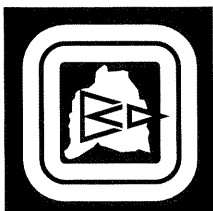


BUDGET BOOK

2006/2007



BASSETLAW
DISTRICT COUNCIL
NORTH NOTTINGHAMSHIRE



INVESTOR IN PEOPLE



Table of Contents

<u>THE BUDGET 2006/2007</u>	Page No's
Commentary	1-3
Recommendations	3-4
Parish Precepts	5
<u>CAPITAL BUDGET 2006/2007</u>	
Housing Capital Programme	9
Other Services Capital Programme	10
Capital Financing Summary	11
<u>PRUDENTIAL CODE INDICATORS AND TREASURY MANAGEMENT STRATEGY</u>	13 - 25
<u>REVENUE BUDGET 2006/2007</u>	
Reserves and Balances	29
Summary of Gross Expenditure and Income	30
Cabinet Detailed Budgets	
Leisure	31
Environment & LA21	32
Economic Regeneration	33
Finance	34
Property, Central & Customer Services	35-36
Planning	37
Emergency Planning	38
Licensing	39
Policy	40
Housing General Fund	41
Housing Revenue Account	42
<u>EMPLOYEE NUMBERS 2006/7</u>	
Overall Summary	45

THE BUDGET 2006/2007

1. Purpose Of The Report

- 1.1 This report brings together the various budget recommendations made by Cabinet on 9th February 2006 to assist the Council in determining its call upon the Collection Fund and hence the level of the Council Tax for 2006/2007.

2. Background

General Fund Revenue Budget

- 2.1. The grant settlement saw an increase of £1.295m. This included an amount of £896,000 to fund the new concessionary travel arrangements. The year on year comparison shows an increase of just over £318,000 (a 3.2% increase based on adjusted figures).

- 2.2. The Budget has been prepared on the following assumptions:

- Pay increase of 2.9%;
- Price increases generally of 2.3%, except for supplies and services where no increase has been given to reflect efficiency savings;
- Utility costs are expected to increase by 15%;
- Vacancy factor of -2% allowed for in employee costs;
- Employers superannuation cost increase of 1%;
- Fees and charges increasing by 2.5%, wherever income levels can be sustained;
- Interest rates will remain at 4.5%;
- The estimated affect of pressures and savings arising in the current year.

- 2.3. The overall spending limit for 2006/2007, as agreed by Cabinet and subject to the amendment presented at Council on 1st March 2006, is £15.397m after funding development bids, use of balances and other actions.

- 2.4. The General Fund probable expenditure for 2005/2006 shows a spend of £14.116m, compared with the original budget of £13.974m. This is an increase of £142,000 against the original position and will be funded from reserves.

Revenue Development Bids

- 2.5. The Budget includes provision for the funding of inescapable and essential development bids in 2006/2007 of £254,408. In addition, an amount of £120,149 has been set aside for bids that are less certain to impact on the Council during 2006/07 that amount to £316,000.

Parishes

- 2.6. The Parish Precepts for 2006/2007 total £531,618 an average Band D increase of 15.16%.

- 2.7. The District Council has no special expenses. This is confirmed in the tax setting resolution.

General Fund Reserves and Balances

- 2.8. The Council is required to operate a General Fund and a separate Collection Fund. Within the General Fund, the Council will hold £1m as a minimum working balance. Details of Reserves and Balances are on page 29.

Council Tax Base

- 2.9. The Council Tax base (Band D equivalent) has increased from 35,020.50 to 35,072.24.

District Council Tax For 2006/2007

- 2.10. The District Council Tax position may be summarised as follows:

	£'000	Council Tax Band D Equiv. £
Net Expenditure	15,267	435.30
Additions to Reserves	130	3.71
	<hr/> 15,397	<hr/> 439.01
<u>LESS</u>		
Revenue Support Grant	-1,686	-48.07
National Non-Domestic Rates distribution	-8,734	-249.04
To be met from Collection Fund	<hr/> 4,977	<hr/> 141.90
<u>LESS</u> reductions due to better than expected local tax collection	0	0
	<hr/> 4,977	<hr/> 141.90
	<hr/> <hr/>	<hr/> <hr/>

Housing Revenue Account

- 2.11. The Housing Revenue Account estimates for 2006/2007 are detailed on page 42 and includes an average weekly rent increase of £1.88 per week on a 51 week collection basis as from 1st April 2006 in respect of all dwellings. However, new rents have been calculated on an individual property basis in accordance with the formula contained within the Government's Rent Restructuring proposals. Inevitably, there will be some rent increases and some rent decreases to achieve the overall average of £1.88. This compares with an average rent increase of £1.21 in 2005/2006.

Capital Budget

- 2.12. The Authority's Capital Expenditure is now governed by the new Prudential Code. This is limited to the amount the Authority can afford after allowing for grants, the availability of capital receipts, revenue contributions and leasing.

- 2.13. The recommended Capital Budget for 2006/2007 totals £12,935,380, of which £6,008,800 is for Housing (page 9) and the remaining £6,926,500 is for other services (page 10). Financing is anticipated to be in line with the summary on page 11. However, the financing may change after options appraisals have been done to determine the best method of financing to ensure value for money.

Personnel Implications

- 2.14. The Employee Budget for 2006/2007 shows a full-time equivalent total of 559.4 employees (page 45).

Total Council Tax For 2006/2007

- 2.15. In addition to the District Council Tax, the Council is required to raise monies in respect of precepts issued by the Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire & Rescue Service, Parish Councils, Parish Meetings and Charter Trustees. Details of these precepts are set out on page 5.
- 2.16. The position may be summarised as follows:-

	Band D Council Tax £	Band D Percentage Increase %
Bassetlaw District Council	141.90	2.5
Nottinghamshire County Council	1081.43	4.7
Nottinghamshire Police Authority	132.24	4.94
Combined Fire Authority (i.e. Nottinghamshire Fire & Rescue Service)	60.85	4.9
Parish Councils, Parish Meetings and Charter Trustees	15.16	8.66
TOTAL	1431.58	4.55

3. Recommendations

The Council is recommended to approve:-

- a) The General Fund net Probable Revenue Out-turn for 2006/2006 at £14.116m, the projected use of reserves of £141,650 and a net Revenue Budget for 2006/2007 at £15.397m, allowing for an additional contribution of £140,000 to reserves.
- b) The Housing Revenue Account Probable Out-turn for 2005/2006 and Budget for 2006/2007 including an average weekly rent increase of £1.88 per week on a 51 week collection basis as from the 1st April 2006 in respect of all dwellings.
- c) The Housing Capital Budget for 2006/2007 is £6,008,880 and the non Housing Capital Budget funded for 2006/2007 is £6,926,500.
- d) Employee Budget for 2006/2007 at 559.4 full-time equivalent employees.

- e) Financing Capital expenditure in accordance with the Prudential Code indicators as outlined on pages 13 to 25.
- f) Members approve that for the purposes of Section 35(2)(d) of the Local Government Act 1992 any expenses incurred by the District Council as billing authority in performing in a part of its area a function performed elsewhere in its area by a parish council or the chairman of a parish meeting are not the District Council's special expenses.
- g) Council Tax Band D increase of 2.5% to £141.90 for Bassetlaw District Council.
- h) The Treasury Management Strategy covers the operation of the treasury function and its likely activities for the forthcoming year. This report incorporates the impact of the CIPFA Prudential Code for Capital Finance in Local Authorities, which has been implemented from 1 April 2004. Members are therefore recommended to adopt the following prudential indicators and limits as contained within the report:
- The actual and estimated capital financing requirement and debt figures. (2.11)
 - The compliance statement by the Executive Director of Professional and Customer Services. (2.17)
 - The authorised and operational limits. (2.18)
 - The affordability ratio indicators. (2.23)
 - The affordability indicator impact of Council Tax. (2.23)
 - The affordability indicator impact of rent levels. (2.24)
 - The limits on treasury management activity. (2.51)

PARISH PRECEPTS 2006/2007

Parish/Town	Precept	Taxbase	Council Tax at Band D	
	2006/07	2006/07	Parish	Total
Askham	0	75.93	0.00	£141.90
Babworth	3,066	214.14	14.32	£156.22
Barnby Moor	3,458	109.83	31.49	£173.39
Beckingham-cum-Saundby	18,513	472.55	39.18	£181.08
Blyth	20,250	490.94	41.25	£183.15
Bole	0	49.87	0.00	£141.90
Bothamsall	1,750	85.14	20.55	£162.45
Carburton	0	26.83	0.00	£141.90
Carlton in Lindrick	38,522	1,850.22	20.82	£162.72
Ciaborough	13,644	410.95	33.20	£175.10
Clayworth	4,263	141.77	30.07	£171.97
Clumber and Hardwick	0	32.97	0.00	£141.90
Cuckney	5,624	85.04	66.13	£208.03
Dunham on Trent with Ragnall, Fiedborough and Darlton	7,222	219.51	32.90	£174.80
East Drayton	1,699	100.29	16.94	£158.84
East Markham	12,488	462.63	26.99	£168.89
East Retford Charter Trustees	6,180	6,812.79	0.91	£142.81
Elkesley	5,700	260.17	21.91	£163.81
Everton	9,000	327.20	27.51	£169.41
Gamston with West Drayton & Eaton	6,041	238.69	25.31	£167.21
Gringley-on-the Hill	20,963	272.82	76.84	£218.74
Harworth & Bircotes	76,014	2,090.46	36.36	£178.26
Haughton	0	18.12	0.00	£141.90
Hayton	4,656	155.13	30.01	£171.91
Headon-cum-Upton with Grove & Stokeham	3,212	143.21	22.43	£164.33
Hodsock	42,788	655.97	65.23	£207.13
Holbeck and Welbeck	1,871	98.41	19.01	£160.91
Laneham	2,974	105.63	28.15	£170.05
Lound	3,668	195.11	18.80	£160.70
Markham Clinton	2,493	94.35	26.42	£168.32
Mattersey	6,792	263.06	25.82	£167.72
Misson	7,194	255.15	28.20	£170.10
Misterton	48,890	719.68	67.93	£209.83
Nether Langwith	5,800	156.81	36.99	£178.89
Normanton-on-Trent with Marnham	3,670	166.91	21.99	£163.89
North Leverton with Habbleshorpe	5,914	309.03	19.14	£161.04
North and South Wheatley	9,972	248.89	40.07	£181.97
Norton	700	56.33	12.43	£154.33
Rampton	4,058	274.73	14.77	£156.67
Ranskill	10,500	471.52	22.27	£164.17
Rhodesia	8,030	224.36	35.79	£177.69
Scaftworth	0	20.59	0.00	£141.90
Scrooby	3,478	132.76	26.20	£168.10
Shireoaks	9,507	405.21	23.46	£165.36
South Leverton	4,999	198.00	25.25	£167.15
Sturton-le-Steepie	6,190	191.39	32.34	£174.24
Styrrup with Oldcotes	7,800	250.87	31.09	£172.99
Sutton	5,675	261.33	21.72	£163.62
Torworth	2,572	93.65	27.46	£169.36
Treswell-with-Cottam	1,000	118.01	8.47	£150.37
Tuxford	46,000	819.03	56.16	£198.06
Walkeringham	10,896	322.16	33.82	£175.72
Wallingwells	0	12.87	0.00	£141.90
West Burton	0	7.23	0.00	£141.90
West Stockwith	5,622	113.16	49.68	£191.58
Wiseton	300	40.08	7.49	£149.39
Worksop Charter Trustees	0	12,642.80	0.00	£141.90
Total	531,618			

CAPITAL BUDGET

2006/2007

HOUSING CAPITAL PROGRAMME 2006/2007

Scheme	Budget 2006/2007	Budget 2006/2007
	£	£
<u>Housing Revenue Account - Council Stock</u>		
Crime & Community Safety:-		
Doors	173,894	
Door Entry	50,000	
Lighting & Environmental	50,000	
Sub Total - Crime & Community Safety	273,894	
Decent Homes:-		
Workshop Contract SAP & Structural Works	1,704,804	
Connaught Kitchen Pilot	200,000	
Retford SAP & Structural Works	1,704,805	
Bullock Kitchen Pilot	200,000	
Sub Total - Decent Homes	3,809,609	
Adaptations:-		
Major	194,215	
Minor	453,170	
Sub Total - Adaptations:-	647,385	
Other		
District Heating		
Major Voids/Hard to Let		
Windows		
Garages		
Sub Total - Other	124,497	
Contingency		
Capital Programme Contingency Sum	124,495	
TOTAL HOUSING REVENUE ACCOUNT		4,979,880
<u>PRIVATE SECTOR HOUSING</u>		
<u>HOUSING ASSOCIATION</u>		
Social Housing Grant		84,200
<u>RENOVATION GRANTS</u>		
Disabled Facilities Grants		356,600
Private Sector Renewal		588,200
TOTAL GENERAL FUND HOUSING		1,029,000
GRAND TOTAL HOUSING		6,008,880

**OTHER SERVICES
CAPITAL PROGRAMME 2006/2007**

Item No	SCHEME	BUDGET 2006/2007
		£
C1	Worksop & Retford New Leisure Centres	5,800,000
C2	DDA Works	81,000
C3	Conversion of Water Taps at Allotments	6,000
C4	Retford Town Hall Resurfacing	35,000
C5	Play Areas (part)	25,000
C6	Garage Depot Maintenance	7,000
C7	Network Operating System, GroupWise, Internet Firewall and Server Management	35,000
C8	Electrical System Renewal, Worksop Town Hall	239,000
C9	Worksop Town Hall Internal Refurbishment	61,000
C10	A1 Property Shop, Retford	30,000
C11	Worksop Historic Economic Regeneration Scheme	130,000
C12	Retford Townscape Heritage Initiative	38,000
C13	Worksop & Retford Town Centre Regeneration	30,000
C14	Kings Park (Trust Monies)	90,000
C15	Shopmobility Scooters (likely to be leased)	6,000
C16	Replacement Vehicles for Environment & Health (Items likely to be leased)	270,000
C17	Replacement Vehicles for Sports Development (Items likely to be leased)	43,500
	GRAND TOTAL	6,926,500

CAPITAL FINANCING SUMMARY 2006/2007

	Housing Revenue Account £	General Fund Housing £	Sub-Total Housing £	Other Services General £	Sub-Total Other Services £	Grand Total £
<u>CAPITAL RESOURCES</u>						
Unsupported Borrowing	19,500	-	19,500	5,800,000	5,800,000	5,819,500
Government Supported Capital Expenditure (Borrowing)	440,000	-	440,000	-	-	440,000
Grants & Contributions						
- Specified Capital Grants (Disabled Facilities Grants)	-	214,000	214,000	-	-	214,000
- Decent Homes Private Sector	-	500,000	500,000	-	-	500,000
- IEGS (Implementing Electronic Government)	-	-	-	-	-	-
- NCC Contribution	-	-	-	-	-	-
- Energy Grant	100,000	-	100,000	-	-	100,000
- Other external contributions	-	-	-	288,000	288,000	288,000
Revenue:-						
Housing Revenue Account: Contribution from MRA	3,919,780	-	3,919,780	-	-	3,919,780
Housing Revenue Contribution to General Fund Schemes	-	-	-	-	-	-
Other Earmarked Reserves	-	-	-	-	-	-
Capital Receipts	500,600	315,000	815,600	519,000	519,000	1,334,600
Leasing or BDC Supported Borrowing	-	-	-	319,500	319,500	319,500
Total Resources	4,979,880	1,029,000	6,008,880	6,926,500	6,926,500	12,935,380
Application Of Resources						
Capital Expenditure	4,979,880	1,029,000	6,008,880	6,926,500	6,926,500	12,935,380
	4,979,880	1,029,000	6,008,880	6,926,500	6,926,500	12,935,380

PRUDENTIAL CODE INDICATORS AND TREASURY MANAGEMENT STRATEGY

1. Purpose of the Report

- 1.1 This report incorporates the appropriate elements of the Prudential Code for Members consideration and approval to include in the Council's overall Budget Strategy being presented to Full Council on 1st March 2006. It addresses the new 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. It also includes the provisions of the Capital Strategy reports that set out the Capital Budget proposals for both Housing and Other Services for 2006/2007 to 2008/2009.

2. Background and Discussion

2.1 The Prudential Code

- 2.1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Office of the Deputy Prime Minister (ODPM) has for a number of years been discussing the possibility of releasing councils from restrictions on capital spending. The result of these discussions has been the publication of the Prudential Code for Capital Finance in Local Authorities. This is a professional Code that sets out a framework for self-regulation of capital spending, in effect allowing councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. This came into force for 2004/05 and the Council is now allowed to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability.
- 2.1.2 The primary change is that the old credit approvals regime have been abolished and there is no restriction on capital investment, subject to Government reserve powers to restrict borrowing for national economic reasons. With the abolition of the Basic Credit Approval/Supported Credit Approval framework, capital investment is supported through Supported Capital Expenditure for General Fund via the capital finance calculations within the Rate Support Grant and Supported Capital Expenditure for the Housing Revenue Accounts.
- 2.1.3 Members' involvement through the process is essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice. The structure and content of this report has been modified to comply with the Code.
- 2.1.4 To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators. For housing authorities these are separated for the Housing Revenue Account (HRA) and non-HRA capital investment. These indicators are mandatory, but can be supplemented with local indicators if this aids interpretation and many will cover three years forward. The indicators cover affordability, prudence, capital expenditure, external debt and treasury management. These indicators will also form the basis of in year monitoring and reporting.

2.1.5 The indicators are purely for internal use by the Council and are not to be used as comparators between Councils, as any comparisons will be meaningless. In addition, the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and the year on year changes.

2.2 Capital Expenditure and the Capital Financing Requirement

2.2.1 A change introduced by the Prudential Code is the calculation of the Capital Financing Requirement (CFR). This figure represents the Council's underlying need to borrow for a capital purpose, and the change year on year will be influenced by the capital expenditure in the year.

2.2.2 The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure decisions taken during the budgeting cycle. The supported element of borrowing is the Supported Capital Expenditure regime set out in paragraph 2.1.2 above. The unsupported element is the new capital expenditure freedom allowed under the Prudential Code. The Prudential Code anticipated that these new freedoms would enable the Council to enter into projects such as spend to save schemes (which may have previously been limited by the credit approval limits), or decisions to allocate additional resource from revenue to capital to enable service enhancements.

2.2.3 There are two main limiting factors on the Council's ability to undertake unsupported capital expenditure:

- Whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs. Can the Council afford the implications of the unsupported capital expenditure?
- The Government may use a long stop control to ensure that either the total of all councils' plans do not jeopardise national economic policies, or in the event of an assessment by Central Government that local plans are unaffordable at a council, it may implement a specific control to limit its capital expenditure plans. Details of these controls have yet to be finalised.

2.2.4 The Council's expectations for the CFR in the next three years are shown in the table below, with the associated expectation for funding for the movement. This forms one of the required prudential indicators. Included also is the related capital expenditure figures for each year, split between supported and unsupported spending, and the expected external debt for each year. Both these are also mandatory prudential indicators.

2.2.5 A key risk of the plan is that the level of government support has been estimated and is therefore subject to change. Similarly some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.

2.2.6 The Council is asked to approve the actual and estimated CFR and actual debt figures:

	2004/05 Actual	2005/06 Comparator	2006/07 Estimated	2007/08 Estimated	2008/09 Estimated
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
<i>Supported spend</i>	1,171	1,199	440	451	464
<i>Unsupported spend</i>	7,019	11,459	12,156	13,642	7,956
Total Spend	8,190	12,658	12,596	14,093	8,420

Financed By

<i>Borrowing</i>	1,271	1,249	6,240	3,262	464
<i>Capital receipts</i>	569	4,976	1,334	5,847	3,092
<i>Capital grants</i>	1,391	6,021	1,102	984	864
<i>Capital Reserves</i>	0	0	0	0	0
<i>Temporary Borrowing</i>	0	0	0	0	0
<i>Revenue</i>	4,959	412	3,920	4,000	4,000
TOTAL	8,190	12,658	12,596	14,093	8,420

Capital Financing Requirement

CFR – Non HRA	16,021	15,466	20,878	23,066	22,356
CFR – HRA	23,315	23,675	23,533	38,426	53,520
Total CFR	39,336	39,141	44,411	61,492	75,876
Net movement in CFR		-195	5,270	17,081	14,384

Borrowing/Debt

Borrowing	36,043	39,935	39,935	54,935	69,935
Other long term liabilities	0	0	0	0	0
Total Debt 31 March	36,043	39,935	39,935	54,935	69,935

2.3 Breakdown of Capital Expenditure by Service

Service	2004/05 Actual	2005/06 Comparator	2006/07 Estimated	2007/08 Estimated	2008/09 Estimated
	£'000	£'000	£'000	£'000	£'000
Housing	6,035	8,070	11,671	13,120	7,418
Renovation Grants	486	1,220	945	973	1,002
Environment & Health	412	1,358	7	95	627
Leisure	265	665	5,921	5,143	0
Finance	7	0	0	0	0
Policy	0	0	335	0	20
Customer Services	0	390	0	0	0
Property	951	1,286	146	1,140	450
Regeneration	34	320	0	364	923
Planning	0	639	198	30	0
Total non Housing	1,669	4,658	6,607	6,772	2,020
Total Housing	6,521	9,290	12,616	14,093	8,420
GRAND TOTAL	8,190	13,948	19,223	20,865	10,440

2.3.1 The above programme for Housing for 2006/2007 does not provide for any additional spend as a result of the creation of the ALMO as the financial position is still uncertain. It is likely that any additional ALMO resources will be received from 2007/08 and onwards and therefore has been built into those years.

2.3.2 Approval of the provision of the two new leisure centres means that these costs are now built into the Capital Programme and financing. It has been assumed that delegated approval will be given for the officers' recommendation regarding funding of the scheme. Prudential borrowing will be undertaken for this scheme and the repayment costs of this borrowing has been built into the Council's Medium Term Financial Strategy.

2.3.3 At this stage there remains a backlog of schemes within the capital programme that are awaiting funding. A further report is to be prepared early in the next financial year as to options for funding this backlog. Approval of additional spend later in the year will mean the capital spend and financing figures and therefore prudential indicators will change. These changes will be monitored via the Performance Improvement Scrutiny Committee.

2.4 Limits to Borrowing Activity

2.4.1 The first key control over the Council's activity is to ensure that over the medium term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the total of capital

financing requirement in the preceding year plus the estimates of any additional capital financing requirement for 2006/07 and the next two financial years. This allows some flexibility for limited early borrowing for future years.

- 2.4.2 The Council is asked to approve the following statement by the Executive Director of Professional and Customer Services:

The Executive Director of Professional and Customer Services reports that the Council complied with the requirement to keep net external borrowing below the relevant CFR in 2004/05 and no difficulties are envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

- 2.4.3 A further two Prudential Indicators control the overall level of borrowing which support the budget strategy.

These are:

The Authorised Limit – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements.

The Operational Boundary – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

The Council is asked to approve the following authorised and operational limits:

Authorised limit for external debt	2004/05 £M Actual	2005/06 £M Comparator	2006/07 £M Estimate	2007/08 £M Estimate	2008/09 £M Estimate
Borrowing	47	47	53	70	85
Other long term liabilities	0	0	0	0	0
Total	47	47	53	70	85
Operational boundary for external debt	2004/05 £M Actual	2005/06 £M Comparator	2006/07 £M Estimate	2007/08 £M Estimate	2008/09 £M Estimate
Borrowing	42	42	48	65	80
Other long term liabilities	0	0	0	0	0
Total	42	42	48	65	80

These amounts also provide for the borrowing requirements for the new leisure centres spend and financing expected during the term of the strategy.

- 2.4.4 The Operational boundary indicator for external debt has been determined in line with the Capital Financing Requirement, as there is no requirement for temporary borrowing

based on the estimations of the cashflow over the period. The Authorised Limit for external debt is £5m above the operational boundary and is adequate should any unexpected movements occur.

2.5 Affordability Prudential Indicators

2.5.1 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. The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the level of investment proposed means that the total capital investment of the Council remains within sustainable limits. Affordability is ultimately determined by a judgment about acceptable Council Tax levels and acceptable rent levels. The following indicators provide an indication of the impact of the capital investment plans on the overall Council finances. The Council is asked to approve the following ratios:

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

This indicator identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the net revenue stream.

Ratio of financing costs to net revenue stream

	2004/05 Actual	2005/06 Comparator	2006/07 Estimated	2007/08 Estimated	2008/09 Estimated
	%	%	%	%	%
Non - HRA	1.03	0.62	1.07	2.17	2.65
HRA	43.42	31.84	30.34	30.35	31.80

2.5.3 The estimates of financing costs include current commitments and the proposals in the capital budget reports elsewhere on the agenda.

Estimates of the incremental impact of capital investment decisions on the Council Tax – This indicator identifies the trend in the cost of proposed changes in the three year capital programme recommended in this budget report compared to the Council's existing commitments and current plans. The forward estimates are based on the assumptions included in the Medium Term Financial Strategy, but will invariably include some areas, such as the level of government support, which are not published over a three year period.

The proposed General Fund capital programme provides for additional borrowing of £5.8m in 2006/07 and £2.8m in 2007/08 relating to the two new leisure centres. The incremental impact of capital investment decisions on the Band D Council Tax will be:

	Proposed Budget 2006/07	Forward Projection 2007/08	Forward Projection 2008/09
	£	£	£
Increase in Council Tax – Band D	3.76	15.77	20.09

2.6 Incremental impact of capital investment decisions on Housing Rent levels

Estimates of the incremental impact of capital investment decisions on Housing Rent levels – Similar to the Council Tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the capital budget report compared to the Council's existing commitments and current plans, expressed as a change in weekly rent levels. The rent restructuring regime does mean that any change in revenue costs arising from the capital expenditure needs to be compensated for by a reduction in other costs.

It has been assumed that additional borrowing in 2006/07, 2007/08 and 2008/09 will be supported by Housing Subsidy or additional income and will therefore have no impact on Housing Rents.

	Proposed Budget 2006/07	Forward Projection 2007/08	Forward Projection 2008/09
	£	£	£
Increase in Weekly Housing Rents	0	0	0

2.7 Treasury Management Strategy 2006/07 – 2008/09

2.7.1 The treasury management service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. It covers the borrowing and investment activities and the effective management of associated risks. Its activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 5th February 2002 and as a result adopted a Treasury Management Policy Statement and Practices on 1st April 2003, and revised in April 2004.

2.7.2 The policy orders require an annual strategy to be reported to Cabinet outlining the expected treasury activity for the forthcoming 3 years. The Treasury Management Strategy for 2005/06 was approved by Cabinet on 10th February 2005. A further report is produced after the year-end to report on actual activity for the year.

2.7.3 A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service.

2.7.4 This strategy covers:

- The current treasury position
- The expected movement in interest rates
- The Council's borrowing and debt strategy
- The Council's investment strategy

- Treasury performance indicators
- Specific limits on treasury activities
- Local treasury issues

2.8 Current Treasury Position

The Council's detailed treasury position is highlighted in the following table.

		31/3/2005 Actual	Rate	31/03/2006 Estimate	Rate
		£'000	%	£'000	%
Fixed Rate Debt	PWLB	6,943		5,135	
	Market	25,800		31,500	
Variable Rate Debt	PWLB	0		0	
	Market	3,300		3,300	
Total Debt		36,043	4.57	39,935	4.35
Other Long Term Liabilities		0		0	
Total Borrowing		36,043		39,935	
Fixed Investments		2,500		6,000	
Variable Investments		6,287		2,498	
Total Investments		8,787	4.88	8,498	4.52
Net Borrowing		27,256		21,437	

2.9 Expected Movement in Interest Rates

- 2.9.1 The current position of the treasury function, and its expected change in the future, introduces risk to the Council from an adverse movement in interest rates. The Prudential Code is constructed on the basis of affordability, part of which is related to borrowing costs and investment returns. The Council officers formulate the treasury strategy by reference to economic data and interest rate forecasts that hopefully assist planning and reduce the impact of unforeseen adverse movements.
- 2.9.2 The UK interest rates have been static since their reduction in August 2005 to 4.5%. This was to counteract slower household spending and any inflationary impacts of business investment growth, and the higher oil and gas prices. The reduction was therefore necessary to keep inflation on track to meet the 2% inflation target in the medium term.
- 2.9.3 With the reduction in base rates, investment rates remain slightly below base for overnight to 2 month investments, and only 0.13% above for up to 12 months. Money market overnight rates have now narrowed to less than .09% to those for 12 months. This is largely due to the expectation that rates are likely to reduce over the next twelve months.

- 2.9.4 In relation to the UK economy, growth has picked up and inflation has fallen back close to its 2% target. The general view of the Bank of England Monetary Policy Committee remains as steady growth and low inflation.
- 2.9.5 The US economy has a major impact on the world economy and so any strengths or weaknesses will affect the UK economy. Currently the US are in a period of growth, interest rates have been increasing to prevent any inflationary pressures building up. The US is also in the midst of a huge house price boom, spurred by low interest rates of a few years ago. The rate rises so far, (13 in a row) have had only a limited effect, as short term rates have not been reflected in increases in mortgage rates. The boost in interest rates have helped the US dollar soar against European and Asian currencies, however, there is long term concern that the huge US trade deficit will put increased pressure on the US dollar.
- 2.9.6 UK personal sector indebtedness remains at historically high levels which means there is less scope for households to support their spending through increased borrowing. This has been reflected in consumer spending which rose by only 1.3% in 2005, the slowest increase in 10 years.
- 2.9.7 As the Consumer Price Index has fallen back towards its target of 2% this leaves the Bank of England free to cut interest rates again if needed. The majority of economists are predicting a 0.25% drop in interest rates over the next twelve months.
- 2.9.8 The expected movement in interest rates are as follows:

Medium-Term Rate Forecasts

Average	Base Rate %	5 year Gilt %	20 year Gilt %
2003/04	3.7	4.4	4.8
2004/05	4.5	5.0	5.0
2005/06	4.6	4.3	4.1
2006/07	4.3	4.0	4.5
2007/08	4.5	4.8	4.8
2008/09	4.5	4.3	4.5

- 2.9.9 The key risks to the forecasts surround the strength of the US economy, the key driver of world growth. If US growth slows this is likely to move the bias towards reducing interest rates and increasing the value of the dollar, thus probably reducing UK interest rates.
- 2.9.10 Likewise strong US economic growth is likely to move the bias towards increasing their interest rates reducing the value of the dollar, thus increasing UK interest rates. The current UK housing market is picking up once again although, prices remain stable, should the housing market take off again this would move the bias towards further increases.
- 2.9.11 The other key factor is the movement of inflation away from the 2% target.

2.10 Borrowing and Debt Strategy 2006/07 – 2008/09

- 2.10.1 The introduction of the Prudential Code and uncertainty over future interest rates means there are inherent risks associated with the treasury strategy. As a result the Council will take a cautious approach to its treasury strategy.
- 2.10.2 The future movements in the base rate are unclear, however, borrowing rates are at their lowest for 30 years. This may alter depending on the next movement in rates, which may be some way off. The Executive Director of Professional and Customer Services, under delegated powers, will take the most appropriate form of borrowing depending upon the prevailing interest rates at the time, taking into account the risks shown in the above forecast.
- 2.10.3 Although both fixed and variable interest rates for short and long-term borrowing are below 4%, there was only one loan which was suitable for restructuring, and this has taken place recently, generating savings of approximately £15k per annum for the next 10 years. Over the last four years there has been substantial debt restructuring to achieve savings, and therefore there is little scope to do so for the remainder of this strategy. Rates will continue to be monitored during the year to determine if any other debt restructuring opportunities exist while maintaining flexibility should the Council find itself with any additional funds. Due to our debt profile any additional borrowing will be based on long term fixed rate (10+ years) loans.
- 2.10.4 Advantage has recently been taken of the current low rates, and an additional £5.7m borrowing requirement for 2006/07 and 2007/08 has been agreed in advance at a rate of 3.56%. Should any cash flow problems arise then it may be necessary to temporary borrow for a short period only.

2.11 Investment Strategy 2006/07 – 2008/09

- 2.11.1 Investment decisions are based on shorter-term interest rates, typically less than 12 months. However, the Prudential Code has removed the 364 day constraint should the Council decide to invest for longer periods. Most economists are predicting a fall in the base rate to 4.25% over the next twelve months. The 12 months rate has declined over the year and is now 4.63% from a peak of 5.25% in April 2005. Whilst the 12 months rate remains low, investments will tend to be for shorter periods. The Executive Director of Professional and Customer Services, under delegated powers, will undertake the most appropriate form of investments allowed, depending on the prevailing interest rates at the time, taking into account the associated risks.
- 2.11.2 All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations. The introduction of the Prudential Code on 1st April 2003 implemented new investment regulations, as indicated above, however the impact on investment strategy will be minor.
- 2.11.3 It is assumed the average available for investment in each of the next three years will be £9.4m, slightly less than the £10m assumed last year.
- 2.11.4 The Council has at any point in time, a number of cashflows both positive and negative and will be managing its position in terms of its borrowings and investments in accordance with its Treasury Management Strategy and Practices.

2.12 Treasury Management Prudential Indicators and Limits on Activity

2.12.1 The introduction of the Prudential Code sees the replacement of the s45 limits imposed by the Local Government and Housing Act 1989, with four new prudential indicators:

- Upper limits on variable rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- Total principal funds invested – These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.

2.12.2 The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. *However if these are set to be too restrictive they will impair the opportunities to reduce costs.*

2.12.3 The Council is asked to approve the following prudential indicators:

	2006/07	2007/08`	2008/09
	Upper Limit	Upper Limit	Upper Limit
Borrowing	%	%	%
Limits on fixed interest rates	100	100	100
Limits on variable interest rates	20	20	20
Maturity Structure of fixed borrowing			
Under 12 months	5	5	5
12 months to 2 years	10	10	10
2 years to 5 years	25	25	25
5 years to 10 years	40	40	40
10 years and above	85	85	85
Investment			
Maximum principal sums invested over 364 days	£2M	£2M	£2M

2.13 Local Issues

2.13.1 The Council reviewed its counter party list in April 2004 and this was approved by Members. The list will be monitored and revised if necessary. It is not envisaged that

there will be any changes to policy although this will be reviewed again once the financial position of A1 Housing becomes clearer.

2.13.2 Treasury management staff will be reviewing the cashflow position and the financial implications, if beneficial, in reducing the level of investments specifically to reduce the level of external borrowing required in the future.

3. Implications

a) For service users

There is an impact on available resources depending upon the success of the treasury management strategy and the Council's ability to fund future borrowing.

b) Strategic & Policy

The Prudential Code is underpinned by the Council's Budget and the Treasury Management Strategy. These in turn support the Council's Strategic objectives, Community Strategy and CPA Improvement Plan.

c) Financial - Ref No 06/127

These are contained within the main body of the report. The Local Government Act 2003 implications – Part II of the Act places new duties on Local Authorities on financial management.

d) Human Resources – Nil in this report.

e) Community Safety, Equal Opportunity, Environmental – Nil in this report

f) This is key decision number 103.

4. Options, Risks and Reasons for Recommendations

4.1 Cabinet and Full Council are required to consider the above and approve the recommendations as indicated. There are no further options or risks for consideration.

5. Recommendations

5.1 The Treasury Management Strategy covers the operation of the treasury function and its likely activities for the forthcoming year. Members are recommended to adopt the following prudential indicators and limits as contained within the report:

- The actual and estimated capital financing requirement and debt figures. (2.2.6)
- The compliance statement by the Executive Director of Professional and Customer Services. (2.4.2)
- The authorised and operational limits. (2.4.3)
- The affordability ratio indicators. (2.5.2)
- The affordability indicator impact of Council Tax. (2.5.3)

- The affordability indicator impact of rent levels. (2.6)
- The limits on treasury management activity. (2.12.3)

5.2 Approve the Treasury Management Strategy 2006/07.

5.3 The report and recommendations be forwarded to Full Council on 1st March 2006 for approval.

Background Papers

Prudential Code &
Associated Budget Working
Papers

Location

Financial Services Office

***REVENUE
BUDGET
2006/2007***

RESERVES AND BALANCES

Description of Reserves & Balances	Actual Brought Forward 1.4.2005 £	Contributions £	Use in year £	Actual Balance 31.3.2006 £	Contributions £	Use in Year £	Balance 31.3.2007 £
Working Balance	730,000	130,000	0	860,000	140,000	0	1,000,000
General Reserve	1,193,957	0	-889,230	304,727	0	0	304,727
Other Balances	327,245	0	-327,245	0	0	0	0
Earmarked Reserves	184,330	1,216,910	-174,410	1,226,830	0	-114,100	1,112,730
Unapplied Grants/Contributions	512,373	322,000	-102,000	732,373	0	0	732,373
HRA	1,103,021	0	-339,675	763,346	0	-245,327	518,019
TOTAL	4,050,926	1,668,910	-1,832,560	3,887,276	140,000	-359,427	3,667,849

**SUMMARY OF GROSS EXPENDITURE AND INCOME
REVENUE BUDGET 2006/2007**

2005/2006 INITIAL BUDGET 2005/2006 £	2005-05 REVISED BUDGET EXCL. FRS17	2005-06 REVISED BUDGET INCL. FRS17 £	CABINET AREA	EXPENDITURE							SUPPORT SERVICES CHARGED OUT £	INCOME £	NET EXPEND £	
				EMPLOYEES £	FRS 17	PREMISES	TRANSPORT	SUPPLIES & SERVICES £	SUPPORT SERVICES £	CAPITAL CHARGES £				GROSS EXPEND £
2,645,460	1,786,130	1,774,650	LEISURE	2,609,920	45,100	1,091,070	357,910	926,680	664,060	696,490	6,391,230	-613,020	-3,297,290	2,480,920
3,687,460	3,900,530	3,889,310	ENVIRONMENT & LA21	2,277,530	51,210	273,370	1,441,550	1,745,510	751,040	325,580	6,865,790	-1,869,740	-990,630	4,015,420
444,630	537,560	535,420	ECONOMIC REGENERATION	384,460	9,000	8,270	8,480	233,010	119,410	0	762,630	0	-350,000	412,630
2,173,910	1,544,760	2,703,510	FINANCE	867,035	832,740	61,020	20,360	843,759	9,615,700	1,719,290	13,959,904	-2,793,765	-8,356,420	2,809,719
1,375,930	1,753,640	638,960	PROPERTY AND CENTRAL SERVICES	4,277,281	-1,137,910	746,840	102,790	1,113,770	20,996,000	501,110	26,599,881	-7,034,540	-19,403,190	162,151
354,100	665,890	659,310	CUSTOMER SERVICES	1,627,380	32,530	160	52,010	1,508,980	973,810	0	4,194,870	-1,520,900	-971,330	1,702,640
1,130,380	1,174,840	1,169,050	PLANNING	1,410,230	31,260	7,390	56,560	275,170	529,380	770,720	3,080,710	-732,620	-1,130,980	1,217,110
6,850	36,150	36,150	EMERGENCY PLANNING	0	0	0	0	31,330	4,910	0	36,240	0	0	36,240
11,670	63,390	62,990	LICENSING	96,420	1,890	0	12,360	12,520	119,160	2,380	244,730	0	-148,440	96,290
1,359,410	1,389,380	1,387,100	POLICY	518,670	10,560	139,540	55,600	654,400	631,130	167,980	2,177,880	-672,730	-114,800	1,390,350
1,894,920	1,967,830	1,956,310	HOUSING GENERAL FUND	411,220	9,280	30,690	16,950	333,099	275,640	1,029,450	2,106,329	-144,880	-880,230	1,081,219
15,084,720	14,820,100	14,822,760	NET OPERATING EXPENDITURE	14,480,146	-114,340	2,358,350	2,124,570	7,678,228	34,680,240	5,213,000	66,420,194	-15,372,195	-35,643,310	15,404,689
-1,138,820	111,440	111,440	Capital Charges - Appropriations											-261,920
13,945,900	14,931,540	14,934,200	GENERAL FUND TOTAL	14,480,146	-114,340	2,358,350	2,124,570	7,678,228	34,680,240	5,213,000	66,420,194	-15,372,195	-35,643,310	15,142,769
130,000	130,000	130,000	Transfer to + / from (-) General Reserves											140,000
0	-889,230	-889,230	Transfer to + / from (-) Working Balance											0
-102,000	-198,410	-198,410	Transfer to + / from (-) Other Reserve											0
0	0	-2,660	FRS17		114,340									114,340
13,973,900	13,973,900	13,973,900	AMOUNT TO BE MET FROM GOVT. GRANTS AND LOCAL TAXPAYERS	14,480,146	0	2,358,350	2,124,570	7,678,228	34,680,240	5,213,000	66,420,194	-15,372,195	-35,643,310	15,397,109
-5,966,481	-5,966,481	-5,966,481	Revenue Support Grant											-1,686,035
-3,159,172	-3,159,172	-3,159,172	National Domestic Rate redistributed from Pool											-8,734,323
0	0	0	Collection Fund Surplus											0
4,848,247	4,848,247	4,848,247	TO BE MET FROM COLLECTION FUND											4,976,751

REVENUE BUDGET 2006/2007
LEISURE

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Services Area	Expenditure										Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £					
32,970	47,390	47,340	Arts Development & Support	7,530	180	0	640	12,120	4,030	4,990	29,490	0	0	29,490		
189,680	220,130	219,750	Museums & Galleries	78,040	1,600	37,550	700	19,900	10,190	81,810	229,790	0	-9,320	220,470		
63,350	57,580	57,580	Theatres & Public Entertainment	33,050	0	11,540	20,000	330	0	0	64,920	0	-7,000	57,920		
19,750	31,980	31,980	Allotments	0	0	19,090	0	0	20,580	3,420	43,090	0	-8,760	34,330		
209,190	245,210	244,660	Sports Development & Community	240,990	3,660	1,020	26,720	48,000	41,870	55,480	417,740	0	-169,940	247,800		
1,447,560	418,900	409,790	Leisure Centres	1,927,540	23,870	501,250	294,430	430,550	356,960	255,830	3,790,430	-607,020	-1,618,930	1,564,480		
20,020	55,010	54,720	Golf Courses	57,970	480	208,960	380	92,130	21,790	17,360	399,070	0	-338,930	62,140		
852,160	936,900	936,860	Community Parks and Open Spaces	64,760	10,950	124,500	12,070	85,810	134,130	161,450	593,670	-6,000	-60,490	527,180		
103,290	131,710	131,420	Tourism	33,110	520	4,740	270	21,300	29,330	12,000	101,270	0	-8,880	92,390		
87,830	0	0	Service Management & Support (incl. Trading Accounts)	0	0	0	0	0	0	0	0	0	0	0		
36,380	19,980	19,210	Markets and Fairs	166,930	3,840	48,580	2,700	69,640	23,680	38,800	354,170	0	-338,670	15,500		
-416,720	-378,660	-378,660	Car Parking	0	0	133,840	0	146,900	21,500	65,350	367,590	0	-738,370	-370,780		
2,645,460	1,786,130	1,774,650	Total	2,609,920	45,100	1,091,070	357,910	926,680	664,060	696,490	6,391,230	-613,020	-3,297,290	2,480,920		

**REVENUE BUDGET 2006/2007
ENVIRONMENT & LA21**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Expenditure				Support Services Charged Out £	INCOME £	NET EXPEND. £
								Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
77,130	118,410	118,300	Cemeteries, Cremation & Mortuary	29,340	520	179,330	1,580	15,860	16,820	28,820	272,270	-180	-168,660	103,430
1,220,080	1,251,970	1,248,410	Environmental Health	716,670	14,040	55,880	106,060	237,160	322,160	37,510	1,489,480	-1,580	-80,610	1,407,290
40,470	35,130	35,130	Flood Defence & Land Drainage	0	0	0	0	15,100	14,040	6,300	35,440	0	0	35,440
529,820	594,690	594,690	Street Cleansing	340,270	10,150	14,050	99,020	617,060	84,970	4,510	1,170,030	-697,520	-300	472,210
1,575,790	1,688,180	1,688,180	Waste Collection	870,920	19,310	130	489,520	407,210	192,480	220,400	2,199,970	-128,400	-290,230	1,781,340
157,060	200,740	200,220	Management & Support	50,050	2,210	2,320	3,190	310,900	44,450	0	413,120	-12,900	-223,950	176,270
56,780	-20	-5,980	Environmental Trading Accounts	46,410	1,130	0	0	66,970	8,640	0	123,150	-96,020	0	27,130
30,330	11,430	10,360	Vehicles and Plant	223,870	3,850	21,660	742,180	75,250	67,480	28,040	1,162,330	-923,140	-226,860	12,310
3,687,460	3,900,530	3,889,310	Total	2,277,530	51,210	273,370	1,441,550	1,745,510	751,040	325,580	6,865,790	-1,859,740	-990,630	4,015,420

**REVENUE BUDGET 2006/2007
ECONOMIC REGENERATION**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
30,970	34,770	34,770	Grants/Loans/Guarantees	0	0	0	0	25,070	5,770	0	30,840	0	0	30,840
36,910	9,150	8,950	Support to Business & Enterprise	0	0	0	0	10,770	190	0	10,960	0	0	10,960
13,370	15,840	15,840	Government Initiatives	0	0	0	0	12,070	680	0	12,750	0	0	12,750
15,000	11,100	9,940	Promotion & Marketing of the Area	190,380	4,640	7,970	4,000	128,700	4,500	0	340,190	0	-350,000	-9,810
29,940	165,110	165,110	Community Development	0	0	0	0	30,130	250	0	30,380	0	0	30,380
315,440	301,590	300,810	Services Management and Support (Bassetlaw Development Agency)	194,080	4,360	300	4,480	23,270	108,020	0	334,510	0	0	334,510
3,000	0	0	Environmental Initiatives - Grants	0	0	0	0	3,000	0	0	3,000	0	0	3,000
444,630	537,560	535,420	Total	384,460	9,000	8,270	8,480	233,010	119,410	0	762,630	0	-350,000	412,630

REVENUE BUDGET 2006/2007
FINANCE

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS 17 £	Service Area	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
221,330	230,330	230,330	Grants & Contributions	0	0	620	0	200,560	25,490	2,100	228,770	0	0	228,770
1,273,760	1,160,270	1,159,800	Corporate and Democratic Core	323,260	3,050	19,440	5,280	371,219	1,010,610	8,790	1,741,649	-207,460	-14,960	1,519,229
-480	22,640	22,740	Democratic Representation & Members Allowances	4,660	0	40	0	24,400	31,510	0	60,610	0	-33,290	27,320
347,420	348,250	348,250	Precepts & Levies	0	0	0	0	0	347,420	0	347,420	0	0	347,420
124,590	105,630	105,630	Other Expenditure	19,585	0	40,920	0	55,990	27,570	0	144,065	-82,435	-24,200	37,430
986,280	685,470	682,840	Local Tax Collection	519,530	11,900	0	15,080	166,590	8,024,970	0	8,738,070	-318,340	-7,777,730	642,000
0	0	1,161,750	Pension Costs	0	817,790	0	0	0	0	0	817,790	0	0	817,790
2,952,900	2,552,590	3,711,340	SUB TOTAL	867,035	832,740	61,020	20,360	818,759	9,467,570	10,890	12,078,374	-608,235	-7,850,180	3,619,959
-339,350	-496,050	-496,050	Capital Financing Costs	0	0	0	0	25,000	148,130	1,708,400	1,881,530	-1,703,960	-506,240	-328,670
10,360	-61,780	-61,780	Investment Interest Earned on Internal Funds	0	0	0	0	0	0	0	0	-31,570	0	-31,570
-450,000	-450,000	-450,000	External Investment Income	0	0	0	0	0	0	0	0	-450,000	0	-450,000
-778,990	-1,007,830	-1,007,830	SUB TOTAL	0	0	0	0	25,000	148,130	1,708,400	1,881,530	-2,185,530	-506,240	-810,240
2,173,910	1,544,760	2,703,510	Total	867,035	832,740	61,020	20,360	843,759	9,615,700	1,719,290	13,969,904	-2,793,765	-8,356,420	2,809,719

**REVENUE BUDGET 2006/2007
PROPERTY AND CENTRAL SERVICES**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Areas	Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Expenditure				Support Services Charged Out £	INCOME £	NET EXPEND. £
								Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
331,700	300,670	300,670	Environmental Services	16,858	0	0	0	396,550	5,140	109,190	527,738	0	-192,490	335,248
272,440	195,910	195,310	Housing Benefits	136,855	3,340	0	7,380	-949,340	18,301,830	0	17,500,065	0	-17,399,840	100,225
53,360	76,340	76,340	Register of Electors	0	0	0	0	26,980	39,310	0	66,290	0	-1,130	65,160
-55,270	-56,620	-56,810	Local Land Charges	32,610	580	0	50	44,070	38,180	8,770	122,260	0	-198,840	-76,580
24,550	21,820	21,820	Community Safety	31,290	0	0	0	32,890	12,450	0	76,630	-13,550	-29,060	34,020
78,080	117,050	117,050	Industrial Estates	0	0	86,920	0	156,460	82,360	85,530	411,270	0	-315,140	96,130
-93,890	0	0	Other Apportionable Overheads	0	0	0	0	0	0	0	0	0	0	0
874,920	1,000,120	-99,430	Unapportionable Overheads	825,988	-1,209,010	0	0	120,620	93,920	71,410	-97,062	-393,170	0	-490,232
-186,370	-40	-13,910	Central Departments	3,024,770	65,510	16,920	95,140	1,001,300	1,436,640	33,150	5,673,430	-4,868,960	-695,540	108,830
0	0	0		0	0	0	0	-100,000	0	0	-100,000	0	0	-100,000
-32,380	-3,570	-4,040	General Administration	202,840	1,670	0	220	261,450	184,130	12,380	662,690	-512,760	-148,250	1,680
29,600	2,770	2,770	Admin & Operational Buildings	0	0	606,650	0	121,120	765,340	101,410	1,594,520	-1,246,100	-342,060	6,360
79,190	99,190	99,190	Miscellaneous Properties	6,060	0	36,350	0	1,670	38,700	79,270	162,050	0	-80,840	81,210
1,375,930	1,753,640	638,960	Total	4,277,281	-1,137,910	746,840	102,790	1,113,770	20,996,000	501,110	26,599,881	-7,034,540	-19,403,190	162,151

REVENUE BUDGET 2006/2007
CUSTOMER SERVICES

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Areas	Employees (exc FRS17) £	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
					FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £				
0	270,800	268,210	Housing Benefits	657,620	13,020	0	1,120	39,880	496,290	0	1,207,930	0	-855,750	352,180	
-17,070	20	-400	Cashiers	75,350	1,810	0	170	59,460	56,730	0	193,520	-191,270	-420	1,830	
239,610	272,090	272,090	Concessionary Travel	0	0	0	0	1,119,100	48,190	0	1,167,290	0	-230	1,167,060	
0	20	20	TV Licences	0	0	0	0	0	30	0	30	0	0	30	
44,000	52,570	52,570	Panishes and Concurrent Functions	0	0	0	0	45,500	7,410	0	52,910	0	0	52,910	
92,000	60,330	60,330	E Government	0	0	0	0	74,520	40,380	0	114,900	-22,960	0	91,950	
-4,440	10,060	6,490	Customer Services Recharge	894,410	17,700	160	50,720	170,520	324,780	0	1,458,290	-1,306,680	-114,930	36,680	
354,100	665,890	659,310	Total	1,627,380	32,530	160	52,010	1,508,980	973,810	0	4,194,870	-1,520,900	-971,330	1,702,640	

**REVENUE BUDGET 2006/2007
PLANNING**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
432,260	300,530	298,760	Planning Development Control	377,100	9,230	0	14,880	82,080	186,510	321,100	990,900	0	-652,150	338,750
358,070	460,750	460,090	Planning Policy, Implementation & Plan	178,890	3,680	0	8,160	33,420	54,190	49,480	327,820	0	-2,560	325,260
200,830	258,350	256,510	Building Control	421,800	8,950	0	24,530	72,480	130,210	166,920	824,890	-142,260	-367,240	315,390
277,090	285,240	285,120	Other Building Control Works	38,140	700	6,300	5,530	29,630	12,070	195,170	287,540	0	0	287,540
42,120	39,580	39,580	Previous Environmental Works	0	0	0	0	0	780	37,470	38,250	0	0	38,250
-179,990	-169,610	-171,010	Service Management and Support (Planning Services)	394,300	8,700	1,090	3,460	57,560	145,620	580	611,310	-590,360	-109,030	-88,080
1,130,380	1,174,840	1,169,050	Total	1,410,230	31,260	7,390	56,560	275,170	529,380	770,720	3,080,710	-732,620	-1,130,980	1,217,110

**REVENUE BUDGET 2006/2007
EMERGENCY PLANNING**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
6,850	36,150	36,150	Emergency Planning	0	0	0	0	31,330	4,910	0	36,240	0	0	36,240
6,850	36,150	36,150	Total	0	0	0	0	31,330	4,910	0	36,240	0	0	36,240

**REVENUE BUDGET 2006/2007
LICENSING**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £	
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £				GROSS EXPEND. £
11,670	63,390	62,990	Licensing	96,420	1,890	0	12,360	12,520	119,160	2,380	244,730	0	-148,440	96,290
11,670	63,390	62,990	Total	96,420	1,890	0	12,360	12,520	119,160	2,380	244,730	0	-148,440	96,290

**REVENUE BUDGET 2006/2007
POLICY**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £			
56,660	56,480	56,480	Community Strategy	5,000	0	0	0	74,000	7,500	0	86,500	0	86,500
133,380	172,720	172,650	Managing Change	3,200	0	0	400	100,920	73,440	0	177,960	-20,000	157,960
122,320	107,890	107,060	Political Modernisation/Best Value	169,900	3,970	0	4,150	37,580	100,060	3,230	318,890	-207,250	109,060
54,920	70	-1,000	Human Resources	228,080	5,170	420	7,560	71,730	120,500	0	453,460	-340,720	5,190
0	40	-40	Unions	15,320	370	0	0	0	25,840	0	41,530	-41,160	370
1,022,980	1,052,180	1,052,050	Members Allowances & Civic	51,920	570	139,120	42,650	369,280	282,900	164,750	1,051,190	0	1,030,790
-30,850	0	-100	Public Relations	45,250	480	0	840	890	20,890	0	68,350	-63,600	480
1,359,410	1,389,380	1,387,100	Total	518,670	10,560	139,540	55,600	654,400	631,130	167,980	2,177,880	-672,730	1,390,350

**REVENUE BUDGET 2006/2007
HOUSING GENERAL FUND**

Initial Budget 2005/2006 £	Revised Budget Exc FRS 17 £	Revised Budget Incl FRS17 £	Service Area	Expenditure								Support Services Charged Out £	INCOME £	NET EXPEND. £
				Employees (exc FRS17) £	FRS 17 £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £	GROSS EXPEND. £			
199,480	306,080	306,080	Housing Strategy	0	0	0	0	176,719	49,710	0	226,429	0	-750	225,679
28,190	92,290	92,290	Registered Social Landlords	0	0	0	0	6,130	10,170	84,200	100,500	0	0	100,500
58,250	59,850	59,850	Housing Advice	82,480	1,290	0	4,040	23,350	10,270	0	121,430	0	-50,000	71,430
0	0	0	Supporting People	0	0	0	0	0	0	0	0	0	0	0
1,162,130	1,083,740	1,083,010	Private Sector Housing Renewal	131,970	3,180	0	7,850	4,850	66,460	945,250	1,159,560	0	-801,050	358,510
306,080	263,980	263,350	Homelessness	127,830	3,120	30,690	3,260	65,870	87,510	0	318,280	-25,510	-23,500	269,270
154,070	154,090	154,090	Contributions to the HRA	0	0	0	0	54,070	20	0	54,090	0	0	54,090
19,040	7,800	7,800	Other Council Property	0	0	0	0	50	0	0	50	0	0	50
-32,320	0	-160	Housing Management & Support	68,940	1,690	0	1,800	2,060	51,500	0	125,990	-119,370	-4,930	1,690
0	0	0	Building Maintenance Trading Account	0	0	0	0	0	0	0	0	0	0	0
1,894,920	1,967,830	1,966,310	Total	411,220	9,280	30,690	16,950	333,099	275,640	1,029,450	2,106,329	-144,880	-880,230	1,081,219

**REVENUE BUDGET 2006/2007
HOUSING REVENUE ACCOUNT**

Revised Budget 2005/2006 £	Expenditure							Support Services Charged Out £	INCOME £	NET EXPEND. £
	Service Areas	Employees £	Premises £	Transport £	Supplies & Services £	Support Services £	Capital Charges £			
	A1 Housing									
4,876,060	A1 Managed Budgets	0	0	0	4,876,060	0	0	4,876,060	0	4,876,060
5,283,213	A1 Management Fee	0	0	0	5,283,213	0	0	5,283,213	0	5,283,213
10,159,273										10,159,273
220,000	A1 Additional Funding From Surplus									0
10,379,273	Sub-total A1 Housing	0	0	0	10,159,273	0	0	10,159,273	0	10,159,273
	Council Managed HRA Budget									
	Expenditure									
1,435,130	General Management	354,630	69,120	3,760	835,090	446,940	0	1,709,540	0	1,544,670
490,120	Emergency & Supporting People	29,700	0	0	420,236	0	0	449,936	0	449,936
957,420	Rent Rates Taxes & Other Charges	0	0	0	958,160	0	0	998,160	0	998,160
1,807,540	Main Subsidy (inc MRA) Payable	0	0	0	0	0	0	0	2,189,790	0
198,000	Provision for Bad Debts	0	0	0	0	198,000	0	198,000	0	198,000
7,863,430	Cost of Capital/Impairment	0	0	0	0	0	7,716,500	7,716,500	0	7,716,500
3,561,260	Depreciation	0	0	0	0	0	3,355,110	3,355,110	0	3,355,110
50,020	Debt Management Expenses	0	0	0	0	50,020	0	50,020	0	50,020
26,742,193	Sub-total Expenditure	384,330	69,120	3,760	2,253,486	694,960	11,071,610	14,477,266	2,189,790	-164,870
	Income									
-18,895,740	Gross Rental Income	0	0	0	0	0	0	0	0	-19,130,460
0	Rent Accounting Income	0	0	0	0	0	0	0	0	0
-339,980	District Heating	0	0	0	0	0	0	0	0	-340,180
-8,100	Housing Defects	0	0	0	0	0	0	0	0	-8,100
0	Main Subsidy (inc MRA) Receivable	0	0	0	0	0	0	0	0	0
-225,000	RTB Management Recharges	0	0	0	0	0	0	0	-225,000	-225,000
-1,168,640	Supporting People	0	0	0	0	0	0	0	0	-1,191,892
-20,637,460	Sub-total Income	0	0	0	0	0	0	0	-225,000	-1,191,892
6,104,733	Net Cost of Services									-20,895,632
	Net Cost of Services									5,765,827
-6,814,190	Adjusting Transfer for AMRA	0	0	0	0	0	1,074,450	1,074,450	-7,716,500	0
-54,070	Transfers from General Fund	0	0	0	0	0	0	0	0	-54,070
688,700	Amortised Premiums & Discounts	0	0	0	601,850	0	0	601,850	0	601,850
42,100	Investment & Mortgage Interest	0	0	0	0	0	0	0	0	9,100
326,430	Transfer to Major Repairs Reserve	0	0	0	0	0	0	0	0	564,670
293,703	Net Operating Expenditure									245,327
293,703	(Surplus)/Deficit for Year									245,327

Housing Revenue Account Reserves

	<u>Initial Budget</u>
	<u>2006-2007</u>
	£
Effect on Reserves	
Deficit for Year:	
In Year	-153,327
Supplementary estimates	-46,000
Allocation of reserves to A1 Housing	0
Revenue Development Bids	-46,000
	<u>-245,327</u>
Balance Brought Forward	763,346
Total Balances	<u>518,019</u>
Split of Balances:	
Working Balance	500,000
General Reserve	18,019
Balance Carried Forward	<u>518,019</u>

***EMPLOYEE
NUMBERS
2006/2007***

OVERALL EMPLOYEE NUMBERS 2006/2007

CABINET AREAS	F/T Equiv No's
LEISURE	132.5
ENVIRONMENT	102.5
ECONOMIC REGENERATION	6.5
FINANCE	30.6
PROPERTY SERVICES	121.2
CUSTOMER SERVICES	76.7
PLANNING	55.9
EMERGENCY PLANNING	0.0
LICENSING	4.1
POLICY	11.6
HOUSING GENERAL FUND	17.0
HOUSING REVENUE ACCOUNT	1.0
TOTAL FULL TIME EQUIVALENTS	559.4