Intake	0	31,000	21,500	34,000	0	0	0	0	0	0	0
Watersmeet - Whole Life Costing	0	0	50,000	100,000	15,000	6,000	19,000	0	21,000	6,000	2,500
Oxhey Pavilion	25,000	450,000	0	0	0	0	0	0	0	0	0
Pavilions - Whole Life Costing	0	0	10,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
The Centre - South Oxhey	0	0	0	0	0	0	0	0	0	0	0
Leavesden Country Park - Management Implementation Plan - Stage 1	173,950	0	0	0	0	0	0	0	0	0	0
Leavesden Country Park	0	0	400,000	0	0	0	0	0	0	0	0
Open Spaces Access Improvements	0	100,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reinstate South Oxhey Allotment Gardens	5,000	5,000	5,000	5,000	0	0	0	0	0	0	0
Allotments	13,600	0	0	0	10,000	5,000	10,000	5,000	10,000	5,000	10,000
Fairway Inn Roof Refurbishment	5,000	0	0	0	0	0	0	0	0	0	0
Fairway Inn - Whole Life Costing	0	0	0	0	25,000	0	5,000	25,000	10,000	0	5,000
Chorleywood House Estate	54,150	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000
Woodcock Hill Cemetery	21,710	0	0	0	0	0	0	0	0	0	0
Cemetary Lodge Upgrade	90,190	0	0	0	0	0	0	0	0	0	0
Cemeteries Memorial Enhancement	10,000	10,000	0	0	0	0	0	0	0	0	0
Cemetery - Whole Life Costing	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Woodland Paths - Oxhey Woods	20,000	170,000	0	0	0	0	0	0	0	0	0
Woodlands adj The Grove	5,190	0	0	0	0	0	0	0	0	0	0
Leisure Improvements & Dilapidations	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
TRH - Upgrade Lighting	29,380	0	0	0	0	0	0	0	0	0	0
TRH - Energy Performance Certificates	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TRH - Public Meeting Rooms Presentation Systems	10,000	0	0	0	0	0	0	0	0	0	0
TRH - Lift	0	68,800	0	0	0	0	0	0	0	0	0
TRH - Meeting Room Lights	0	16,000	5,500	0	0	0	0	0	0	0	0
TRH - Voltage	0	33,000	0	0	0	0	0	0	0	0	0
TRH - Whole Life Costing	17,070	0	100,000	100,000	102,000	123,000	103,000	161,000	124,000	25,000	135,000
35-37 Oxhey Drive - Whole Life Costing	0	0	0	0	4,000	5,000	18,000	1,500	3,500	0	9,000
Basing House - Whole Life Costing	0	0	0	0	5,000	7,000	2,000	0	14,000	3,000	2,000
Garage Improvements (subject to report to Resources committee)	431,770	250,000	250,000	250,000	250,000	150,000	0	50,000	0	0	0
Car Park Reconstruction	59,770	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Rose Garden Car Park	10,000	0	0	0	0	0	0	0	0	0	0
Whole Life Costing	6,000	52,000	12,500	7,500	0	0	0	0	0	0	0
Vehicles, Plant & Equipment											
Replacement of Grounds Maintenance Vehicles	0	0	231,000	134,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Waste & Recycling Vehicles	602,860	630,000	190,000	0	330,000	310,000	390,000	660,000	640,000	200,000	0
Environmental Protection Plant	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TRC Vehicles	0	0	0	0	0	0	0	0	0	0	0
Tractor for leisure venues	0	25,000	0	0	0	0	25,000	0	0	0	0
Frames for Flats Recycling	16,090	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Commercial Waste Bins	25,000	55,000	55,000	60,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Domestic Waste Bins & Boxes	60,000	60,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Commercial Waste Recycling	37,450	0	0	0	0	0	0	0	0	0	0
New Play Area - Chorleywood	0	0	95,000	0	0	0	0	0	0	0	0
New Play Area - Baldwins Lane	0	0	95,000	0	0	0	0	0	0	0	0
New Play Area - Scotsbridge	0	135,000	0	0	0	0	0	0	0	0	0
New Play Area - Abbots Langley / Langleybury	0	184,750	0	0	0	0	0	0	0	0	0
New Play Area - Mill End	0	0	0	95,000	0	0	0	0	0	0	0
Improving Play Areas - Oulton Way	142,000	0	0	0	0	0	0	0	0	0	0
Improving Play Areas - Hayling Road	0	0	0	0	0	0	0	0	0	0	0
Improving Play Areas - Asburnham Drive	0	0	0	0	0	0	0	0	0	0	0
Improving Play Areas - Ashridge	0	0	95,000	0	0	0	0	0	0	0	0
Improving Play Areas - future schemes	0	0	0	100000	200000	200000	200000	200000	200000	200000	200000
Croxley Green - Skatepark Resurfacing	35,000	0	0	0	0	0	0	0	0	0	0
BMX Tracks - South Oxhey	0	0	0	0	0	0	0	0	0	0	0
Carpenders Park Skateboard Facilities	0	75,000									
Informal Skatepark Facilities	27,100	0	0	0	0	0	0	0	0	0	0
Multi-Use Games Area - Abbots Langley	25,000	0	0	0	0	0	0	0	0	0	0
Barton Way Play Area & Outdoor Gym	9,440	0	0	0	0	0	0	0	0	0	0

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Election Equipment	1,000	0	0	0	0	1,000	0	0	0	0	1,000
Elections - Signature Recognition	1,660	0	0	0	0	0	0	0	0	0	0
Software Licences	137,660	134,580	134,580	134,580	134,580	134,580	134,580	134,580	134,580	134,580	134,580
Customer Relationship Management System	0	269,100	0	0	0	0	0	0	0	0	0
New IT - Website Development	50,000	0	0	0	0	0	0	0	0	0	0
Shared Services ICT Development	52,000	124,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
New IT - Sheared Services Systems Implementation	26,030										
New IT - Elections	18,000	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
New IT - Remote Data Gathering System	0	9,500	4,500	0	0	0	0	0	0	0	0
New IT - Greentrac Energy Saving Software	0	24,000	0	0	0	0	0	0	0	0	0
Members ICT - Grants	17,760	17,760	17,760	17,760	17,760	17,760	17,760	17,760	17,760	17,760	17,760
Planning Delivery Grant - IT Equipment	42,500	0	0	0	0	0	0	0	0	0	0
IT - New Development	17,920	0	0	0	0	0	0	0	0	0	0
IT - E-Petitions	3,000	0	0	0	0	0	0	0	0	0	0
IT Hardware Replacement	0	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Scanning Tree Preservation Orders	0	30,000	0	0	0	0	0	0	0	0	0
CCTV Depot Gate (subject to report to committee)	0	10,000	0	0	0	0	0	0	0	0	0
Infrastructure											
Defective Sewers	0	75,000	0	0	0	0	0	0	0	0	0
New Bus Shelters	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Highway Enhancements	144,340	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Street Furniture (Litter Bins)	55,000	55,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Regeneration Schemes & Retail Parades	0	250,000	0	0	0	500,000	0	0	0	0	0
Retail Parades	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Revitalisation Scheme	0	0	0	0	0	0	0	0	0	0	0
Roads & Footpaths	149,560	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Path Construction	10,000	0	0	0	0	0	0	0	0	0	0
Disabled Parking Bays	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Woodcock Hill Parking Bay	12,000	0	0	0	0	0	0	0	0	0	0
Cycle Schemes	51,490	50,000	50,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Parking Controls	75,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Parking Bays	91,150	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Community Toilet signposts	4,000	0	0	0	0	0	0	0	0	0	0
Green Composting Sites	80,000	0	0	0	0	0	0	0	0	0	0
War Memorial - St Marys Rickmansworth	0	10,000	0	0	0	0	0	0	0	0	0
Retaining Wall - 189 Hayling Road	15,000	0	0	0	0	0	0	0	0	0	0

Capital Investment Programme 2010-2021	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/20	2020/21
	Latest	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Budget										
	£	£	£	£	£	£	£	£	£	£	£
Assets Under Construction											
William Penn	250,000	0	0	0	0	0	0	0	0	0	0
William Penn - Health Suite	0	0	0	100,000	0	0	0	0	0	0	0
Cost Recovery Contingency	600,000	150,000	0	0	0	0	0	0	0	0	0
Leisure Contingency	975,000	0	0	0	0	0	0	0	0	0	0
The Strip - South Oxhey	15,280	0	0	0	0	0	0	0	0	0	0
Investment Properties											
Shop Blocks	8,900	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000
The Jet P.H. - Purchase & Demolition	450,000	0	0	0	0	0	0	0	0	0	0
Gade View Gardens	200,630	0	0	0	0	0	0	0	0	0	0
Intangible Assets											
Disabled Facility Grants	652,820	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Capital Grants	277,210	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Prince's Trust	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Historic Building Grants	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Renovation Grants	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Home Repairs Assistance Grants	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Local Area Forum Grants	10,000	0	0	0	0	0	0	0	0	0	0
Private Sector Decent Homes	40,550	0	0	0	0	0	0	0	0	0	0
Other Future Schemes (subject to approval by Exec committee)	0	50,000	100,000	250,000	280,000	310,000	340,000	370,000	410,000	450,000	500,000
	7,045,840	6,075,440	3,580,940	3,086,440	3,354,940	4,205,940	3,255,940	3,561,440	3,606,440	2,977,940	3,038,440

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 Income and Expenditure 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 2010. 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 31.03.10

	£000s	
Fixed Assets	54,097	Value of Land, Buildings, Vehicles, Plant etc.
	54,097	
Capital Adjustment Account (part)	-42,980	
Revaluation Reserve	-8,075	
Grants & Contributions Deferred	-3,042	
	-54,097	Equivalent of Shareholders Equity in the private sector
Cash & Investments		
Cash and Bank	-931	
Investments	28,726	
	27,795	
Cash Backed Balances		
Capital Adjustment Account (part)	-1,799	Cash backed
Earmarked Reserves	-4,560	Earmarked sums for Capital and Revenue expenditure
Usable Capital Receipts	-17,494	For use on Capital Expenditure
General Fund	-8,232	For General Fund revenue expenditure only (or RCCO)
Collection Fund	48	Relates to collection of outstanding Council Tax and NNDR
	-32,037	
Debtors, Creditors, Stock & WIP		
Long Term Debtors	1,779	
Stock and Work in Progress	22	
Debtors	6,885	
Creditors	-4,444	
	4,242	Cash & Investments will be increased to the 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; and,

c) balances generally available for capital schemes.

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

a) the amount held at 31 March 2010;

b) the amount estimated to be held at 31 March 2011;

c) its legal status; and,

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

Revenue Balances – General Fund

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.

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 to support revenue 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,
- emergencies occur.

A balance of £2.5m is considered the prudent minimum.

Usable Capital Receipts

At 31 March 2011 it is estimated that the Council will hold £13.335m in usable capital receipts. These result primarily from the transfer of the council's housing stock to Thrive Homes Ltd.

APPENDIX 1

Cash Backed Balances	31-Mar-10 Actual £000s	31-Mar-10 Actual £000s	31-Mar-11 Estimate £000s	31-Mar-11 Estimate £000s	Legal Status	Use under Current Council Policy
Capital Adjustment Account (part)		1,799		1,799	Use for Capital	Funding for Capital Expenditure
Earmarked Reserves						
Capital Grants & Contributions						
Third Party Contributions	264		78		Earmarked Sums	Earmarked for capital expenditure schemes
Revenue Reserves						
Section 106 & Commuted Sums	565		157		Earmarked Sums	Earmarked for specific capital schemes or on-going maintenance
Future Capital Expenditure	2,430		2,430		Use for Capital	Funding for Capital Expenditure
Leavesden Hospital Open Space	1,209		1,209		Earmarked Commuted Sum	Interest used for maintenance of Leavesden Country Park
Environmental Maintenance Plant	92		92		General Fund Revenue or Capital	Replacement of environmental maintenance plant
Sub-Total		4,560		3,966		
Usable Capital Receipts						
Usable Capital Receipts		17,494		13,335	Use for Capital	Use for Capital
Revenue Balances						
General Fund		8,232		6,446	General Fund Revenue or Capital	Working Balance, General Fund Revenue or Capital
Other Balances						
Collection Fund		-48		-41	Collection Fund	Local Tax collection to meet precepts and General Fund demand
TOTAL		**32,037**		**25,505**		

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.

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 arrangemen

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

THE CAPITAL PRUDENTIAL INDICATORS 2011/12 – 2013/14

Introduction

The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems. This report updates currently approved indicators and introduces new indicators for 2013/14.

Within this overall prudential framework there is an impact on the Council's treasury management activity – as it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 2011/12 to 2013/14 is included as Annex B to complement these indicators. Some of the prudential indicators are shown in the treasury management strategy to aid understanding.

1 Capital Expenditure Plans

The Council's capital expenditure plans are summarised in the budget report and form the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the council tax);
- Practicality (e.g. the achievability of the forward plan).

The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.

This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.

The key risks to the plans are that the level of Government support has been estimated and is therefore maybe subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.

The Council has approved its capital expenditure projections. Approving capital expenditure plans is the first prudential indicator.

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

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

The Council has no net financing need as a result of the capital expenditure plans up to 2013/14.

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

The Council has approved the CFR projections below:

	2010/11 Original £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital Financing Requirement					
Total CFR	**0**	**0**	**0**	**0**	**0**
Movement in CFR	**0**	**0**	**0**	**0**	**0**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). Because the CFR is Zero, no revenue charge is required for this purpose.

3 Minimum Revenue Provision Statement

Government Regulations have been issued which require the Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council has approved the following MRP Statement:-

The Council has no debt and a zero Capital Financing Requirement, so will not be making a Minimum Revenue Provision.

The Council currently has no Finance Leases. However, for any unsupported borrowing as a result of New Finance Leases, the MRP policy will be either:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) or;
- **Depreciation method** – MRP will follow standard depreciation accounting procedures.

These options provide for a reduction in the borrowing need over approximately the asset's life.

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

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed at Annex A1 to Annex A4 are estimates of the anticipated day to day cash flow balances. Year end balances for capital resources are detailed elsewhere with capital priorities.

5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

6 Actual and Estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. As the council is debt-free and has a zero CFR, this indicator is not applicable.

7 Estimates of the incremental impact of capital investment decisions on the Council Tax

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

The changes are given in detail in the proposed Capital Investment Programme.

CASH FLOW FORECAST BY PERIOD FOR YEAR 2010/11

Annex A1

Month Period:	April 10 1 Actual £000	May 10 2 Actual £000	June 10 3 Actual £000	July 10 4 Actual £000	Aug 10 5 Actual £000	Sept 10 6 Actual £000	Oct 10 7 Actual £000	Nov 10 8 Actual £000	Dec 10 9 Actual £000	Jan 11 10 Est £000	Feb 11 11 Est £000	Mar 11 12 Est £000	TOTAL £000
Cash Balance Brought Forward	68	6	5	9	5	6	1	0	1	0	(2)	4	68
RECEIPTS													
Misc Inc -Hsg Ben Subsidy	2,225	2,225	2,116	1,416	2,225	2,225	2,785	2,322	2,305	2,305	2,305	2,305	26,759
-Grant		198											198
-VAT		213	61	378		171	139	107	84	285	285	285	2,007
-SOCH Receipts				8				7					15
Capital Receipts & Earmarked Fuding	225	1,011	408	2	271	4	5	146			7	180	2,259
Other revenue income/expenditure	650	1,480	(2,710)	780	160	840	260	380	1,970	775	775	775	6,135
Rent Income -Shops, Garages &Thrive	305	226	448	257	348	304	370	331	232	313	313	313	3,761
Mortgages	2	1	2	1	2	1	1	1	1	1	1	1	15
Council Tax	5,402	3,476	6,199	4,779	4,882	4,963	5,135	4,968	3,733	4,837	801	743	49,918
NNDR	4,436	2,215	3,260	1,971	2,455	1,856	2,517	2,671	1,724	2,567	688	220	26,580
Thrive -SLAs	17	9	18	10	18	24	20	9	15	8	12	50	210
TOTAL RECEIPTS	13,262	11,054	9,802	9,602	10,361	10,388	11,232	10,942	10,064	11,092	5,188	4,871	117,858
PAYMENTS													
Precepts -County	4,849	4,849	4,849		4,849	4,849	4,849	4,849		4,849	4,849	4,849	48,490
-Parish	713					713							1,426
Net Payment of NNDR/RSG	928	1,871	1,871	1,871	1,871	1,871	350	1,871	1,871	1,871	174	1032	17,452
Salaries	549	622	592	562	562	574	547	539	563	563	563	563	6,799
Creditors - Cheques	482	277	642	231	487	565	236	165	143	150	150	150	3,678
- BACS (Incl HBen)	2,618	3,925	3,691	3,074	3,154	3,021	3,452	5,239	3,027	5,114	5,114	5,114	46,542
TOTAL PAYMENTS	10,139	11,544	11,645	5,738	10,923	11,593	9,434	12,663	5,604	12,547	10,850	11,708	124,387
Net Bal:receipts/(payments)	3,191	(484)	(1,838)	3,873	(557)	(1,199)	1,799	(1,721)	4,461	(1,455)	(5,663)	(6,833)	(6,462)
Inv repaid - Principal	11,045	15,725	11,440	6,370	9,635	18,795	11,520	20,105	2,680	2,000	8,500	7,000	124,815
- Interest (cash basis)	15	29	17	2	28	35	31	42	4	4	37	31	**274**
	14,251	15,270	9,619	10,245	9,106	17,631	13,350	18,426	7,145	548	2,874	198	118,628
Temp(Invest)/Borrow	(14,245)	(15,265)	(9,610)	(10,240)	(9,100)	(17,630)	(13,350)	(18,425)	(7,145)	(550)	(2,870)	(200)	(118,630)
Balance Carried Forward	6	5	9	5	6	1	0	1	0	(2)	4	(2)	(2)

CASH FLOW FORECAST BY PERIOD FOR YEAR 2011/12

Annex A2

Month Period:	April 11 1 Est £000	May 11 2 Est £000	June 11 3 Est £000	July 11 4 Est £000	Aug 11 5 Est £000	Sept 11 6 Est £000	Oct 11 7 Est £000	Nov 11 8 Est £000	Dec 11 9 Est £000	Jan 12 10 Est £000	Feb 12 11 Est £000	Mar 12 12 Est £000	TOTAL £000
Cash Balance Brought Forward	(2)	1	(1)	(3)	1	(1)	2	1	3	2	2	4	(2)
RECEIPTS													
Misc Inc -Hsg Ben Subsidy	2,227	2,227	2,118	1,418	2,227	2,227	2,788	2,325	2,308	2,308	2,308	2,308	26,789
-Grant		210											210
-VAT	146	146	146	146	146	146	146	146	146	285	285	285	2,171
-SOCH Receipts													
Capital Receipts & Earmarked Fuding	225	1,011	408	2	271	4	5	146	50	53	7	180	2,362
Other revenue income/expenditure	613	613	613	613	613	613	613	613	613	613	613	613	7,356
Rent Income -Shops Garages & Thrive	305	226	448	257	348	304	370	331	232	313	313	313	3,761
Mortgages	2	1	2	1	2	1	1	1	1	1	1	1	15
Council Tax	5,402	3,476	6,199	4,779	4,882	4,963	5,135	4,968	3,733	4,837	801	743	49,918
NNDR	4,640	2,317	3,410	2,061	2,568	1,941	2,633	2,794	1,803	2,685	720	230	27,800
Thrive -SLAs	17	9	18	10	18	24	20	9	15	8	12	50	210
TOTAL RECEIPTS	13,577	10,237	13,362	9,287	11,076	10,224	11,711	11,333	8,901	11,103	5,060	4,722	120,593
PAYMENTS													
Precepts -County	4,849	4,849	4,849		4,849	4,849	4,849	4,849		4,849	4,849	4,849	48,490
-Parish	713					713							1,426
Net Payment of NNDR/RSG	1,026	2,069	2,069	2,069	2,069	2,069	2,070	2,069	2,069	2,069	192	1,141	20,982
Salaries	563	563	563	563	563	563	563	563	563	563	563	563	6,756
Creditors - Cheques	76	76	72	78	232	406	187	140	127	135	135	135	1,801
- BACS (incl Thrive)	3,007	3,341	3,645	3,349	3,554	3,316	3,384	4,504	3,334	4,482	4,482	4,482	44,880
TOTAL PAYMENTS	10,235	10,898	11,198	6,059	11,267	11,916	11,053	12,126	6,094	12,098	10,221	11,170	124,335
Net Bal:receipts/(payments)	3,341	(661)	2,164	3,225	(191)	(1,692)	661	(792)	2,810	(993)	(5,159)	(6,445)	(3,744)
Inv repaid - Principal	2,870	7,700	6,220	9,080	8,410	12,340	8,250	13,190	8,940	12,460	11,780	11,510	112,750
- Interest	10	40	22	36	30	45	30	65	32	45	43	42	**441**
	6,221	7,079	8,407	12,341	8,249	10,692	8,941	12,463	11,782	11,512	6,664	5107	109,447
Temp(Invest)/Borrow	(6,220)	(7,080)	(8,410)	(12,340)	(8,250)	(10,690)	(8,940)	(12,460)	(11,780)	(11,510)	(6,660)	(5,110)	(109,450)
Balance Carried Forward	1	(1)	(3)	1	(1)	2	1	3	2	2	4	(3)	(3)

CASH FLOW FORECAST BY PERIOD FOR YEAR 2012/13

Annex A3

Month Period:	April 12 1 Est £000	May 12 2 Est £000	June 12 3 Est £000	July 12 4 Est £000	Aug 12 5 Est £000	Sept 12 6 Est £000	Oct 12 7 Est £000	Nov 12 8 Est £000	Dec 12 9 Est £000	Jan 13 10 Est £000	Feb 13 11 Est £000	Mar 13 12 Est £000	TOTAL £000
Cash Balance Brought Forward	(3)	2	(4)	(4)	1	1	2	1	2	3	(3)	(5)	(3)
RECEIPTS													
Misc Inc -Hsg Ben Subsidy	2,280	2,280	2,168	1,451	2,280	2,280	2,854	2,379	2,362	2,362	2,362	2,362	27,420
-Grant		511											511
-VAT	117	117	117	117	117	117	117	117	117	228	228	228	1,737
Capital Receipts & Earmarked Fuding	121	545	220	1	146	2	3	79	27	29	4	97	1,274
Other revenue income/expenditure	623	623	623	623	623	623	623	623	623	623	623	623	7,479
Rent Income -Shops Garages & Thrive	314	233	461	265	358	313	381	341	239	323	323	323	3,874
Council Tax	5,510	3,546	6,323	4,875	4,980	5,062	5,238	5,067	3,808	4,934	817	757	50,917
NNDR	4,732	2,363	3,478	2,103	2,619	1,980	2,685	2,849	1,839	2,739	734	234	28,356
Thrive -SLAs	17	9	18	10	18	24	20	9	15	8	12	50	210
TOTAL RECEIPTS	13,715	10,227	13,409	9,444	11,142	10,402	11,921	11,465	9,030	11,245	5,103	4,674	121,778
PAYMENTS													
Precepts -County	4,946	4,946	4,946		4,946	4,946	4,946	4,946		4,946	4,946	4,946	49,460
-Parish	727					727							1,455
Net Payment of NNDR/RSG	1,084	2,185	2,185	2,185	2,185	2,185	2,186	2,185	2,185	2,185	203	1,205	22,157
Salaries	574	574	574	574	574	574	574	574	574	574	574	574	6,891
Creditors - Cheques	69	69	65	71	229	407	182	135	121	130	130	130	1,736
- BACS (incl Thrive)	2,808	3,150	3,461	3,158	3,368	3,124	3,193	4,342	3,143	4,319	4,319	4,319	42,704
TOTAL PAYMENTS	10,207	10,924	11,231	5,988	11,302	11,963	11,082	12,182	6,023	12,154	10,172	11,174	124,403
Net Bal:receipts/(payments)	3,505	(695)	2,174	3,453	(160)	(1,560)	841	(715)	3,009	(906)	(5,072)	(6,505)	(2,628)
Inv repaid - Principal	6,660	5,110	10,190	4,440	12,410	7,910	12,300	6,380	13,190	5,690	16,250	6,480	107,010
- Interest	27	21	42	18	51	32	50	27	54	23	67	27	**440**
	10,192	4,436	12,406	7,911	12,301	6,382	13,191	5,692	16,253	4,807	11,245	2	104,822
Temp(Invest)/Borrow	(10,190)	(4,440)	(12,410)	(7,910)	(12,300)	(6,380)	(13,190)	(5,690)	(16,250)	(4,810)	(11,250)		(104,820)
Balance Carried Forward	2	(4)	(4)	1	1	2	1	2	3	(3)	(5)	2	2

CASH FLOW FORECAST BY PERIOD FOR YEAR 2013/14

Annex A4

Month Period:	April 12 1 Est £000	May 12 2 Est £000	June 12 3 Est £000	July 12 4 Est £000	Aug 12 5 Est £000	Sept 12 6 Est £000	Oct 12 7 Est £000	Nov 12 8 Est £000	Dec 12 9 Est £000	Jan 13 10 Est £000	Feb 13 11 Est £000	Mar 13 12 Est £000	TOTAL £000
Cash Balance Brought Forward	(3)	(3)	(4)	(3)	4	(3)	5	3	(4)	3	(1)	1	(3)
RECEIPTS													
Misc Inc -Hsg Ben Subsidy	2,332	2,332	2,217	1,484	2,332	2,332	2,919	2,433	2,416	2,416	2,416	2,416	28,042
-Grant		763											763
-VAT	111	111	111	111	111	111	111	111	111	216	216	216	1,650
Capital Receipts & Earmarked Fuding	147	659	266	1	177	3	3	95	33	35	5	117	1,539
Other revenue income/expenditure	610	610	610	610	610	610	610	610	610	610	610	610	7,319
Rent Income -Shops Garages & Thrive	324	240	475	273	369	323	393	351	246	333	333	333	3,990
Council Tax	5,620	3,616	6,449	4,972	5,079	5,164	5,342	5,169	3,884	5,033	834	773	51,935
NNDR	4,827	2,410	3,547	2,145	2,671	2,020	2,739	2,906	1,876	2,794	749	239	28,923
Thrive -SLAs	17	9	18	10	18	24	20	9	15	8	12	50	210
TOTAL RECEIPTS	13,987	10,750	13,695	9,606	11,367	10,585	12,137	11,685	9,190	11,443	5,174	4,753	124,372
PAYMENTS													
Precepts -County	5,045	5,045	5,045		5,045	5,045	5,045	5,045		5,045	5,045	5,045	50,449
-Parish	742					742							1,484
Net Payment of NNDR/RSG	1,123	2,265	2,265	2,265	2,265	2,265	2,266	2,265	2,265	2,265	211	1,249	22,969
Salaries	591	591	591	591	591	591	591	591	591	591	591	591	7,098
Creditors - Cheques	66	66	62	68	231	413	183	134	120	129	129	129	1,730
- BACS (incl Thrive)	2,755	3,106	3,425	3,114	3,329	3,079	3,150	4,327	3,098	4,304	4,304	4,304	42,294
TOTAL PAYMENTS	10,323	11,073	11,388	6,039	11,461	12,135	11,236	12,363	6,075	12,334	10,279	11,318	126,024
Net Bal:receipts/(payments)	3,661	(326)	2,302	3,564	(90)	(1,553)	906	(675)	3,112	(887)	(5,106)	(6,564)	(1,655)
Inv repaid - Principal	11,250	320	14,970		17,350	3,560	17,350	2,020	18,340	1,360	21,540	6,530	114,590
- Interest	56	2	75		87	18	87	11	92	7	108	33	**574**
	14,967	(4)	17,347	3,564	17,347	2,025	18,343	1,356	21,543	479	16,541	-1	113,509
Temp(Invest)/Borrow	(14,970)		(17,350)	(3,560)	(17,350)	(2,020)	(18,340)	(1,360)	(21,540)	(480)	(16,540)		(113,510)
Balance Carried Forward	(3)	(4)	(3)	4	(3)	5	3	(4)	3	(1)	1	(1)	(1)

ANNEX B

TREASURY MANAGEMENT STRATEGY 2011/12 – 2013/14

The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992.

The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council has adopted the Code of Practice on Treasury Management.

As a result of adopting the Code the Council also adopted a Treasury Management Policy Statement. This adoption is the requirement of one of the prudential indicators.

The Constitution requires a strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year. A new requirement of the revision to the Code of Practice requires a mid-year monitoring report.

This strategy covers:

- The Council's debt and investment projections;
- The Council's estimates and limits on future debt levels(borrowing activity);
- The expected movement in interest rates;
- The Council's borrowing and investment strategies;
- Specific limits on treasury activities;
- Treasury performance indicators;
- Treasury Advice
- Training of Officers and Members

1 Debt and Investment Projections 2011/12 – 2013/14

The borrowing requirement comprises the expected movement in the Capital Financing Requirement (CFR) and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years

Operational Boundary

Short-term borrowing (up to one year) is permitted for debt-free authorities. The expected maximum debt position during each year represents the Operational Boundary prudential indicator. The table below also highlights the expected change in investment balances.

	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
External Debt	**N/A**			
Operational Boundary	**5**	**5**	**5**	**5**
Investments				
Total Investments at 31 March	22.5	19.2	17.0	15.9
Investment change	-6.2	-3.3	-2.2	-1.1

The related impact of the above movements on the revenue budgets are:

	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Revenue Budgets				
Interest on Borrowing	0	0	0	0
Investment income	0.312	0.607	0.622	0.718

2 Limits to Borrowing Activity

Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits

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

	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
External Loans (long term)	0	0	0	0
Plus Other long term liabilities	0	0	0	0
Gross Borrowing	0	0	0	0
Less Investments	-22.5	-19.2	-17.0	-15.9
Net Borrowing	-22.5	-19.2	-17.0	-15.9
CFR	0	0	0	0

The Director of Corporate Resources and Governance reported that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

The Council has approved the following Authorised Limit:

Authorised limit	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	7	7	7	7
Other long term liabilities	0	0	0	0
Total	7	7	7	7

3 Expected Movement in Interest Rates

Medium-Term Rate Estimates (averages January 2011)

The Council's treasury adviser, Sector, provided the following forecast and commentary:

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

*Borrowing rates

There is significant uncertainty with economic forecasts. Whilst short-term rates are expected to remain on hold through most of 2011, inflationary concerns are increasing. Inflation has been above the 2% target for so long the credibility of the MPC may become a greater focus. This will make the MPC's decisions during 2011 a difficult judgment; control inflation or continue to aid the recovery? The MPC will be particularly concerned that the public's inflation expectations could become unhinged. There is a risk that the MPC may feel they will need to take action earlier than Q4, i.e. Q3, in order to reinforce its credibility.

The recovery in the economy is well underway; however, the strong rates of growth we have seen are unlikely to be sustained. The Government's determination to cut the size of the public sector deficit will be a drag upon activity in the medium term. The void left by significant cuts in public spending will need to be filled by a number of alternatives – corporate investment, rising exports (assisted by the fall in the value of sterling) and consumers' expenditure. In terms of sheer magnitude, the latter is the most important and strong growth in this area is by no means certain. The combination of the desire to reduce the level of personal debt, lack of access to credit and continued job uncertainty is likely to weigh heavily upon spending. This will be amplified by fiscal policy tightening, in the Comprehensive Spending Review. Without growth in personal spending remaining robust, any recovery in the economy is set to be weak and protracted.

Fiscal support in the US through the extension of tax cuts and monetary support through the extension of quantitive easing (QEII, with the potential for further easing), has had an adverse effect on world bond markets. Following the recent sell off the outlook for long-term interest rates is favourable in the near term, but is set to deteriorate again in the latter part of 2011. The increase in yields will be suppressed by continued investor demand for safe haven instruments following the uncertainties and unfolding tensions within the entire Eurozone. In addition to this, the market has been underpinned by evidence of moderating activity in major economies and the coalition government's determination to deal with the parlous state of public sector finances. These two factors will restrict any deterioration in longer term fixed interest rates in the near term.

However, while the UK's fiscal burden will almost certainly ease, it will be a lengthy process and deficits over the next two to three financial years will still require a very heavy programme of gilt issuance. The latest Bank Inflation Report suggests the market will not be able to rely upon Quantitative Easing indefinitely to alleviate this enormous burden.

Eventually, the absence of the Bank of England as a continued buyer of gilts will shift the balance between supply and demand in the gilt-edged market. Other investors will almost certainly require some incentive to continue buying government paper.

This incentive will take the form of higher yields. The longer end of the curve will suffer from the lack of support from the major savings institutions – pension funds

and insurance companies - who will continue to favour other investment instruments as a source of value and performance.

Although the FSA has recently delayed implementation of their liquidity requirements, the regulator will still look to ensure banks have necessary short term liquidity. The front end of the curve will benefit from this and will ensure the steeply-positive incline of the yield curve remains intact.

4 Borrowing Strategy 2011/12 – 2013/14

The Council became debt-free during the financial year 2000/01 and it is anticipated that there will be no capital borrowing during the next three years.

5 Investment Strategy 2011/12 – 2013/14

Key Objectives - The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. Following the economic background above, the current investment climate has one over-riding risk, counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.

Risk Benchmarking – A development in the revised Codes and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. Additional background in the approach taken is attached at Annex B2.

These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

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

- 0.01% historic risk of default when compared to the whole portfolio.

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

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £2m available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.5 years, with a maximum of 10 years for an individual loan with a public body.

Yield -

- Investments – returns 0.12% above average bank rate

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

	1 year	2 years	3 years	4 years	5 years
Maximum	0.01%	N/A	N/A	N/A	N/A

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

Investment Counterparty Selection Criteria

The Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Corporate Resources and Governance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criterion is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.

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

Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum Council criterion will be suspended from use, with all others being reviewed in light of market conditions.

Counterparty Categories
The Council uses the following criteria in choosing the categories of institutions in which to invest:

- **Banks 1 - Good Credit Quality**
  The Council will only use UK banks which meet the Rating criteria given in the table that follows.
- **Banks 2 – Eligible Institutions**
  The Council will use organisations considered an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above.
- **Banks 3 – The Council's own banker**
  For transactional purposes, if the bank falls below the above criteria, it will be included, although in this case balances will be minimised in both monetary size and time within operational constraints.
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies**
  the Council will use all Societies which:

either

i. meet the ratings for banks outlined above

or

ii. are eligible Institutions; and have assets in excess of limits for each category

- **Specific Public Bodies**
  The Council may lend to Public Bodies other than Local Authorities. The criterion for lending to these bodies is that the loan has been approved by the Council.
- **Local Authorities**

  A limit of 10% will be applied to the use of Non-Specified investments.

Country and sector considerations

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

- Currently, the Council only invests in UK institutions;
- Limits in place above will apply to Group companies;
- Sector limits will be monitored regularly for appropriateness.

Use of additional information other than credit ratings

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

Time and Monetary Limits applying to Investments

The time and monetary limits for institutions on the Council's Counterparty List summarised in the table below, are driven by the above criteria. These limits will cover both Specified and Non-Specified Investments.

Institution Type	Max Amount:			£2m	£10m	£10m	£4m	£2m
	Max Length:			10 Years	364 Days	6 Months	3 Months	1 Month
	Minimum Short Term Ratings							
	Fitch	Moody's	S&P					
UK Banks								
Banks with Clearing Status in the United Kingdom	F1	P-1	A-1		Backed up by AA(F), Aa2(M) and AA(S&P) long term credit rating	Backed up by single A long term ratings by all agencies	Backed up by lower than A long term rating	
The Council's own Bankers	F1	P-1	A-1	If Council's own bankers fall below the minimum long term criteria for UK banks, cash balances will be managed within operational liquidity constraints				
Wholly Owned Subsidiaries of UK Clearing Banks - Parent Ratings	F1	P-1	A-1		Backed up by AA(F), Aa2(M) and AA(S&P) long term credit rating	Backed up by single A long term ratings by all agencies	Backed up by lower than A long term rating	
UK Building Societies								
Either	F1	P-1	A-1		Backed up by AA(F), Aa2(M) and AA(S&P) long term credit rating	Backed up by single A long term ratings by all agencies	Backed up by lower than A long term rating	
Or					Assets over £15,000m	Assets over £5,000m	Assets of £2,500m	Assets over £1,000m
Specific Public Bodies				As approved by Members				
UK Local Authorities				The Council can invest in all UK Local Authorities whether rated or not				

Notes

1 F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard and Poor's respectively

2 Minimum Short Term Ratings - Where given, these must be met, for all categories

3 Building Societies - A Building Society has to meet either the ratings criteria or the assets criterion to be included in the category, not both

4 Maximum amount is the maximum, in total, over all investments, with any one institution

The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.

In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.

Economic Investment Considerations - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid/late-2011. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

Exceptional Circumstances

The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Director of Corporate Resources and Governance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.

Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

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

	2011/12 Estimated + 1% £m	**2011/12 Estimated - 1% £m**
Revenue Budgets		
Interest on Borrowing	N/A	N/A
Net General Fund Borrowing Cost	N/A	N/A
Investment income	0.282	-0.281

6 Treasury Management Limits on Activity

There are four further treasury activity limits, which were previously prudential indicators. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable and fixed interest rate exposure – These identify maximum limits for variable and fixed interest rates based upon the debt position net of investments. The council is debt-free, so has no interest rate exposure on long term debt.
- Upper limit on variable interest rate exposure – Short-term borrowing. The majority of short-term borrowing is likely to be bank overdraft.
- Maturity structures of borrowing – N/A.
- Total principal funds invested for greater than 364 days – These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the limits:

£m	2011/12	2012/13	2013/14
Interest rate Exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	N/A	N/A	N/A
Limits on variable interest rates based on net debt	N/A	N/A	N/A
Maturity Structure of fixed interest rate borrowing 2011/12 – N/A			
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£2m	£2m	£2m

7 Performance Indicators

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The performance indicators used by this Council for the treasury function is:

- Investments – returns 0.12% above average bank rate

The results of this indicator will be reported in the Treasury Annual Report.

8 Treasury Management Consultants

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

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review.

9 Member and Officer Training

The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council has addressed this important issue by:

- Ensuring that officers attend suitable courses and seminars to keep their technical knowledge up to date
- Keeping up to date with CIPFA publications on Treasury Management
- Regular briefings both by e mail and face to face with the Council's consultants
- Membership of the CIPFA Corporate Services Benchmarking Club for Treasury Management
- Reports and briefing sessions to Members on major changes to Treasury policies and strategies

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

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

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

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. For the Council these are sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. A local authority, parish council or community council.
3. A body that is considered of a high credit quality, such as a UK bank or building society with a minimum short term rating of F-1 as rated by Fitch. (or the equivalent as rated by Standard and Poor's or Moody's) rating agencies or a Building Society with assets over £1,000m. Non-rated subsidiaries and non-rated building societies will need to be non-specified investments.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are defined in the Treasury Management Strategy.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in the following table. Non specified investments would include any sterling investments (*the guidance does not specify sterling so its inclusion is optional for English authorities)* with:

	Non Specified Investment Category	Limit (£ or %)
a.	Any **bank or building society** that has a minimum long term credit rating of A (or equivalent), for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£2m or 10%
b.	**The Council's own banker if it fails to meet the basic credit criteria.**	In this instance balances will be minimised as far as is possible,
c.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £1,500m, but will restrict these type of investments to £2m for one month	£2m
d.	**Specific Public Bodies** The Council can seek Member approval to make loans to other public bodies for periods of more than one year.	£2m
e.	**Other Local Authorities**	£2m

In accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. This criteria are defined in the Treasury Management Strategy.

In respect of categories d and e, these will only be considered after obtaining external advice and subsequent Member approval.

The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Corporate resources and Governance, and if required new counterparties which meet the criteria will be added to the list.

ANNEX B2

Security, Liquidity and Yield Benchmarking

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

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

Yield – These benchmarks are currently widely used to assess investment performance. The Local measure of yield benchmark is:

- Investments – returns 0.12% above average bank rate

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

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

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £2m available with a week's notice.

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

- WAL benchmark is expected to be 0.5 years, with a maximum of 10 years.

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

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

The Council's minimum long term rating criteria is currently "AA", meaning the average expectation of default for a one year investment in a counterparty with an "AA" long term rating would be 0.03% of the total investment (e.g. for a £1m investment the average loss would be

£300). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's investments in rated institutions are all for periods of less than one year, so the average loss will be scaled down by the length of investment.

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

- 0.01% historic risk of default when compared to the whole portfolio.

As the Council has no investment in rated institutions for more than 364days, the security benchmark for more than one year is not applicable:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.01%	N/A	N/A	N/A	N/A

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

CHAPTER 6

ACCOUNTING FRAMEWORK

Background

The Council's accounting framework complies with *The Accounts and Audit (England) Regulations 2011*, which requires it to prepare accounts in accordance with proper practices. These primarily comprise *The Code of Practice on Local Authority Accounting in the United Kingdom* and the *Best Value Accounting Code of Practice*, supported by *International Financial Reporting Standards (IFRS).* 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 revenue accounts are analysed in two ways; an objective analysis and a subjective analysis:

Type Of Analysis	*Meaning*	*Examples*
Objective Analysis	An analysis by Service	Domestic Refuse Collection Building Control
Subjective Analysis	An analysis by type of Income and Expenditure	Employee Costs Premises Costs Supplies & Services Internal Recharges Fees & Charges

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

Internal Recharges 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.

A separate 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.

Capital Accounts

The capital accounts show expenditure on assets that benefit the community for more than one year and the sources of its funding. This is 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 Finance Act 1988	Includes requirement for Chief Finance Officer to be professionally qualified, duties and responsibilities of Chief Finance Officer, capital expenditure, and the duty to consult ratepayers. 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 (England) Regulations 2011	Regulations concerning financial management, internal control, published accounts and audit.

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.

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 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 replaced 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.

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

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).

Virement

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