

**Extraordinary Meeting of the Council of
The City and County of Swansea**

23rd February 2009

4.00 pm

COUNCIL SUMMONS

You are hereby Summoned to attend an Extraordinary Meeting of the Council of the City and County Of Swansea to be held in the Council Chamber, Civic Centre, Swansea on Monday, 23rd February 2009 At 4.00pm

The following business is proposed to be transacted:

	Page No's
1. Apologies for Absence.	
2. To Receive Disclosures of Personal and Prejudicial Interest from Members in accordance with the provisions of the Code of Conduct adopted by the City & County of Swansea. (NOTE: You are requested to identify the Agenda Item / Minute No. Planning Application No. and Subject Matter to which the interest relates).	
3. Presiding Officer's Announcements.	
4. Leader's Announcements.	
5. Budget 2009/10 Overview Report.	5-8
6. Capital Budget & Programme 2008/09 – 2013/14.	9-63
7. Capital Programme – Prudential Code and Prudential Indicators for 2009/10.	64-70
8. Revenue Budget 2009/10.	71-108
9. Medium Term Financial Plan.	109-127
10. Housing Review Account – Revenue Budget 2009/10 and Capital Budget 2009/10 to 2011/12.	128-135
11. Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Investment Strategy for 2009/10.	136-168
12. Statutory Resolution – Resolutions to be in accordance with the Regulations in the setting of Council Tax 2009/10.	

13. To authorise the affixing of the Common Seal to any document necessary to carry into effect any resolution passed or confirmed at this meeting.

A handwritten signature in black ink, appearing to read 'David Daycock', with a horizontal line underneath.

David Daycock
Head of Legal and Democratic Services
Civic Centre
Swansea
16TH February 2009

To: All Members of the Council

Item No. 2

Disclosures of Personal Interest from Members

To receive **Disclosures of Personal Interest from Members** in accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea. You must disclose orally to the meeting the existence and nature of that interest.

NOTE: You are requested to identify the Agenda Item / Minute No. / Planning Application No. and Subject Matter to which that interest relates and to enter all declared interests on the sheet provided for that purpose at the meeting.

1. If you have a **Personal Interest** as set out in **Paragraph 10** of the Code, you **MAY STAY, SPEAK AND VOTE** unless it is also a Prejudicial Interest.
2. If you have a Personal Interest which is also a **Prejudicial Interest** as set out in **Paragraph 12** of the Code, then subject to point 3 below, you **MUST WITHDRAW** from the meeting (unless you have obtained a dispensation from the Authority's Standards Committee)
3. Where you have a Prejudicial Interest you may attend the meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, **provided** that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. In such a case, you **must withdraw from the meeting immediately after the period for making representations, answering questions, or giving evidence relating to the business has ended**, and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration (**Paragraph 14** of the Code).
4. Where you have agreement from the Monitoring Officer that the information relating to your Personal Interest is **sensitive information**, as set out in **Paragraph 16** of the Code of Conduct, your obligation to disclose such information is replaced with an obligation to disclose the existence of a personal interest and to confirm that the Monitoring Officer has agreed that the nature of such personal interest is sensitive information.
5. If you are relying on a **grant of a dispensation** by the Standards Committee, you must, before the matter is under consideration:
 - (i) disclose orally both the interest concerned and the existence of the dispensation; and (ii) before or immediately after the close of the meeting give written notification to the Authority containing -
 - details of the prejudicial interest;
 - details of the business to which the prejudicial interest relates;
 - details of, and the date on which, the dispensation was granted; and
 - your signature

Item No. 5

Report of the Section 151 Officer

Council – 23rd February 2009

BUDGET 2009/10 – OVERVIEW REPORT

Purpose:	<p>Elsewhere on this agenda are the detailed reports relating to both the Capital and Revenue Budgets.</p> <p>The purpose of this overview report is to highlight the key issues running through this technical analysis and in particular, to make clear the connections to:</p> <ul style="list-style-type: none">- The budget reports to Council in February 2008- The continuing development of the Medium Term Financial Plan
Policy Framework:	None
Reason for Decision:	To agree a revenue budget, capital budget and Council Tax 2009/10
Consultation:	Cabinet Members and Corporate Management Team
Recommendation:	For information; specific recommendations are contained in the following reports on the agenda

Background - budget 2008/09

When setting a budget in February 2008 the following key risks were detailed:

- The Council faced significant risk in relation to the Equal Pay Settlement as the Council's offer had not been accepted by all staff.
- E-Government . The programme was incomplete and the planned savings not achieved.
- Waste management. The impact of the Landfill Tax increase was unclear.
- A planning compensation issue
- Interest rates. The implications of lower interest rates.

The Council faced very significant pressures in 2008/09 against the backcloth of a rapidly deteriorating national outlook for public finances. The budget included a proposal to fund a number of potential spending needs on a contingency basis.

The 2008/09 Budget Report contained a forward financial forecast, which indicated potential shortfalls in future years. The Medium Term Financial Plan (MTFP) included a detailed assessment of known additional spending needs, specific savings proposals, savings targets and residual shortfalls. The plan highlighted the need to make staffing reductions to achieve the required savings.

In relation to capital, the Budget Reports made clear that there was no capacity for further unsupported borrowing for new commitments until the funding source for the revenue effect was identified.

Issues arising from likely Outturn 2008/09

Detailed in the technical reports are the myriad of variations, which inevitably occur in each financial year. The key messages that affect forward financial planning are summarised here, namely:

- A net overspend of £1.9m is anticipated for the year. Some significant Service overspends of £4.1m are offset by reductions in capital financing charges, mainly related to reduced net interest payments (£1.2m) and a review of the Council Tax provision for bad debts (£1m).
- The above overspend will be charged against the Contingency Fund together with planned contingency funded spending of £1.6m. The overall reduction in the Contingency Fund will need to be made good in agreeing the 2009/10 budget.
- During 2008/09 significant progress has been made on settling equal pay claims though the Pay and Grading risk continues
- During 2008/09, a settlement was agreed with Capgemini. Whilst the relevant payments were met from previously agreed budgets there remains a requirement to finance a replacement payroll system.

Financial Outlook at Feb 2009

The settlement from WAG is detailed elsewhere, but an uplift of 2.9% has to be viewed in the context of key financial pressures that include:

- The general economic outlook including reduced income levels and significant reductions in interest earned on investments
- Above inflation rises in energy costs
- Significant pressures in Education Services (especially pupil specific)

- Pressures in Social Care, particularly Children's Services

Such an outlook determines that any MTFP has to assume that funding increases will not match expenditure pressures. Consequently a clear signal that future efficiency improvements, cost reductions and/or potential service rationalisations are inevitable under all scenarios.

Given the proportion of the Council expenditure spent on employee costs, it is inevitable that a reduction in headcount will be necessary over the planning period.

Budget Process 2009/10

The detailed reports have arisen from the following actions:

- A review of the essential spending needs going forward (SNAs). As in the 2008/09 budget, where these are certain they are included in the budget. Where the extent or timing is uncertain an assessment has been made and provision made in the contingency requirement. This is a normal approach to managing risk. Provision has been made in the 2009/10 budget for additional service spending needs of £8.517m. This comprises £3.438m provided in service budgets and £5.079m provided on a contingency basis.
- Identification of a range of savings to be incorporated in the Budget for 2009/10 and financial targets for the future years. Savings incorporated in the Budget total £7.0m
- The MTFP has been developed significantly to include details of target areas for efficiency, cost saving, cost avoidance and service improvement. See separate report on the agenda.

Summary

How Is This Budget Balanced in 2009/10?

This has been achieved by:

- Robustly reviewing SNAs and only including where certain
- Increasing selected fees and charges
- Identifying savings
- Maintaining a contingency fund sufficient to deal with in year risk
- Council Tax Income

How is the MTFP updated?

This has been achieved by:

- Including the impact of the above
- Including forward resource assumptions on future settlements; increases in fees and charges
- Setting a detailed action plan to be implemented to meet future targets

Immediately following the setting of this Budget, work must commence to deliver these future financial plans.

Issues Relating to Capital

The Capital Programme has been reviewed in light of previous Audit comments. However, the nature of the programme as it stands is that schemes are either essential (maintenance, etc), or committed. No new optional schemes have been added.

There is no increase in unsupported borrowing in the 2009/10 proposed budget.

Risk Management

As indicated above, clear risks remain in relation to forward cost pressures, pay and grading, etc. These, combined with the relatively bleak outlook for WAG funding, once again determine the need for a significant contingency fund in the short term, and a concerted effort to deliver the forward financial targets in the MTFP.

Contact officer : Jack Straw, Director of Resources

Telephone no : 637531

Background papers : None

Item no. 6

Report of the Section 151 Officer

Council – 23rd February 2009

CAPITAL BUDGET & PROGRAMME 2008/09 – 2013/14

Purpose:	This report proposes a capital budget for 2008/09 - 2013/14
Policy framework:	None
Reason for decision:	To agree a revised budget for 2008/09 and a budget for 2009/10 – 2013/14
Consultation:	Cabinet Members & Corporate Management Team
Recommendations:	The revised budget for 2008/09 and budget 2009/10 – 2013/14 be approved.

1. Introduction

1.1 This report details:

- Revised capital expenditure and financing proposals for 2008/09 and
- Capital expenditure and financing proposals for 2009/10 – 2013/14

1.2 For completeness, the appendices to the report include capital expenditure in relation to the Housing Revenue Account (HRA). However, the specific proposals relating to the HRA are subject to a separate report to be considered by Council on 23rd February 2009.

1.3 The budget proposals are detailed as follows:

Appendix A Summary of capital expenditure

Appendix B Summary of capital financing

Appendix C Material changes to the original 2008/09 programme

Appendix D A detailed breakdown of the programme by portfolio

2. Revised budget 2008/09

2.1 Spending in the current year will be £82.153m, an increase of £31.711m over the original estimate of £50.442m due to:

- The addition of grant funded schemes (e.g Transport Grant) after Council approved the original programme
- Delayed spending in 2007/08

2.2 Material changes are detailed in appendix C .The following points should be noted:

Equal Pay Back Payments.

The Welsh Assembly Government (WAG) approved a Capitalisation Direction in 2007/08 of £9.478m. However, a number of payments were delayed until 2008/09 and a new Direction for £2.274m was sought to fund the remaining settlements in 2008/09. The Direction was received in December 2008.

Guildhall refurbishment.

The contract award for phase 2 (Municipal Block) resulted in a significant saving .

ISIS development.

The delay in implementing the new payroll system has been subject to reports to Cabinet and Council. The available capital budget of £1.094m will be needed to complete the system implementation – see also paragraph 3.3.

Quadrant Interchange Scheme.

This scheme is fully funded by Transport and Convergence grants and there has been a delay in agreeing the overall funding package with the WAG. This package has now been agreed and a tender process is in progress. The Transport Grant previously earmarked for this project in 2008/09 will now be used to bring forward works on the Metro Scheme.

Other grant funded schemes.

Other significant schemes agreed and commenced in 2008/09 are:

- School Building Improvement Grant schemes
- Hafod Renewal Area Programme
- Transport Grant schemes
- Waste vehicles grant scheme
- Road Maintenance grant funded schemes

2.3 Additional spending of £31.711m will be financed from new grants / external contributions (£14.360m) and resources brought forward from 2007/08 (£17.351m).

2.4 The budget monitoring report to Cabinet on 11th December 2008 highlighted a forecast shortfall in capital receipts of £2.4m in 2008/09. The latest forecast is a shortfall of £4.1m compared to the original estimate for 2008/09. This shortfall mainly relates to delays in completing

disposals . The overall assessment of capital receipts is detailed in paragraph 4.4.

3. Capital budget 2009/10 – 2013/14

- 3.1 A further two years (2012/13 and 2013/14) have been added to the programme approved by Council on 25th February 2008. The proposed programme is summarised in appendix A.
- 3.2 The previous report to Council highlighted the significant level of planned unsupported borrowing and in particular, the advice of the Section 151 officer that further borrowing could not be considered unless the resulting interest and principal repayments could be financed from current and future revenue budgets. This advice remains unchanged and as such, the attached budget proposals do not include any unsupported borrowing over and above the £79.823m previously agreed.
- 3.3 As such, there is little scope for adding to the existing programme. Material points to note are as follows:

Guildhall refurbishment

Phases 3 and 4 have been added in 2012/13 and 2013/14 to complete the programme of works

ISIS Development

As stated above, the existing budget of £1.094m has been set aside to finance the implementation of a new payroll system in 2009/10. This budget will finance a payment to a third party ; system integration costs and the Council's own costs. Whilst it is considered that the available budget will be sufficient, precise costs will not be known until the current tendering exercise is complete. See also the Risks section of the Revenue Budget report.

Quadrant Interchange Scheme

As stated in paragraph 2.2, this scheme will be fully funded from Convergence Grant and Transport Grant. As such there is no financial implication for the Council. Estimated costs and funding details will be subject to a report to Cabinet when the current tendering exercise is complete.

Quality in Education 2020

The results of the stakeholder consultation and emerging strategy were reported to Cabinet (18th November 2008) and Council (18th December 2008) . The report highlighted the works which will be financed within the existing capital programme. The report also noted that further work will be undertaken to investigate options but that future decisions will be subject to identifying sources of finance – in particular a request to WAG to provide additional financial support.

City Centre Redevelopment

The future provision of match funding for City Centre regeneration will need to be identified as the requirements become clear.

Capital maintenance

The existing level of budget has been assumed for 2009/10 and future years. The relevant budgets will need to be carefully prioritised to ensure that all urgent and essential needs are met. This remains a significant risk.

Contingency Fund

A contingency budget has been provided in each year to meet unforeseen costs.

Disabled Facilities Grants

The current level of provision is included in each future year.

Waste disposal

The budget provides for the current programme of works at Tir John and further remediation works in future years. The long term financial implications for waste disposal are not known at this time.

4. Financing of capital budget 2008/09 – 2013/14

4.1 The financing of the overall capital budget is detailed in appendix B. The funding sources are:

Council's own resources

Unsupported borrowing

Capital receipts

Contributions from the revenue budget (HRA only)

Other funding

Grants / contributions

Supported borrowing

4.2 The overall forecast of available finance to meet the expenditure detailed in section 3 is £237.841m i.e a shortfall of £3.562m as follows:

YEAR	Expenditure £m	Financing £m	Shortfall £m
2008/09	82.153	82.153	0.000
2009/10	44.738	44.738	0.000
2010/11	32.300	29.005	3.295
2011/12	32.115	31.199	0.916
2012/13	27.017	24.333	2.684
2013/14	23.080	26.413	-3.333
Total	241.403	237.841	3.562

This shortfall relates to the General Fund programme only.

The precise shortfall in each year will depend on the timing of expenditure and capital receipts. The surplus in 2013/14 is only an indicative estimate at this point in time.

4.3 As stated above in paragraph 3.2, there is no scope for further unsupported borrowing at this time. Therefore the shortfall must be resolved by:

- Reducing forecast spending
- Increasing capital receipts
- A combination of the above

4.4 Assuming that the shortfall will be resolved by increasing capital receipts, the target capital receipts figure in each year together with the current forecast is as follows:

YEAR	Target	Current forecast	Shortfall
	£m	£m	£m
2008/09	4.119	4.119	0
2009/10	3.908	3.908	0
2010/11	4.512	1.217	3.295
2011/12	4.427	3.511	0.916
2012/13	3.329	0.645	2.684
2013/14	-0.608	2.725	-3.333
Total	19.687	16.125	3.562

i.e the shortfall in 2010/11 will have to be resolved by identifying additional capital receipts.

However, given the considerable period of time available to achieve the required target it is considered that the overall target can be met. Work is underway to identify further disposals for consideration.

5. Legal implications

5.1 The Authority is under a duty to make arrangements for the proper administration of its financial affairs. Failure to do so will be a breach of that duty.

6. Prudential Code.

6.1 Under the Local Government Act 2003 and subsequent regulations, a local authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when setting its budget and must determine and keep under review how much it can afford to borrow.

6.2 The next report on the agenda will detail what is required under the requirement of the Code and set out in detail Prudential Borrowing Indicators for 2009/10 and subsequent years.

7. Recommendation

The revised budget for 2008/09 and budget 2009/10 – 2013/14 be approved.

Contact officer : Mike Trubey, Head of Finance
Telephone no. : 636391
Background papers: None

CAPITAL PROGRAMME 2008/2009 - 2013/2014

SUMMARY OF CAPITAL EXPENDITURE

PORTFOLIO	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Community Leadership & Democracy	2,155					
Business Improvement & Efficiency	2,472	1,000				
Finance	3,077	3,655	1,000	1,000	1,000	1,000
Education	15,204	3,245				
Community Regeneration	1,988	21				
Culture, Recreation & Tourism	4,838	93				
Economic & Strategic Development	1,780					
Environment	17,600	10,477	4,302	3,352	3,352	3,352
Social Services	1,114					
Housing						
- Housing General Fund	7,553	5,200	5,200	5,200	5,200	5,200
- Corporate Building Services	9,388	7,947	8,798	9,563	8,465	4,528
- Housing Revenue Account	14,984	13,100	13,000	13,000	9,000	9,000
TOTAL	82,153	44,738	32,300	32,115	27,017	23,080

APPENDIX A

CAPITAL PROGRAMME 2008/2009 - 2013/2014

SUMMARY OF CAPITAL FINANCING

SOURCE OF FINANCE	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
General Fund						
Loans						
- Supported Borrowing/General Grant	14,630	14,688	14,688	14,688	14,688	14,688
- Unsupported Borrowing	12,680	9,691				
Grants						
- Welsh Assembly Government	17,550					
- European	1,038					
- Other	1,392					
Contributions						
- Developers etc	6,439	3,320	100			
Capital Receipts						
- General	4,119	3,908	1,217	3,511	645	2,725
- Earmarked	1,620					
Revenue Contributions						
- General Fund	5,304	31				
Add : Financing Adjustment	2,397					
TOTAL GENERAL FUND	67,169	31,638	16,005	18,199	15,333	17,413
Housing Revenue Account						
Loans						
- Supported Borrowing/General Grant	58					
Grants						
- Major Repairs Allowance (MRA)	9,100	9,000	9,000	9,000	9,000	9,000
Capital Receipts	3,500	700	100	100		
Revenue/Reserve Contributions	2,460	3,400	3,900	3,900		
Less: Sundry Creditors	-134					
TOTAL HOUSING REVENUE ACCOUNT	14,984	13,100	13,000	13,000	9,000	9,000
TOTAL FUNDING	82,153	44,738	29,005	31,199	24,333	26,413

FUNDING SHORTFALL

0 0 3,295 916 2,684 -3,333

CAPITAL PROGRAMME 2008/09 - 20013/14

MATERIAL CHANGES TO THE ORIGINAL 2008/09 PROGRAMME

Scheme	Source Of Funding	2008/09 Change £'000
Community, Leadership And Democracy		
City Centre Core Improvements Extra Work	Grant	400
City Centre Kingsway Circle	Grant	105
Finance - Corporate Building		
Target Hardening - Various Schools	Grant	112
Guildhall Refurbishment Contract Saving	Loan	-1,198
Finance - Other		
Equal Pay Backpay Settlement	Loan	2,274
Education		
Morrison Comprehensive Catering Suite	Grant	137
School Building Improvement Fund	Grant	1,800
Early Years Grant	Grant	232
Flying Start Capital Grant	Grant	310
Housing		
Hafod Renewal Area Grant	Grant	1,900
Community Regeneration		
Youth Service Capital Funding	Grant	237
Culture, Recreation & Tourism		
Penlan CLC Changing Room Refurbishment	Grant	200
Pontarddulais Library Refurbishment	Grant	99
Economic And Strategic Development		
Refurbishment of Langland Bay Huts	Contribution	146
Environment		
Transport Grant Schemes	Grant	6,300
Local Road Safety Schemes	Grant	324
Local Road Maintenance Grant	Grant	892
Purchase of Vehicles & Containers for Food Recycling	Grant	1,166
Social Services		
Purchase of Property at Birchgrove	Revenue	232
Refurbishment of 2nd Floor Oldway Centre	Revenue	100
Delayed Spending From 2007/08 - All Portfolios	Various	24,185
Delayed Spending Into 2009/10 - All Portfolios	Various	-12,647
Other Minor Changes	Various	4,405
TOTAL MATERIAL CHANGES		31,711

ANNEX D

CAPITAL PROGRAMME SCHEMES

COMMUNITY LEADERSHIP AND DEMOCRACY

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C06325	CITY CENTRE REDEVELOPMENT (91681) City Centre Major Redevelopment	197					
C06332	Waterfront City Centre Link	14					
C06335	Wind Street Traffic Regulation Orders	18					
C06336	City Centre Core Improvements	1,321					
C06344	City Centre Big Screen	50					
C06345	City Centre Other Redevelopment (HOF)	50					
C06346	City Centre Core Extra Works	400					
C06349	City Centre - Kingsway Circle	105					
		2,155					
	COMMUNITY LEADERSHIP AND DEMOCRACY	2,155					

BUSINESS IMPROVEMENT AND EFFICIENCY

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	CIVIC CENTRE PROJECT (91743)						
C08941	Contact Centre Build	82					
C08943	Civic Centre Feasibility	12					
C08944	Civic Centre New Entrance	83					
C08946	New Café/Canteen/Foyer	38					
C08947	New Library - Works	-409					
C08950	Project Management Civic Centre	16					
C08951	Traffic/Transport Civic Centre	100					
C08953	Part 4 Back Office Accommodation	345					
C08957	Foyer/WC Refurbishment	-70					
C08958	New Library-Artwork/Signage	126					
C08959	New Library - Books	161					
C08960	New Library Close down etc	146					
C08962	New Library - Fit Out	379					
C08963	New Library - ICT	229					
C08964	New Library - LMS	53					
C08965	New Library - RFID	41					
C08966	New Library - Stock Prep	200					
C08967	Part 1 Accommodation Works	20					

BUSINESS IMPROVEMENT AND EFFICIENCY

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C08968	CIVIC CENTRE PROJECT (91743) Part 2 Accommodation Works	415					
C08969	Call Centre	411					
		2,378					
C09448	ISIS DEVELOPMENT (91750) Payroll Development	94	1,000				
		94	1,000				
	BUSINESS IMPROVEMENT AND EFFICIENCY	2,472	1,000				

FINANCE

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	GENERAL ADMINISTRATION-FINANCE (91755)						
C09493	Corporate Contingency Fund	703	2,500	1,000	1,000	1,000	1,000
C09494	Grant Repayment		955				
C09495	Project Feasibility Studies	100	200				
C09496	Equal Pay Backpay Settlement	2,274					
		3,077	3,655	1,000	1,000	1,000	1,000
	FINANCE	3,077	3,655	1,000	1,000	1,000	1,000

CAPITAL PROGRAMME 2008/2009 - 2013/2014

EDUCATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	EDUCATION ADMINISTRATION (91501)						
C00003	Broadband Installation/Local Area Network	2					
C00008	Electronic Attendance Management System	7					
C00011	Fire Precautions 05/06	9					
C00014	Remove Asbestos - Boiler Houses	27					
C00015	SOP Phase 2 Feasibility	45					
C00018	Teacher Assessment Data - Computers	2					
C00022	Re-design Substandard Toilets	5					
C00023	Fire Precaution Work	8					
		105					
	PRIMARY SCHOOLS (91502)						
C00234	Brynhyfryd Junior Gable Wall	3					
C00241	Danygraig Primary - Structure Failure	26					
C00242	Dunvant Primary	5					
C00248	Feasibility YGG Lon Las	4					
C00255	Early Years Block - Pontlliw Prim	4					
C00256	Pontlliw Primary - Class Extension	4					
C00258	Sketty Prim - New Build	44					
C00259	SOP - Townhill Primary	1					

EDUCATION

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	PRIMARY SCHOOLS (91502)						
C00261	St Joseph's VA - Contribution	12					
C00262	St Thomas New School Including Library	332					
C00265	Tre Gwyr Roofing Work at Kitchen	13					
C00266	Welsh Medium Primary Facility	24					
C00268	YGG Gellionnen - Accommodation Works	6					
C00296	Flying Start Blaenymaes Primary	200					
C00297	Flying Start Sea View Primary	15					
C00302	St Joseph's Clydach-rewiring	11					
C00303	Manselton Primary-Water Ingress	31					
C00304	Cwmbwrla Primary - Fabric Failure	3					
C00305	Trallwn Primary - Asbestos/Windows	31					
C00306	Tre Uchaf Primary Boiler Replacement	4					
C00307	Morrison Primary - Flood Prevention Measures	9					
C00308	YGG Y Login Fach-Flood Prevention Measures	10					
C00309	Cwm Primary - Fabric Failure Kitchen	8					
C00310	Birchgrove Primary - Structural Failure	40					
C00316	Welsh Medium Strategy-YGG Lon Las	51					
C00317	Welsh Medium Strategy-YGG Pontybrein	35	15				

CAPITAL PROGRAMME 2008/2009 - 2013/2014

EDUCATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
PRIMARY SCHOOLS (91502)							
C00332	Feasibility 2007/08 - YGG Pontybrenin	6					
C00333	Feasibility 2007/08 Duvant Primary Rationalisation	3					
C00334	Tregwyr Junior Re-modelling	104					
C00341	YGG Tirdeunaw - Gym Windows	15					
C00347	Early Years - Pen Y Fro Primary	8					
C00369	Early Years Llanrhidian Primary	190					
C00392	Early Years Minor Works Various	32					
C00393	Early Years Feasibility Works	10					
C00394	Flying Start - Pentrechwyth Primary	65					
C00395	Flying Start - Feasibility Works	30					
		1,389	15				
SECONDARY SCHOOLS (91503)							
C00968	Birchgrove Comprehensive Sports Hall	5					
C00975	Daniel James Phase 2 Curtain Wall	2					
C00977	Daniel James Sports Development	13					
C00979	Dylan Thomas Roofing/Fabric	25					
C00987	Penyrheol Comprehensive - Roofing Works	16					
C00997	Daniel James Pool Dehumidifier	5					
C01001	Penyrheol Fire - Temporary Classroom Blocks	380					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

EDUCATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	SECONDARY SCHOOLS (91503)						
C01005	Daniel James-Mechanical Fabric Failure	4					
C01006	Gowerton Comprehensive-New Mains Sub Station	4					
C01015	Penyrheol Comprehensive Re-build	5,771	3,130				
C01018	14-19 Learn Pathway-Morrison Canteen	138					
C01028	Feasibility 2007/08 Cefn Hengoed Rationalisation	13					
C01029	Feasibility 2007/08 Morrison Comprehensive	4					
C01030	Feasibility 2007/08 Pentrehafoed Rationalisation	20					
C01031	Feasibility 2007/08 Daniel James Rationalisation	10					
C01032	Feasibility 2007/08 Gowerton Rationalisation	10					
C01033	Gowerton - Demountable Demolition	60					
C01038	Pentrehafoed ISD Pilot	15					
		6,495	3,130				
	SPECIAL NEEDS (91504)						
C01451	Gowerton Comprehensive Aspergers	7					
C01453	Clwyd Primary ASD	7					
C01456	SEN Development Strategy	20					
C01458	Special Education Needs (SEN) Adaptations	122	100				
C01459	STF Dev Speech & Lang Prov Pentrehafoed	670					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

EDUCATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	SPECIAL NEEDS (91504)						
C01460	STF Dev MLD Cefn Hengoed	122					
C01461	STF Dev MLD Provision Daniel James	50					
C01462	STF Dev Plan-ASD Dylan Thomas	503					
C01465	STF Dev Plan - HI Development	38					
C01466	STF Dev Plan - Y G Gwyr Caretakers House	50					
		1,589	100				
	SCHOOL BLDG IMP GRANT (£9M) (91506)						
C01551	Dunvant Primary Rationalisation	-10					
C01555	YG Gwyr Accommodation Repairs/Improvements	639					
		629					
	SCHOOL BLDG IMP GRANT 2005/06 (91508)						
C01591	Secondary STF (PMLD)	19					
C01595	05/06 Various Schemes	68					
		87					
	SCHOOL BLDG IMP GRANT 06/07& 07/08 (91509)						
C01612	Clydach Junior - Multi Purpose Hall	9					
C01613	Gendros Primary - 2 Classroom Extension	5					
C01614	YGG Llwynderw Replacement School	3,077					
C01616	YGG Brynymor Disabled Toilet	19					
		3,110					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

EDUCATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
C01617	SCHOOL BLDG IMP GRANT 08/09 (91510) Birchgrove Primary - Improvements/Replacement	200					
C01618	Clwyd Primary - Improvements/Renovation	500					
C01619	Gors Primary - Upgrade Building System	135					
C01620	Parkland Primary - Mechanical/Heating Replacement	115					
C01621	Daniel James - Improvements/Renovation	100					
C01622	YGG Pontybrenin -Improvement/Renovation	200					
C01623	YGG Tirdeunaw - Improvement/Renovation	100					
C01624	Brynmill Primary - Improvement/Renovation	150					
C01625	Crwys Primary - Improvement/Renovation	150					
C01626	Pontarddulais Primary Early Years Provision	150					
		1,800					
	EDUCATION	15,204	3,245				

COMMUNITY REGENERATION

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	YOUTH ACTIVITIES (91505)						
C01502	Outdoor Pursuits Centre	14					
C01503	Youth Strategy - Blaenymaes Youth Club	13					
C01509	Danycoed Bathroom Refurbishment	17	21				
C01510	Blaenymaes Youth Centre	28					
C01511	Clydach Youth Centre	18					
C01512	Gorseinon Youth Centre	67					
C01513	Stadwen Youth Centre	40					
C01514	Other Buildings	10					
C01515	Curriculum Support Equipment	22					
C01516	Transport Support	20					
C01517	Youth Bank Development	5					
C01518	Youth Mobile Project	27					
		281	21				
	COMMUNITY REGENERATION PROG (91701)						
C07271	217 Community Resource Centre	2					
C07275	Caemawr Resource Building (POD)	9					
C07280	Clydach Youth Centre	3					
C07291	Gateway to Clase Signage	2					

CULTURE, RECREATION & TOURISM

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	MUSEUM AND GALLERIES (91631)						
C05603	Contribution to Refurbishment - Glynn Vivian	459					
C05616	Restoration of the Olga	36					
		495					
	LIBRARY SERVICES (91633)						
C05802	DDA Works - Libraries	21					
C05803	Libraries - I.T. Automation	6					
C05805	Killay Library	22					
C05811	Improvements to Gorseinon Library	3					
C05812	Improvements to Pontarddulais Library	99					
		151					
	SPORTS STADIUMS (91641)						
C05904	Stadium Ground Investigation	5					
		5					
	LIBERTY STADIUM (91642)						
C05938	Liberty Stadium	527					
		527					
	SPORTS CENTRES (91643)						
C05962	Landore Bowls Hall	36					
C05966	DDA Works - Penlan CLC	2					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

CULTURE, RECREATION & TOURISM

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	LEISURE CENTRES (91643)						
C05970	Penyrheol CLC - Refurbish Pool Changing Rooms	20					
C05971	Penyrheol CLC - Refurbishment of Interior	11					
C05974	Swansea Leisure Centre	2,412					
C05979	Free Swimming Improvement Fund - Penyrheol CLC	2					
C05980	Free Swimming Improvement Fund - Penlan CLC	1					
C05982	Feasibility 07/08 - Re-siting of tennis centre	20					
C05984	Penyrheol Pool-Changing Room & Reception	38					
C05986	Penlan CLC Changing Room Refurbishment	233					
		2,775					
	PLAYING FIELDS (91646)						
C06171	Elba New All Weather Pitch	6					
		6					
	PARKS (91720)						
C07801	Brynmill Park Redevelopment	402					
C07805	Oystermouth Castle Restoration	445	93				
C07806	New Playground at Parc William	10					
C07808	Refurbishment of Thistleboon Caravan Park	1					
C07817	Hendrefoilan Woods Hard Play/Sports	1					

CULTURE, RECREATION & TOURISM

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C07818	PARKS (91720) Parks - Vehicles/Equipment	20 879	93				
CULTURE, RECREATION & TOURISM		4,838	93				

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ECONOMIC AND STRATEGIC DEVELOPMENT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	GENERAL REDEVELOPMENT (91682)						
C06526	Clydach Environmental Improvements	2					
C06528	Gorseinon 03/04 Road Corridors	6					
C06529	Gorseinon 03/04 Key Gateways	20					
C06532	Feasibility Swansea Bay	9					
C06533	Gamgoch Infrastructure Works	46					
C06545	YIM & White Rock Development	224					
C06546	Feasibility 2007/08 Flood Risk Study Swansea Bay	28					
C06548	Upper Bank Feasibility	40					
C06549	Normandy Road Industrial Estate	8					
		383					
	SWANSEA VALE (91685)						
C06722	CBP Landscaping	3					
C06723	Knotweed Eradication	7					
C06724	Lakes Landscaping	1					
C06725	Landscaping at Tregof Corridor	170					
C06726	Landscaping Improvements	52					
C06729	East Earthworks etc	60					
C06733	Highways Remedial Work Adoption Standard	3					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ECONOMIC AND STRATEGIC DEVELOPMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	SWANSEA VALE (91685)						
C06748	Tregof Remedial Works Near Resource Centre	4					
C06761	East FWS/SWS North of Spine Rd 2	20					
C06762	Swansea Vale Signs	1					
C06766	Fendrod Culvert Works	70					
C06767	Tregof Village Sewer	11					
		402					
	ENVIRONMENTAL IMPROVEMENTS (91690)						
C06931	Environmental Regeneration Programme	12					
C06933	High Street Regeneration	28					
		40					
	GRANTS IN IIA'S / CIA'S (91695)						
C07121	CRA Grants - Gorseinon	7					
C07123	Gorseinon Property Development Grants	309					
		316					
	MISCELLANEOUS ENVIRONMENTAL SERVICES (91725)						
C08391	Land Acquisition - General	24					
C08394	Langland Bay Hut Refurbishment	146					
		170					

ECONOMIC AND STRATEGIC DEVELOPMENT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C08642	MARKET (91731) Refurbishment Swansea Market	469					
		469					
	ECONOMIC AND STRATEGIC DEVELOPMENT	1,780					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	TRANSPORT GRANT PROGRAMME (91551)						
C02401	Carmarthen Road Park & Ride	50					
C02403	Fabian Way Express Bus Route	217					
C02404	Hafod Transport Study	300					
C02406	Quadrant Bus Station Redevelopment	96					
C02414	Landore Express Bus Route	1,499					
C02415	Metro Stage 1	494					
C02421	Bus Priority Measures	8					
C02423	Junction 42 Stages 1/2	62					
C02429	SRTS - Penllergaer Primary	9					
C02432	Metro Stage 2	901					
C02433	SRTS - Oystermouth Primary	87					
C02434	SRTS - Newton Primary	60					
C02435	Metro - Morriston/Mumbles Road/Stadium	1,999					
C02436	SRTS - Pentrepoeth Primary	63					
C02437	SRTS - Crwys Primary	105					
C02438	SRTS - Hafod Primary	57					
C02439	SRTS - Knelston Primary	1					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	TRANSPORT GRANT PROGRAMME (91551)						
C02440	SRTS - Mayals Primary	42					
C02441	SRTS - Plasmarl Primary	29					
C02442	SRTS - Bishopston Primary	37					
C02443	SRTS - Manselton Primary	58					
C02444	SRTS - Penyrheol Primary	106					
C02445	Swansea West Park & Ride	20					
		6,300					
	STRUCTURAL MAINT. PRINCIPAL RDS (91553)						
C02859	A484 Llanelli Link Resurfacing	26					
C02860	Local Road Maintenance Grant - Principal Roads	250					
		276					
	STRUCTURAL MAINT. OTHER RDS (91554)						
C02905	CM 5/6 - Access Issues Dropped Crossings	8					
C02908	CM 5/6 - Safety Fencing	40					
C02916	Capitalised Revenue Expenditure		1,230	1,230	1,230	1,230	1,230
C02921	Members Environmental Improvements	87	72	72	72	72	72
C02927	Pedestrian Access Swansea Point/Trawler Rd	10					
C02929	Capital Maintenance Allocation		1,800	2,050	2,050	2,050	2,050

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	STRUCTURAL MAINT. OTHER RDS (91554)						
C02930	Traffic Model for Gyrotory	1					
C02934	HCM 07/08 - North Gower Trail	2					
C02939	Local Road Maintenance Grant-Non Principal Roads	642					
C02940	Footway Renewals 08/09 (incl. kerb on flat)	363					
C02941	Felin Fach Cycleway/Footway Refurbishment 08/09	60					
C02942	Safety Fencing 08/09	88					
C02943	Access Issues 08/09	50					
C02944	Cycle Way Resurfacing	12					
C02945	Carriageway Resurfacing 08/09	1,319					
C02946	Cycle Way Signing - Swansea Marina	5					
		2,687	3,102	3,352	3,352	3,352	3,352
	STRUCTURAL MAINT. BRIDGES & WALLS (91555)						
C03301	Retaining Wall Llansamlet	6					
C03302	Retaining Wall Uplands/Sketty	5					
C03306	Slip Bridge Refurbishment	139					
C03307	Urgent Infrastructure Works	100	950				
C03310	Retaining Wall Foxhole Road	2					
C03311	HCM 07/08-Bridges Strengthening	34					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C03312	STRUCTURAL MAINT. BRIDGES & WALLS (91555) HCM 07/08 - Glais Slip	115					
C03314	HCM 07/08 - Tabernacle Wall Remedials	30					
C03315	Bridge Strengthening 08/09	100					
C03317	Gorsfawr Bridge	300					
C03318	Trewyddfa Road Slip	15					
C03355	STREET LIGHTING (91556) Street Lighting Column Failure	846	950	100			
C03356	HCM 08/09 - Lighting	225					
C03407	ROAD SAFETY/TRAFFIC (91557) Local Road Safety Schemes	425	200	100			
C03408	Miscellaneous Bollards Lining Signs etc	324					
C03409	Pedestrian Crossing Facilities	1					
C03421	Traffic Signs 08/09	2					
C03422	Traffic Signals 08/09	50					
		35					
		412					
C03504	HIGHWAYS DRAINAGE (91558) CM 07/08 - Highway Drainage	5					
C03505	Drainage Works 08/09	200					
		205					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	OTHER HIGHWAYS (91559)						
C03551	Purchase of Gritter	76					
C03553	Vehicles/Plant/Equipment	21					
C03554	Demolition of Properties on Gower Rd	24					
C03555	Spend to Save Initiative	206					
		327					
	BUS FACILITIES (91560)						
C03604	Landore P & R Building	50					
C03605	Bus Shelter Refurbishment 08/09	55					
		105					
	COAST PROTECTION (91661)						
C06224	Redcliffe Retaining Wall	51					
C06227	Coastal Paths 08/09	31					
		82					
	LAND DRAINAGE (91665)						
C06271	Capel Road Relief	98					
		98					
	FELINDRE DEVELOPMENT (91688)						
C06821	Felindre Tarmacadam Works	6					
		6					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

ENVIRONMENT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	ENVIRONMENTAL IMPROVEMENTS (91690)						
C06922	Knotweed Eradication	4					
C06925	Knotweed Eradication Phase 10	5					
C06928	Swansea Community Projects 05/06	4					
C06941	Cattle Grids on Gower Peninsula	50					
		63					
	CEMETERIES/CREMATORIUM (91711)						
C07575	DDA Crematorium Chapel	8					
		8					
	POLLUTION CONTROL (91712)						
C07671	Air Quality Management Action Plan Phase1	82					
		82					
	WASTE DISPOSAL (91715)						
C07744	Waste Strategy	83	1,200				
C07748	Tir John Remediation and Pre-opening Work						
C07749	Purchase Vehicles/Containers Food Waste Recycling	1,166					
C07750	Tir John - Recap Cells 1-4b	13	1,000	130			
C07751	Tir John-Surface Water Installation	673					
C07752	Tir John - Phase 1 Capping	938	110				
C07753	Tir John - Phase 2 Capping	12	885				

ENVIRONMENT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	WASTE DISPOSAL (91715)						
C07754	Tir John - Cell 15 Development	1,913	1,200				
C07755	Tir John - Cell 16 Development	563	1,830	720			
C07756	Tir John- Cell 17 Development	13					
C07757	Gwerlais Landfill Site Pontlliw	15					
		5,389	6,225	850			
	FORESHORE & MARINA (91721)						
C08297	HCM 07/08 - Marina Barrage	137					
C08298	Marina Dredging	28					
C08299	Marina Pontoons	69					
C08300	Marina Safety Fencing	35					
		269					
	OTHER COUNTY BLDGS (91746)						
C09399	Feasibility 07/08 Pipehouse Wharf Rational	20					
		20					
	ENVIRONMENT	17,600	10,477	4,302	3,352	3,352	3,352

HOUSING (GENERAL FUND)

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C05452	RENOVATION GRANTS (91611) DFG's -1996 Act	4,023	5,200	5,200	5,200	5,200	5,200
C05456	HRG's	200					
C05510	RENEWAL AREAS (91612) Hafod Renewal Area - GRS	4,223	5,200	5,200	5,200	5,200	5,200
C05511	Hafod Renewal Area - Repair Grants	17					
C05512	Hafod Renewal Area 08/09	100					
		2,470					
		2,587					
C05556	OTHER HOUSING GRANTS (91613) Emergency Repair Fund	101					
C05557	Property Appreciation Loans	400					
C05558	Grant For NOMS	100					
C05559	Comfort Safety & Security Grants (CSS)	61					
C05560	Mini Adaptation Grants (MAG)	56					
		718					
C07732	TRAVELLER SITES (91714) Refurbishment of Traveller Site	25					
		25					
	HOUSING (GENERAL FUND)	7,553	5,200	5,200	5,200	5,200	5,200

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	MISCELLANEOUS CORPORATE PROPERTY (91741)						
C08698	CM 05/06 - Asset Management System	55					
C08700	CM 07/08 - Capital Maintenance Unallocated	300					
C08703	CM 06/07 -DDA Access Audit Surveys	14					
C08708	CM 07/08 Legionella Survey Works	13					
C08709	CM 07/08 - Asbestos	1					
C08710	CM 07/08 - DDA Compliance	240					
C08711	CM 07/08 - Energy/Sustainability Investment	44					
C08712	Feasibility 07/08 Building Capital Maintenance	30					
C07813	CM 08/09-DDA Compliance	149					
C07814	CM 08/09 - Energy/Sustainable Investment	100					
C07815	CM 08/09-Legionella Compliance	50					
C08716	CM 0809-Asbestos Compliance	50					
		1,046					
	COUNTY BUILDINGS - COUNTY HALL (91744)						
C08998	CM 06/07 - IT Suite Air Conditioning Replacement	55					
C08999	CM 07/08-Council Chamber Lighting	34					
C09000	CM 0708 - County Hall Air Conditioning	175					
C09001	CM 07/08 - New Gas Booster	2					
		266					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
C07731	GYPSY SITES (91714) CM 07/08-Gypsy Sites Facilities Block	3					
		3					
C09193	COUNTY BUILDINGS - GUILDHALL (91745) Guildhall - System Design Work	35					
		96					
C09196	Lift Refurbishment	28					
C09198	CM 06/07 - DDA Guildhall	3					
C09201	Guildhall Refurbishment Phase 2 Part 2 - Design	427					
C09202	Guildhall Refurbishment Phase 3 Part 1 Boiler	2,117					
C09203	Guildhall Refurbishment Phase 2 Part 2		3,857				
C09204	Guildhall Refurbishment Phase 3 Part 2			4,708	5,473	4,420	528
C09205	Guildhall Refurbishment Future Phases	2,706	3,857	4,708	5,473	4,420	528
C09400	OTHER COUNTY BUILDINGS (91746) Feasibility 2007/08 Penllergaer Council Offices	50					
		765					
C09401	Guildhall to Penllergaer Relocation Costs	45	90	90	90	45	
C09403	Guildhall Relocation Management Costs	860	90	90	90	45	

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C08894	MANSION HOUSE (91742) CM 07/08 - Boundary Wall Rhianfa Lane	3					
C08896	CM 07/08 - Mansion House Wall	38					
C08897	Perimeter Fencing & Entrance Gate	37					
		78					
C00026	EDUCATION ADMINISTRATION (91501) CM 07/08-Glazing/filming compliance wks	45					
C00027	CM 07/08-Drainage Surveys Various sites	75					
C00029	CM 08/09 - Dynevor Centre Electrical Scheme	25					
C00030	CM 08/09 - Drainage Surveys Various Schools	55					
		200					
C00311	PRIMARY SCHOOLS (91502) CM 07/08 - Parklands Mechanical & Heating	1					
C00312	CM 07/08-Oystermouth Mechanical & Heating	1					
C00326	CM 07/08 - Danygraig Structural & Roofing Works	2					
C00335	CM 07/08-Morrison Floor Replacement	7					
C00338	CM 07/08-Pontlliw Windows	8					
C00340	CM 07/08-Casllwchwr Classroom Floor	3					
C00342	CM 07/08-YGG Tirdeunaw Compliance Works	17					
C00344	CM 07/08 - Plasmarl Boundary Retaining Wall	80					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	PRIMARY SCHOOLS (91502)						
C00345	CM 07/08 - Clwyd Repair Water Leak	22					
C00346	CM 07/08 - Portmead Repair Water Leak	16					
C00352	CM 07/08 - Mechanical & Electrical Design	18					
C00353	CM 07/08-Bishopston UPVC Window Replacement	12					
C00354	CM 07/08-Gors UPVC Wind Replacement	3					
C00357	CM 07/08-Oystermouth Primary	2					
C00358	CM 07/08-Tregwyr Infants	1					
C00359	CM 07/08-Gorseinon Junior Demountable Demolition	21					
C00360	CM 07/08-Birchgrove Urgent Roof Repairs	23					
C00361	CM 08/09-Knelston Electrical Scheme	70					
C00362	CM 08/09-Pennard Electrical Scheme	160					
C00363	CM 08/09-Oystermouth Electrical Scheme	161					
C00364	CM 08/09-Knelston Mechanical/Heating Scheme	110					
C00365	CM 08/09-Parklands Mechanical/Heating Scheme	42					
C00368	CM 08/09-Manselton Ongoing issues	50					
C00370	CM 08/09-Gendros Replacement Windows & Doors	3					
C00371	CM 08/09-Casllwchwr Improvement Scheme	15					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	PRIMARY SCHOOLS (91502)						
C00372	CM 08/09-YGG Felindre Stonework Repairs	2					
C00373	CM 08/09-Pontardulais Replacement Windows/Doors	6					
C00374	CM 08/09-Grange Replacement Windows	10					
C00375	CM 08/09-YGG Pontybrenin Replacement Windows	6					
C00376	CM 08/09-Statutory Compliance Gas Regulations	111					
C00377	CM 08/09 - Cwmbwrla Replace Down Pipes	15					
C00378	CM 08/09 - Pengelli Door Replacement	5					
C00379	CM 08/09-Crwys Replacement Doors	3					
C00380	CM 08/09-YGG Brynymor Demountable Cladding	5					
C00381	CM 08/09 - Graig Preliminary Design Drainage	4					
C00382	CM 08/09-Ciwyd Refurburbish Toilet	15					
C00383	CM 08/09-Demolition Buildings Various Schools	150					
C00384	CM 08/09-YGG Lon Las Temporary Accommodation	130					
C00385	Target Hardening Oystermouth Primary	4					
C00386	Target Hardening Birchgrove Junior	15					
C00387	Target Hardening Waun Wen Primary	9					
C00388	Target Hardening Talycoppa Primary	24					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C00389	PRIMARY SCHOOLS (91502) Target Hardening Cwm Primary	29					
C00390	Target Hardening Trallwn Primary	13					
C00391	CM 08/09-YGG Gellionen Gutters/Facias	7					
C00396	CM 08/09 - YGG Bryniago Replace Boundary Fence	6					
C00397	CM 08/09 - St Helens Primary Parapet Walls	20					
C00398	CM 08/09 - St Josephs Works to Toilet	10					
C00399	Target Hardening YGG Lon Las	18					
C00400	CM 08/09-Pennard Upgrade Doors & Cloakroom	10					
C00401	CM 08/09-Design for 09/10 Building Work Various	7					
C00402	CM 08/09-Design for 9/10 Mechanical Schemes	7					
C00403	CM 08/09-Cwmglas Doors & Side Screens	5					
C00404	CM 08/09-Clase Works to Windows	5					
C00405	CM 08/09-Graig Infants Roof Repairs	4					
C00406	CM 08/09-Morrison Work to Ground Floor Toilets	8					
C00407	CM 08/09 - Tregwyr Infants Boundary Wall	7					
C00408	CM 08/09 - Penllergaer Repairs to Gas Main	9					
C00409	CM 08/09- Llangyfelach Boundary Wall	16					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	PRIMARY SCHOOLS (91502)						
C00410	CM 08/09-Cila Upgrade Demountable Classroom	10					
C00411	CM 08/09-Pen y Fro re-surface lower playground	6					
C00412	CM 08/09 - Lon Las Monitoring Struct Issues	3					
C00413	CM 08/09-Trailwn Supply and Installation of Doors	5					
C00414	CM 08/09-St Helens Works Nursery Entrance	4					
C00415	CM 08/09 - Townhill Toilet Refurbishment	10					
		1,581					
	SECONDARY SCHOOLS (91503)						
C00960	CM 06/07 - Bishop Gore Boiler House	8					
C00963	CM 06/07 - Cefn Hengoed External Mains	3					
C00965	CM 06/07-Pentrehafod External Mains	3					
C01009	CM 07/08-Bishop Vaughan Electrical Work	85					
C01010	CM 07/08-Pentrehafod Mechanical & Heating Work	3					
C01011	CM 07/08- Bishop Gore Mechanical & Heating Work	3					
C01013	CM 07/08-Swimming Pool Mechanical & Heating	21					
C01016	CM 07/08-Olchfa Structural & Roofing Works	148					
C01034	CM 07/08 - Morryston Pool Wall Survey	1					
C01037	CM 07/08-M & E Design Secondary Schools	17					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	SECONDARY SCHOOLS (91503)						
C01041	CM 07/08 - Daniel James Repair Fire Escape	15					
C01042	CM 08/09-Bishop Vaughan Electrical Scheme	237					
C01043	CM 08/09-Y G Gwyr Electrical Scheme	229					
C01045	CM 08/09-Y G Gwyr Mechanical & Heating Scheme	110					
C01046	CM 08/09-Olchfa Mechanical & Heating Scheme	173					
C01047	CM 08/09 - Pontarddulais Electrial Work to Hall	3					
C01048	CM 08/09 - Bishopston Replace UPVC Windows	10					
C01049	CM 08/09-Morrison Demolition Substandard Building	250					
C01050	CM 08/09-Gas Regulation Compliance Work Various	19					
C01051	CM 08/09 - Swimming Pool Upgrades/Repairs	80					
C01052	CM 08/09-Morrison Caretakers Hse Fire Regulations	4					
C01053	CM 08/09 - Cefn Hengoed Rewiring	20					
C01054	CM 08/09 - Penyrheol Window Installation	10					
C01055	CM 08/09 - Dylan Thomas Window Replacement	7					
C01056	CM 08/09-Design for 09/10 Essential Building Work	43					
C01057	CM 08/09-Design for 09/10 Mechanical Work	43					
C01058	CM 08/09-Bryntawe Repair Roof Leaks	5					
		1,550					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	YOUTH SERVICE (91505)						
C01519	CM 08/09-Gorseinon Youth Club Electrical Rewiring	80					
		80					
	COMMUNITY BUILDINGS (91726)						
C08509	Demolition of Dunvant OAP Pavilion	3					
C08515	CM 07/08- Improvements Llansamlet CC	38					
C08517	CM 07/08 - Heol Las Park Pavilion Demolition	1					
C08518	CM 07/08-Gorseinon Institute Front Render	12					
C08519	CM 08/09-Manselton Community Centre Walls	42					
C08520	CM 08/09-Mayhill Community Centre Roof	66					
C08521	CM 08/09-Blaenymaes CC Repair Roof Leaks	10					
C08522	CM 08/09-Plasmarl CC Repair Roof Leaks	11					
		183					
	MUSEUM AND GALLERIES (91631)						
C05614	CM 06/07 - DDA Museum Lifts	115					
		115					
	THEATRES / ARTS ACTIVITIES (91632)						
C05712	CM 08/09-Grand Theatre Electrical Scheme	82					
C05713	CM 08/09-Grand Theatre New Boiler	12					
		94					

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
C05808	LIBRARY SERVICES (91633) CM 06/07 - DDA Oystermouth Library	54					
C05813	CM 08/09- Gorseinon Library Fan Coil Units	15					
C05985	LEISURE CENTRES (91643) CM 08/09 - Morriston CLC Roof	69					
C05987	CM 08/09-Swimming Pool Upgrades/Repairs	150					
C06173	PLAYING FIELDS (91646) CM 08/09-King George V Playing Fields Water Main	20					
C06943	ENVIRONMENTAL IMPS (91690) CM 07/08-Biomass Boiler Bishops Wood	170					
C07820	PARKS (91720) CM 07/08-M & E Design Various Parks	50					
C07821	CM 08/09-Oystermouth Castle Electrical Scheme	50					
C07823	CM 08/09-Dyfatty Bowls Pavilion	10					
C07824	CM 08/09-Underhill Works to Pavilion	13					
		10					
		5					
		45					
		73					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING CORPORATE BUILDING SERVICES

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
C07579	CEMETERIES/CREMATORIUM (91711) CM 07/08-Danygaig Cemetery Chapel Demolition	30					
		30					
	ADULT SERVICES (91532)						
	C02097 Bonymaen HFA - External Repairs	1					
	C02128 CM 06/07 - The Hollies Rewiring	18					
	C02381 CM 06/07 - Suresprung Workshop Rewiring	6					
	C02387 CM 07/08 - Ty Waunarwydd Electrical Work	14					
	C02388 CM 07/08 - Norton Lodge Electrical Work	15					
	C02394 CM 07/08 - Ty Waunarwydd HFA Lighting	24					
	C02396 CM 06/07-The Hollies Wall	16					
	C02397 CM TRV Installation	71					
	C02398 CM 08/09 - St Johns HFA Replace Storage Tank	9					
	C02400 CM 08/09 - Glazing/Filming Compliance Work	50					
			224				
C08691	MISCELLANEOUS CORPORATE PROPERTY (91741) Capital Maintenance Allocation		4,000	4,000	4,000	4,000	4,000
			4,000	4,000	4,000	4,000	4,000
HOUSING CORPORATE BUILDING SERVICES		9,388	7,947	8,798	9,563	8,465	4,528

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	REPAIRS/IMPS PRC PROPERTIES (91573)						
C03804	PRC Pontarddulais	293					
C03805	BISF Programme 07/08	219					
C03806	PRC Pontarddulais Phase 2	910					
C03807	BISF 08/09 Programme	700					
	BISF Programme Future Years		735	850	900		
	PRC Programme Future Years		800	500	860		
		2,122	1,535	1,350	1,760		
	WINDOWS PROGRAMME (91574)						
C03881	Window 05/06-85 Props Llansamlet	5					
C03898	Windows @ Gendros (73)	33					
C03902	Windows @ West Cross (18)	50					
C03905	Windows 07/08-props @ Gorseinon	2					
C03907	Window Repl 8/9-Pant Gwyn	125					
C03908	Window Repl 8/9-1-26 Gelli Gnds	75					
C03909	Window Repl 8/9-109 Clydach & Craig Cefn Parc	160					
C03910	Balcony Repairs	20	100				
C03911	Window Repl 8/9-Unprogrammed	28					
C03912	Window Repl 8/9-New Street Flats	180					

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	WINDOWS PROGRAMME (91574)						
C03913	Window Repl 8/9-Paxton Street	70					
C03914	Window Repl 8/9-39 Dewlls Clase	80					
C03915	Window Repl 8/9-62 Dwellings Morryston	120					
C03916	Window Repl 8/9-55 Dwellings Pontarddulais Ph 1	80					
C03917	Window Repl 8/9-61 Dwellings Pontarddulais Ph 2	90					
	Window Repl Programme Future Years		700	400			
		1,118	800	400			
	WIND & WEATHERPROOFING (91575)						
C04253	Enveloping - Cwmrhydyceirw	1					
C04256	Enveloping @ Mayhill Phase 2	126					
C04258	Enveloping @ Pensalem	9					
C04266	Re-Roofing 06/07 - @ Bonymaen	40					
C04267	Roof Bonding	25					
C04269	Envelope Repairs Morryston	150					
C04270	Envel Repairs M Type Flats Pt Tennant	641					
C04271	Re-roofing Eiddwen Road	36					
C04272	Re-roofing Penderyn Road	93					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
C04273	WIND & WEATHERPROOFING (91575) Re-roofing Landore	180					
C04275	Replacement Flat Roof Flats @ Penlan	34					
C04276	WWP Mayhill	600	450	730	800		
C04277	WWP Parc Avenue	437	210				
C04278	WWP - Longview Road	500	20				
C04279	WWP - Rhodfa'r Brain	500	380	300			
C04280	Re-roof prog 8/9 50 Props Penderry Rd/Weig Gdns	235					
C04281	Re-roofing Paviland Place	115					
	WWP - Stembridge		250	350	700		
	WWP - Maes Glas - Overcladding		850	850			
	WWP - Jeffery Court - Overcladding			850			
	WWP Various Future Years			500	1,600		
	Enveloping Repairs Traditional Properties						
	Enveloping Repairs Non Traditional Properties						
	Re-Roofing Programme Future Years		200	200	300		
	Lightning Conductor		30				
		3,722	2,390	3,780	3,400		

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	REFURBISHMENT PROGRAMME (91576)						
C04451	Bedsit Conversions 05/06	194					
C04460	Rewiring Prog 06/07 - 50 Props @ Gorseinon	3					
C04465	Rewiring - Penlan 75 dwells	17					
C04466	Rewiring - Sketty 73 dwells	56					
C04467	Rewiring - Penclawdd 67 dwells	110					
C04468	Rewiring - Clydach 41 dwells	81					
C04469	Rewiring - Upper Killay	114					
C04470	Rewiring Programme 08/09	705					
	Rewiring Programme Future Years		800	840	900		
		1,280	800	840	900		
	REGENERATION (91577)						
C04562	WNF @ Penlan	343					
C04563	WNF's Penlan	320					
	WNF's Future Years		75	400	650		
	Highrise Concrete Repairs at Dyfatty		670				
		663	745	400	650		
	SECURITY MEASURES (91578)						
C04672	Smoke Alarm Programme 08/09	10					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	SECURITY MEASURES (91578)						
C04673	Voice Entry Refurbishment	166					
C04674	Fire Safety to Sheltered Complexes	75					
C04675	Repeat Burglary Prevention Scheme	150					
	Voice Entry Refurbishment Future Years		100	100	120		
	Repeat Burglary Prevention Scheme Future Years		100	110	120		
	Smoke Alarms & Carbon Monoxide Detectors		70	140	200		
	Fire Alarm and Fire Safety Programme incl Doors		100	110	110		
		401	370	460	550		
	LIFT REFURBISHMENT PROG (91579)						
C04755	Lift Replacement Programme 08/09	554	500				
	Lift Replacement Programme Future Years		500	200	100		
		554	1,000	200	100		
	ENERGY EFFICIENCY PROG (91580)						
C04864	Boiler Replacement Prog	1,217					
C04865	Heating Upgrades Energy Efficiency	147					
C04866	HEES	49					
	HEES Programme Future Years		40	40	40		
	Heating Upgrades Energy Efficiency Future Years		220	220	220		
	Boiler Replacement Programme Future Years		1,350	1,350	1,400		
		1,413	1,610	1,610	1,660		

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
		£'000	£'000	£'000	£'000	£'000	£'000
	LANDSCAPING/AREA ENHANCEMENT (91581)						
C04953	Area Enhan 6/7 - Gwernos Fencing & Turning Area	15					
C04955	Area Enhan 6/7 - Penrhiw Ct Laundry Room	4					
C04957	Area Enhan 6/7 - Rowan Close Fencing	12					
C04959	Cadle Mill Site Improvements	3					
C04961	Cwm Road Regeneration	49					
C04962	Demolition @ Penlan	30					
C04976	Subsidence & Regeneration	48					
C04978	Land Clearance Heol Cadifor	10					
C04980	Car Park Clyne Court	49					
C04982	Fencing Bardsey	8					
C04983	CCTV Paviland Place	16					
C04984	Land Clearance Tegfan	30					
C04985	Land Clearance Trallwn	22					
C04986	Repairs to Stream Cil Y Coed	6					
C04987	Path Repair Clase	7					
C04988	Land Clearance Clase	18					
C04989	Car Parking Dyfatty	21					

CAPITAL PROGRAMME 2008/2009 - 2013/2014

HOUSING REVENUE ACCOUNT

Project No.	Scheme	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
	LANDSCAPING/AREA ENHANCEMENT (91581)						
C04990	Car Parking Pontarddulais	43					
	Subsidence Retaining Walls		200				
	Area Enhancement Programme Future Years		150	150	150		
	Environmental Improvements		500	1,000	1,000		
		391	850	1,150	1,150		
	ADAPTATIONS PROGRAMME (91582)						
C05164	Plas Melyn Adaptations	25					
C05173	Internal Layout 07/08 - Llanrhidian Close	29					
C05174	Adaptations & DFG's	2,906					
C05175	Internal Layout Improvements	172					
C05176	Stairlifts Renewal	40					
C05177	Adaption Works 11 Elm Grove West Cross	58					
	Adaptations & DFG's Future Years		2,600	2,600	2,600		
	Internal Layout Improvements Future Years		200	180	200		
	Stairlifts Renewal		30	30	30		
		3,230	2,830	2,810	2,830		

Item no. 7

REPORT OF THE SECTION 151 OFFICER

COUNCIL – 23RD FEBRUARY 2009

**CAPITAL PROGRAMME – PRUDENTIAL CODE AND PRUDENTIAL INDICATORS
FOR 2009/10**

Summary	
Purpose:	To outline the requirements of the CIPFA Prudential Code and set prudential indicators for 2009/10
Policy Framework:	Prudential indicators must be an integral part of the budget setting process and hence encompassed in Financial Procedure Rule 4 which requires Council to agree the annual budget and forward financial plans.
Reason for Decision:	Under the Local Government Act 2003 and subsequent Regulations, a local authority is required to comply with the CIPFA Code when setting its budget and must determine and keep under review how much it can afford to borrow.
Consultation:	Legal and Finance.
Recommendations:	That the prudential indicators and proposals set out in the appendix to this report be approved.

1. Introduction

- 1.1 Under the Local Government Act 2003 and subsequent Regulations a local authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when setting its budget.
- 1.2 Whilst the Code's title refers to "Capital Finance" it must be remembered that capital expenditure and financing decisions impact directly and significantly on revenue expenditure and therefore this report should be considered alongside both the revenue and capital budget reports.
- 1.3 It is a requirement of the Code that setting and revising of prudential indicators is done by the same body that agrees the authority's budget and is completed prior to the year to which the prudential indicators relate.

2. Objectives of the Code

2.1 The Code's objectives are to demonstrate whether:-

- Capital expenditure plans are affordable
- External borrowing is within prudent and sustainable levels
- Treasury Management decisions are taken in accordance with professional good practice.

2.2 The Code should also demonstrate that in taking decisions the authority is accountable by providing a clear and transparent framework, and the framework established by the Code should support:-

- Local strategic planning
- Local asset management plans
- Proper option appraisal

3. Prudential Indicators

3.1 In setting and revising prudential indicators the authority is required to have regard to:-

- Affordability eg. implications for Council Tax/Housing rents
- Prudence and sustainability e.g. implications for external borrowing
- Value for money eg. option appraisal
- Stewardship of assets e.g. strategic planning
- Practicality e.g. achievability of forward plans

3.2 The required prudential indicators, which fall into two broad categories as set out below, must be set for 2009/10 and the following two years, and for some, set separately for General Fund and Housing Revenue Account (HRA).

3.2.1 Capital Expenditure and Borrowing

- a) Estimates of capital expenditure.
- b) Estimates of ratio of financing costs to net revenue stream.
- c) Estimates of incremental impact of capital investment decisions on Council Tax/Housing Rents.
- d) Estimates of capital financing requirement.
- e) Net borrowing and the capital financing requirement.
- f) Authorised limit for external debt.
- g) Operational boundary for external debt.

3.2.2 Treasury Management

- a) Compliance with CIPFA Code of Practice for Treasury Management in the Public Sector.
- b) Upper limit on fixed interest rate exposure.
- c) Upper limit on variable interest rate exposure.
- d) Upper and lower limit for maturity structure of borrowing.
- e) Upper limit for total principal sums invested over 364 days.

3.3 It is a requirement of the Code that prudential indicators are regularly monitored and systems are in place to achieve compliance.

4. **Prudential Indicators for 2009/10 Budget Setting Process**

4.1 The attached appendix sets out in detail the prudential indicators recommended for approval. The prudential indicators are based on the revenue and capital budget reports being considered at the meeting, which provide for prudential borrowing as follows: 2007/08 £34.991M (actual), 2008/09 £12.680M (estimate), 2009/10 £9.691M (estimate).

4.2 The Treasury Management prudential indicators will also be reflected in the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Investment Strategy 2009/10, which Cabinet will be considering at this meeting.

5. **Recommendation**

That the prudential indicators and proposals set out in the appendix to this report be approved.

Contact Officer: Mike Trubey, Head of Finance

: 6391

Background Papers: Nil

File reference

Prudential Indicators for 2009/10 Budget Setting Process

(NB. figures for 2007/08 and 2008/09 are included where appropriate for comparative purposes).

1. Estimates of Capital Expenditure

1.1 The actual capital expenditure that was incurred in 2007/08 and estimates of expenditure to be incurred in the current year and future years that are proposed for approval are:-

Capital Expenditure						
	Actual 2007/08 £'000	Revised 2008/09 £'000	Estimate 2009/10 £'000	Estimate 2010/11 £'000	Estimate 2011/12 £'000	Estimate 2012/13 £'000
General Fund	79,994	67,169	31,638	19,300	19,115	18,017
HRA	11,634	14,984	13,100	13,000	13,000	9,000
TOTAL	91,628	82,153	44,738	32,300	32,115	27,017

2. Estimates of Ratio of Financing Costs to Net Revenue Streams

2.1 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2007/08 are:-

Ratio of Financing Costs to Net Revenue Stream						
	Actual 2007/08 %	Revised 2008/09 %	Estimate 2009/10 %	Estimate 2010/11 %	Estimate 2011/12 %	Estimate 2012/13 %
General Fund	5.56	6.67	7.44	7.51	7.51	7.51
HRA	16.75	14.19	12.87	11.45	10.55	9.7

3. Estimates of Incremental Impact of Capital Investment Decisions on Council Tax

3.1 The following represents the incremental impact on Council Tax (band D) as a result of the Prudential borrowing indicated in the Capital Budget report 2008/09.

Incremental Impact on Council Tax (Band D)				
2008/09	2009/10	2010/11	2011/12	2012/13
£81.77	£79.16	£76.74	£74.42	£72.20

4. Estimates of Capital Financing Requirement

- 4.1 The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. (See paragraph 5)
- 4.2 Estimates of the year end capital financing requirement for the authority for the current and future years and the actual capital financing requirement at 31 March 2008 are:-

Capital Financing Requirement						
	Actual 2007/08 £'000	Revised 2008/09 £'000	Estimate 2009/10 £'000	Estimate 2010/11 £'000	Estimate 2011/12 £'000	Estimate 2012/13 £'000
General Fund	296,708	308,767	316,611	314,786	312,982	311,200
HRA	79,642	76,999	74,709	72,465	70,265	68,110
TOTAL	376,350	385,767	391,320	387,251	383,247	379,310

5. Net Borrowing and the Capital Financing Requirement

- 5.1 Net borrowing is the total of external borrowing less total external investments and in order to ensure that over the medium term net borrowing will only be for a capital purpose, the authority should 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 capital financing requirement for the current and future years.
- 5.2 The Head of Finance reports that the authority met this requirement in 2007/08, 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 report.

6. Operational Boundary for External Debt

- 6.1 The operational boundary is the estimate of the most likely, prudent but not worst case scenario, of the maximum external debt of the Council.
- 6.2 It is proposed that the authority approve the following operational boundary for external debt for the same period. The proposed operational boundary is based on the same estimates as the authorised limit (see paragraph 7.1).

Operational Boundary for External Debt				
2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
431,320	431,320	431,320	431,320	431,320

The Council's actual external debt at 31/3/2008 was £376.056M. It should be noted that actual external debt is not comparable to the authorised limit (see below) and operational boundary, since the actual external debt reflects the position at one point in time.

7. Authorised Limit for External Debt

- 7.1 The authorised limit is the estimate of the most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements, liquidity of investments.
- 7.2 In respect of its external debt, it is proposed that the authority approves the following authorised limits for its total external debt, gross of investments for 2008/09 – 2012/13.
- 7.3 The Head of Finance reports that these authorised limits are consistent with the authority's current commitments and existing plans. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

Authorised Limit for External Debt				
2008/09	2009/10	2010/11	2011/12	2012/13
£'000	£'000	£'000	£'000	£'000
562,696	555,320	542,320	531,220	521,230

8. Compliance with CIPFA Treasury Management Code

- 8.1 The City and County of Swansea has adopted and is compliant with the CIPFA Code of Practice for Treasury Management in the Public Sector.

9. Upper Limit for Fixed Interest Rate Exposure

- 9.1 It is proposed that the Council sets an upper limit on its fixed interest rate exposures on net principal outstanding as follows:-

Fixed Interest Rate Exposure				
2008/09	2009/10	2010/11	2011/12	2012/13
100%	100%	100%	100%	100%

10. Upper Limit for Variable Rate Exposure

- 10.1 It is proposed that the Council sets an upper limit on its variable interest rate exposures on net principal outstanding as follows:-

Variable Rate Interest Rate Exposure				
2008/09	2009/10	2010/11	2011/12	2012/13
40%	40%	40%	40%	40%

11. Upper Limit for Total Principal Sums Invested for Over 364 Days

11.1 It is proposed that the Council sets an upper limit for principal sums invested over 364 days as follows:-

Investments Over 364 Days				
2008/09	2009/10	2010/11	2011/12	2012/13
£'000	£'000	£'000	£'000	£'000
75,000	75,000	75,000	75,000	75,000

12. Upper and Lower Limits for the Maturity Structure of Borrowing

12.1 It is proposed that the Council sets upper and lower limits for the maturity structure of its fixed rate borrowing in 2009/10 as follows:-

Maturity Structure of Fixed Rate Borrowing in 2009/10		
	Upper Limit %	Lower Limit %
Under 12 months	50	0
12 months and within 24 months	50	0
24 months and within 5 years	50	0
5 years and within 10 years	85	0
10 years and above	95	15

Item No. 8

Report of the Section 151 Officer

Council – 23rd February 2009

REVENUE BUDGET 2009/10

Purpose:	This report proposes a Revenue Budget and Council Tax levy for 2009/10
Policy framework:	None
Reason for decision:	To agree a revised budget for 2008/09; a budget for 2009/10 and a Council Tax levy for 2009/10
Consultation:	Cabinet Members & Corporate Management Team
Recommendation:	The following budget proposals be approved: a) A revised revenue budget for 2008/09 (paragraph 2) b) A revenue budget for 2009/10 (paragraph 4) c) A Budget Requirement and Council Tax levy for 2009/10 (paragraph 8 and associated resolution)

1. Introduction

1.1 This report details:

- The revised budget 2008/09
- The Local Government Finance Settlement 2009/10
- Budget proposals 2009/10
- Risks and uncertainties
- Reserves and contingency requirements
- The overall Budget Requirement and Council Tax 2009/10

2. Revised budget 2008/09

2.1 Net service expenditure amounts to £335.698m, an increase of £9.788m compared to the approved budget as follows:

	£m
Service budget overspendings	4.052
Planned use of Contingency Fund	1.584
Service use of earmarked reserves	<u>4.152</u>
Net increase	<u>9.788</u>

The service budget overspendings are detailed in paragraph 2.4 .

The planned use of the Contingency Fund is detailed in paragraph 2.5.

Service use of earmarked reserves relates to:

- Delayed spending from 2007/08

- The settlement of liabilities for which monies have been set aside in reserves (e.g eGovernment Programme)
- A use of reserves to fund specific service overspendings (e.g car park income)

Figures for each portfolio are detailed in table 2

2.2 Service budget overspendings of £4.052m are partly offset by reduced Capital Financing Charges and increased Council Tax income as detailed in table 1.

	£000
Service budgets overspendings	4,052
Additional Discretionary Rate Relief	20
<i>less:</i>	
Reduced Capital Financing Charges	-1,151
Increased Council Tax income	-1,000
Net overspending	1,921

2.3 The net overspending will be mainly financed by the Contingency Fund (£1.476m) and earmarked reserves (£0.445m). The use of reserves specifically relates to a small number of reserves which are now surplus to service requirements.

2.4 Details of significant service budget variations are as follows:

CHANGES FROM APPROVED BUDGET					
	Service Budgets	Contingency Funded	Earmarked Reserves	Transfers	Overall Change
	£000	£000	£000	£000	£000
Community Leadership & Democracy	-30	6	60	274	310
Culture, Tourism & Recreation	687	106	-117	-70	606
Education	-11	149	609	-908	-161
Economic & Strategic Development	8	6		80	94
Environment	1,015	77	285	-36	1,341
Finance	663	91	54	-73	735
Housing	109	14	-53	757	827
Community Regeneration	-112	130	7	-8	17
Social Services	956	967	1,860	8	3,791
Business Improvement & Efficiency	767	38	1,447	-24	2,228
TOTAL	4,052	1,584	4,152		9,788

2.4.1 Community Leadership & Democracy. A net underspending of £30,000.

2.4.2 Culture, Recreation & Tourism. A net overspending of £687,000 due to:

	£
Increased energy costs	332,000
Increased insurance costs	50,000
Increased Bowls Centre costs	150,000
Swansea Show / event costs	110,000
Fuel increases	45,000
	<u>687,000</u>

2.4.3 Education. A net underspending of £11,000 due to:

	£
Unachieved corporate vocational training savings	110,000
Deficit in the School Meals Service	300,000
Home to school transport costs	<u>75,000</u>
	485,000
Offset by:	
Reduced early retirement /redundancy costs	- 207,000
Other cost reductions	<u>-289,000</u>
	<u>11,000</u>

The planned use of reserves relates to delayed spending brought forward from 2007/08

2.4.4 Economic & Strategic Development. A net overspending of £8,000

2.4.5 Environment. A net overspending of £1,015,000 due to:

	£
Increased energy costs	252,000
Net shortfall in car park income (see note)	163,000
Shortfall in Environmental Health income	140,000
Shortfall in Planning fee income	300,000
Shortfall in Drainage section income	280,000
Increased highways materials costs	200,000
Marina dredging	100,000
Fuel increases	150,000
Unachieved transport savings	<u>200,000</u>
	1,785,000
Offset by:	
Reduced bus subsidies	-200,000
Consultant fees - waste project	-330,000
Other reductions	<u>-240,000</u>
	<u>1,015,000</u>

Note: the overall car park income shortfall of £500,000 is partly funded by use of the car park income reserve of £337,000.

2.4.6 Finance. A net overspending of £663,000 due to:

	£
Increased energy costs (civic buildings)	323,000
Procurement pension costs	160,000
Shortfall in property rental income	<u>251,000</u>
	734,000
Offset by:	
Other reductions	<u>-71,000</u>
	<u>663,000</u>

2.4.7 Housing (General Fund). A net overspending of £109,000 due to increased energy costs:

2.4.8 Community Regeneration. A net underspending of £112,000 due to salary savings and additional income.

2.4.9 Social Services. A net overspending of £956,000 due to:

	£
Increased client transport costs	350,000
Childrens social worker agency costs	599,000
Shared legal fees	400,000
Out of County placements	<u>997,000</u>
	2,346,000
Offset by:	
Reduced Supporting People costs	- 275,000
Monies set aside in the 2007/08 accounts to meet the above pressures	-1,000,000
Other reductions	<u>- 115,000</u>
	<u>956,000</u>

The increased use of reserves relates to the £1m set aside in the 2007/08 accounts to finance known commitments (see above) and delayed spending brought forward from 2007/08.

2.4.10 Business Improvement & Efficiency. A net overspending of £767,000 due to:

	£
Additional Coroner charges	90,000
IT licence fees	105,000
eGovernment savings not achieved	165,000
Reduced property search income	75,000
Project support costs	215,000
Other items	<u>117,000</u>
	<u>767,000</u>

The increased use of reserves includes the following:

- (i) eGovernment – settlement with Capgemini; new payroll costs (Council staff) and pension liabilities. These sums were provided in previous years accounts
- (ii) Single Status – implementation costs

2.5 Contingency Fund. The approved budget included a potential Contingency Fund requirement of £4.092m. The revised forecast requirement is £1.584m – see table 3.

Contingency funded spending	Provision	Revised
	£000	£000
Community Regeneration		120
Culture, Recreation & Tourism	55	55
Economic & Strategic Development	50	
Education - early retirement / redundancies	1,000	
Education - other	60	45
Environment - Landfill Tax	800	
Provision for 2008 pay award (balance)	466	482
Pool Sanctuary	35	53
Social Services - accommodation costs	1,135	
Social Services - other costs	486	829
Other	5	
TOTALS	4,092	1,584

Expenditure of £3.466m will be charged against the £10m overall Contingency Fund in 2008/09 as follows:

	£m
Planned Contingency Funded expenditure (above)	1.584
Overall overspending (see paragraph 2.3)	1.476
Saving deleted at Council 25 th February 2008	<u>0.406</u>
	<u>3.466</u>

- 2.6 Capital Financing Charges . Reduced charges will be achieved as a result of a lower than expected capital financing requirement in 2007/08.
- 2.7 Council Tax bad debt provision. The basis for calculating the bad debt provision has been reviewed in accordance with good accounting practices. A revised basis of calculation will result in a one-off saving of £1m in 2008/09.

3. The Local Government Finance Settlement 2009/10

3.1 The Minister for Social Justice & Local Government announced the Final Settlement on 10th December 2008 .

3.2 The Settlement provides for a 2.9% increase in Assembly Grant which represents very little change from the Provisional Settlement announced in October. Unlike previous settlements, there were no significant :

- baseline transfers or
- statements about sums included in the settlement for specific items

4. Budget proposals 2009/10

Overall position

4.1 The 2009/10 budget process commenced immediately following the agreement of the 2008/09 budget. The Medium Term Financial Plan forecast considered by Council in February 2008 identified a £6.3m shortfall in 2009/10. However, it

quickly became apparent in the early months of 2008/09 that a significantly greater shortfall was likely to occur as a result of:

- greatly increased energy costs
- reduced interest receipts
- several other unavoidable service cost increases

4.2 The forecast position in 2009/10 was set out in a report to Cabinet on 11th December 2008 – in particular an estimated £14m shortfall. The report detailed steps which had been taken to restrict spending in 2008/09 and set out a list of options for achieving a balanced budget in 2009/10. The report invited views by 9th January 2009.

4.3 Table 4 sets out:

- An assessment of the funding shortfall of £14.557m in 2009/10
- Proposals to finance the shortfall by:
 - service savings (£7m)
 - increased Council Tax income (£3.444m)
 - using the Capital Financing Charges reserve (£2.5m)
 - using the Contingency Fund if potential liabilities of £5.079m arise. The budget proposals also provide for the re-instatement of the amount taken from the Contingency Fund in 2008/09 (£3.466m).

4.4 The main points are as follows:

- *One-off use of reserves [item 1].* The approved 2008/09 budget is partly financed by reserves which are not available in 2009/10
- *Pay and price inflation [item 2].* Assumed 2% inflation for the year other than Teachers Pay (2.3%)
- *Reduced interest receipts [item 3].* Recent reductions in bank rate will severely impact on investment income in 2009/10
- *Additional service needs [items 4 to 9].* These are detailed in appendix C and comprise known (£4.3m) and potential liabilities (£5.1m). The assessment of additional service needs addresses the underlying shortfalls in a number of 2008/09 budgets.
- *Additional Revenue Support Grant [item 10].* The increase announced by the Welsh Assembly Government.
- *Shortfall [item 11].* Shortfall before deduction of savings, Council Tax increase and use of reserves.

Table 4

Item	Shortfall and proposed funding in 2009/10	£m	£m
1	One-off use of reserves in 2008/09		2.973
2	Pay and price increases		8.105
3	Reduced interest receipts		2.431
	Additional service spending needs		
4	- Known commitments	3.438	
5	- Potential liabilities	5.079	
6	- Energy increases	1.566	
7	- Pension contributions	0.454	
8	- Other	0.030	
		<u>10.567</u>	
	less:		
9	- Planned cost reductions	-1.189	9.378
			<u>22.887</u>
	less:		
10	Additional Revenue Support Grant		-8.330
11	Shortfall		<u>14.557</u>
	less:		
12	Use of Capital Financing Charges Reserve		-2.500
13	Additional Council Tax		-3.444
14	Service savings		-7.000
			<u>1.613</u>
	add:		
15	Contribution to Contingency Fund		3.466
16	Potential Contingency Fund requirement		5.079

- *Use of Capital Financing Reserve [item 12].* An earmarked reserve of £4.2m is held to finance any adverse increases in net capital financing charges. It is proposed to use £2.5m of this reserve to finance the reduced interest receipts in 2009/10 [item 3].
- *Additional Council Tax [item 13].* A proposed 4.45% increase
- *Service savings [item 14].* As detailed in appendix D
- *Contribution to Contingency Fund [item 15].* To re-instate the amount used in 2008/09 - see paragraphs 2.5 and 7.2.
- *Potential Contingency Fund requirement [item 16].* Amount to be met [item 5] from the £10m Contingency Fund if required. See also paragraph 7.2.

4.5 The above proposals will achieve a balanced budget in 2009/10 subject to the proposed / potential use of reserves described above.

4.6 The overall budget summary is detailed in appendix A. The analysis of changes over portfolios is detailed in appendix B. Portfolio budgets are detailed in appendix H

Fees and charges

- 4.7 Proposals for significant increases in fees and charges are detailed in appendix F. The implications of the VAT reduction in 2008/09 and 2009/10 have been considered in determining the level of increases in 2009/10.

Response to the budget consultation

- 4.8 As mentioned above, the report to Cabinet on 11th December 2008 invited comments on the financial assessments and broad options to address the forecast shortfall. In addition, Council Members and Officers attended several meetings of the School Budget Forum to discuss the overall budget position and the difficult options facing the Council. The views of the School Budget Forum together with proposals for the Delegated Schools Budget are detailed in appendix G.

5. Risks and uncertainties

- 5.1 As in previous years, a view needs to be taken about liabilities which may or may not arise in 2009/10 and future years. The following issues have been considered:

ISIS – payroll implementation

Provision has been made in the capital and revenue budgets for the estimated costs of completing the new payroll system. Until the tendering exercise is complete it is impossible to be certain that sufficient finance has been provided in the budget proposals. In addition, the proposed funding solution assumes that the current allocation of costs between revenue and capital sources of finance will not be subject to audit challenge.

Equal Pay Backpayments

As stated above, the majority of eligible staff have now settled their claims against the Council. However, a significant number of claims remain unresolved. As such, it is uncertain if sufficient funding will be available to meet any final settlements.

Pay & Grading reviews

Similarly, it is unclear if the available funding will be sufficient to meet the additional costs arising from any future scheme including any back payments and transitional protection costs.

Interest Receipts

Further reductions in interest rates could result in a further loss of interest.

Additional Service spending needs

There is a possibility that increased funding may be needed in several areas e.g. Child & Family services. In addition, there are several overspendings in 2008/09 which will need to be carefully managed within proposed budgets.

Planning compensation case

There remains an unresolved claim against the Council

- 5.2 Whilst reasonable assumptions have been made in relation to each of the above risks it is impossible to be certain that adequate funding will be available

for every item. This re-enforces the need to have adequate reserves and balances available.

6. The Medium Term Financial Plan (MTFP) 2010/11 – 2012/13

6.1 Many of the issues identified in this report have implications for future years. The separate report on the MTFP includes an assessment of likely shortfalls in future years and proposals for achieving savings.

7. Reserves and contingency provision

7.1 It is a requirement of the Local Government Finance Act 1992 that authorities have regard to the level of reserves when calculating the Budget Requirement. Whilst there is no statutory minimum level of reserves, account should be taken of the strategic, operational and financial risks facing the Council.

Review of earmarked reserves in 2008/09

7.2 As in 2008/09, it is proposed that a £10m Contingency Fund be provided for:

- Liabilities which may or may not arise in future years
- Potential budget shortfalls which may arise if the savings proposals, detailed in appendix D are not achieved
- The risks detailed in paragraph 5.1
- Other items which have not been quantified at this time

As stated in paragraph 4.4, the budget proposals provide for:

- The re-instatement of the amount to be used in 2008/09 (£3.466m) and
- The potential liability of £5.079m in 2009/10.

7.3 Given the considerable risks and uncertainties facing the Council in 2009/10 and future years, it remains my advice as the officer designated with responsibility for the overall finances of the Council that the above represents prudent financial management.

General Reserves

7.4 The general reserve amounted to £9.164m at 1 April 2008. In accordance with the 2008/09 approved budget, £2.5m will be used to finance spending in 2008/09. However, there is no proposal to further use general reserves in 2009/10.

Earmarked reserves

7.5 The Council retains earmarked reserves for specific purposes. The reasons for holding these reserves are documented and are subject to ongoing review and scrutiny.

7.6 The attached budget proposals include assumptions about individual services maintaining and using earmarked reserves in 2008/09 and 2009/10.

7.7 The forecast transfers to and from reserves are detailed in appendices B & D.

Adequacy of reserves

7.8 Whilst the proposed use of earmarked reserves in 2009/10 funds some recurring expenditure, taking into account the level of general and earmarked reserves which would be available should there be an overriding financial requirement, and the arrangements in place to monitor and manage financial risk in 2009/10

and future years , I am satisfied that the proposed use of reserves in 2009/10 will result in a forecast level of general reserves, earmarked reserves and provisions which is adequate, subject to the potential financial implications of the risks described in paragraph 5 above.

8. Budget Requirement and Council Tax 2008/09

8.1 I am also satisfied that the attached budget proposals represent a realistic and achievable financial plan for 2009/10 subject to the potential financial implications of the risks described in paragraph 5 above.

8.2 The Council's recommended requirement is set out in appendix A. Net expenditure of £372.660m will be financed by Revenue Support Grant £231.359m , National Non-Domestic Rates £62.571m and Council Tax £78.730m . The Council Tax in respect of the Council's own requirement would be £918.38p for a band 'D' property – an increase of 4.45% compared to 2008/09.

8.3 Including community councils, the total requirement is £373.368m.

8.4 The overall Council Tax amounts, including the requirements of the South Wales Police Authority and Community Councils will be set out in the Resolutions to be made in accordance with the regulations for the setting of the Council Tax 2009/10.

9. Legal implications

9.1 The Authority is under a duty to make arrangements for the proper administration of its financial affairs. Failure to do so will be a breach of that duty.

10. Recommendations

The following budget proposals be approved:

- a) A revised revenue budget for 2008/09 (paragraph 2)
- b) A revenue budget for 2009/10 (paragraph 4)
- c) A Budget Requirement and Council Tax levy for 2009/10 (paragraph 8 and associated resolution)

Contact officer : Mike Trubey, Head of Finance

Telephone no. : 636391

Background papers: None

REVENUE BUDGET SUMMARY 2009/10

PORTFOLIO	ORIGINAL ESTIMATE 2008/09 £000	REVISED ESTIMATE 2008/09 £000	ORIGINAL ESTIMATE 2009/10 £000
COMMUNITY LEADERSHIP & DEMOCRACY	4,654	4,941	4,462
CULTURE, RECREATION & TOURISM	18,683	19,289	19,025
EDUCATION	153,546	153,385	155,861
ECONOMIC & STRATEGIC DEVELOPMENT	1,703	1,722	1,683
ENVIRONMENT	34,490	35,831	33,092
FINANCE	4,532	5,221	4,096
HOUSING	4,476	5,303	5,386
COMMUNITY REGENERATION	3,257	3,274	3,174
SOCIAL SERVICES	84,938	88,729	84,762
BUSINESS IMPROVEMENT & EFFICIENCY	15,631	18,003	16,687
NET SERVICE EXPENDITURE	325,910	335,698	328,228
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	98	98	100
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	10,936	11,301	11,407
SEA FISHERIES COMMITTEE	157	157	162
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	12,263	12,504	12,869
NET INTEREST CHARGES	13,043	11,651	14,871
NET REVENUE EXPENDITURE	362,407	371,409	367,637
MOVEMENT IN RESERVES			
GENERAL RESERVES	-2,500	-2,500	
EARMARKED RESERVES	729	-7,292	4,745
TOTAL BUDGET REQUIREMENT	360,636	361,617	372,382
DISCRETIONARY RATE RELIEF	250	269	278
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	360,886	361,886	372,660
COMMUNITY COUNCIL PRECEPTS	749	749	708
TOTAL REQUIREMENT	361,635	362,635	373,368
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	224,817	224,817	231,359
NATIONAL NON-DOMESTIC RATES	60,783	60,783	62,571
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	75,286	76,286	78,730
COUNCIL TAX - COMMUNITY COUNCILS	749	749	708
TOTAL FINANCING	361,635	362,635	373,368
COUNCIL TAX BASE for the City and County of Swansea	85,625	85,625	85,727
COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea	879.25	879.25	918.38
GENERAL RESERVES			
AT 1 APRIL	9,696	9,164	6,664
AT 31 MARCH	7,196	6,664	6,664

REVENUE BUDGET 2009/10

NET PORTFOLIO BUDGET PROPOSALS

Original estimate 2008/09	4,657	18,684	153,549	1,703	34,490	4,532	4,476	3,256	84,938	15,625	325,910
Transfer to (+) / from (-) reserves 2008/09	-336	-80	-263	-30	-527	4,178		-119	-1,286	-335	1,202
Original estimate 2008/09 excluding reserves	4,321	18,604	153,286	1,673	33,963	8,710	4,476	3,137	83,652	15,290	327,112
Baseline adjustments	280	-60	-920	-5	-50	-85	772	22	-23	69	
Adjusted service budgets 2008/09	4,601	18,544	152,366	1,668	33,913	8,625	5,248	3,159	83,629	15,359	327,112
Inflation	97	430	3,640	39	865	482	102	74	1,811	236	7,776
Spending Needs	-62	682	1,397	106	313	1,349	167	126	4,113	1,187	9,378
Savings	-149	-420	-1,655	-67	-1,008	-697	-131	-116	-2,423	-334	-7,000
Total excluding reserves	4,487	19,236	155,748	1,746	34,083	9,759	5,386	3,243	87,130	16,448	337,266
Less provided in Contingency Fund		-75	-105	-53	-1,014	-1,113		-69	-2,600	-50	-5,079
Original estimate 2009/10 excluding reserves	4,487	19,161	155,643	1,693	33,069	8,646	5,386	3,174	84,530	16,398	332,187
Transfer to (-) / from (+) reserves 2009/10	-25	-136	218	-10	23	-4,550			232	289	-3,959
Net portfolio budgets 2009/10	4,462	19,025	155,861	1,683	33,092	4,096	5,386	3,174	84,762	16,687	328,228

ADDITIONAL SERVICE SPENDING NEEDS

	£000
COMMUNITY, LEADERSHIP & DEMOCRACY	
<i>ADDITIONAL SPENDING NEEDS</i>	
Pension contributions	8
<i>PLANNED COST REDUCTIONS</i>	
Senior Management Review	-70
TOTAL	-62

CULTURE, RECREATION & TOURISM

<i>ADDITIONAL SPENDING NEEDS</i>	
Pension contributions	46
Brangwyn Hall organ and kitchen maintenance	55
Cataloguing of collections	50
Sports Village Consultancy	50
Increased energy costs	421
Free Swim - grant shortfall	25
Castle Square Big Screen	32
<i>PLANNED COST REDUCTIONS</i>	
Enforcement Notice - Parks Water Supply	-50
New central library - opening costs	-24
<i>CONTINGENCY FUNDED ITEMS</i>	
Underhill Park facilities	5
Caswell Bay cliff safety improvements	25
Wales National Pool - energy costs	47
TOTAL	682

EDUCATION

<i>ADDITIONAL SPENDING NEEDS</i>	
RSG item - Learner Travel Measures	201
Pension contributions	82
Special Education Needs - Specialist Teaching Facilities	379
Special Education Needs - One to One Support	760
<i>PLANNED COST REDUCTIONS</i>	
Post 16 Eastside Initiative	-58
Lifelong Learning Service	-30
Senior Management Review	-42
<i>CONTINGENCY FUNDED ITEMS</i>	
Special Education Needs - Out of County placements	105
TOTAL	1,397

ECONOMIC & STRATEGIC DEVELOPMENT

<i>ADDITIONAL SPENDING NEEDS</i>	
Pension contributions	8
Loss of Technical Assistance Grant	23
Increased energy costs	21

ADDITIONAL SERVICE SPENDING NEEDS

	£000
<i>CONTINGENCY FUNDED ITEMS</i>	
City Centre Major projects	54
TOTAL	106

ENVIRONMENT*ADDITIONAL SPENDING NEEDS*

Increased energy costs	332
River Tawe dredging	100
Members Environmental Improvements	100
Pension contributions	76
Reduced bus pad income	50

PLANNED COST REDUCTIONS

Decriminalised parking - setup costs	-255
Tir John - saving in transport costs	-600
Tir John - pre opening costs	-500
Senior Management Review	-4

CONTINGENCY FUNDED ITEMS

Temporary site costs	105
Drainage Team income	69
Car park income	280
Waste treatment	560
TOTAL	313

FINANCE*ADDITIONAL SPENDING NEEDS*

Reduced Housing Benefit Administration Grant	102
Increased energy costs	355
Pension contributions	37

PLANNED COST REDUCTIONS

Occupancy Costs for Penllergaer	-250
Senior Management Review	-9

CONTINGENCY FUNDED ITEMS

Provision for pay award	802
Liability for empty buildings rates	38
Shortfall in rental income	274
TOTAL	1,349

HOUSING*ADDITIONAL SPENDING NEEDS*

Increased energy costs	152
Pension contributions	15
TOTAL	167

ADDITIONAL SERVICE SPENDING NEEDS

	£000
COMMUNITY REGENERATION	
<i>ADDITIONAL SPENDING NEEDS</i>	
Increased energy costs	43
Bonymaen Healthy Living Centre	5
Pension contributions	9
<i>CONTINGENCY FUNDED ITEMS</i>	
TOPIC House	69
TOTAL	126

SOCIAL SERVICES

<i>ADDITIONAL SPENDING NEEDS</i>	
RSG item - Court fees	5
RSG item - Childcare Act	8
RSG item - Cymorth	140
Increased energy costs	235
Foster Care/Adoption Services	1
121 Fostering Service (Invest to Save)	18
Parenting Support (Invest to Save)	3
Child & Family - Access & Information Team	1
Accommodation costs	95
Working Time Directive	300
Mental Health Act / Mental Capacity Act	75
Care Home fees (6.9% increase)	450
Direct Payments	45
Pension contributions	137
<i>CONTINGENCY FUNDED ITEMS</i>	
Childrens out of County placements	750
Strengthening Child & Family services	392
Childrens transport costs	175
Placements for adults with a disability	75
Child care legal costs	200
Learning Disability Services - Day Services	25
Direct Payments	63
Working Time Directive	150
Asylum Seekers	115
Care Home fees	450
Domiciliary Care Fees	75
Child & Family - recruitment and retention	130
TOTAL	4,113

BUSINESS IMPROVEMENT & EFFICIENCY

<i>ADDITIONAL SPENDING NEEDS</i>	
Increased energy costs	12
Reduced eGov savings	166
Pension contributions	36

ADDITIONAL SERVICE SPENDING NEEDS

	£000
Contractual ICT Unitary Charge increase	304
Project Support costs	379
Coroner increased costs	50
AS400 continuing costs	140
Penllergaer IT costs	50
<i>CONTINGENCY FUNDED ITEMS</i>	
Penllergaer IT costs	50
TOTAL	1,187
TOTAL ADDITIONAL SERVICE SPENDING NEEDS	9,378

SERVICE SAVINGS PROPOSALS

	£000
COMMUNITY, LEADERSHIP & DEMOCRACY	
Swansea Bay Futures - reduced contribution	20
Reduction in administrative / support costs	10
Reduction in corporate promotions/ support	2
Reduction in Compact Grants	19
Scrutiny & Overview staffing reduction	13
Reduction in Communications Team	23
Freeze Members Allowances	25
Democratic Services staffing reduction	37
TOTAL	149
CULTURE, RECREATION & TOURISM	
Review St.Helens management arrangements	50
Grand Theatre income	42
Alternative provision of beach lifeguard service	15
Tennis Centre - additional / alternative uses	50
Remove support for Pontarddulais Sports Centre	30
Culture & Tourism supplies efficiency	143
Reduction in Art and Cultural grants	40
Rationalisation of libraries including closures	30
Increased car parking charges at seafront locations	20
TOTAL	420
EDUCATION	
School meals and breakfast saving	21
Increase in school meals charges	17
School Organisation Strategy - staffing changes	17
Rates reductions	72
Reductions in Adult & Community Learning ICT strategy	76
Reduction in costs of ER/R policies	109
Reduction in project support costs	20
Increase in Civic Centre canteen prices	5
Delegated budget settlement	863
Teacher Adviser Inclusion - vacant post	19
Education Effectiveness staffing reductions	208
Removal of contribution to the Environment Centre	11
Reduction in Family Learning support to schools	22
Restructure of Lifelong Learning service	43
Closure of Employment Resource Centre in the Phoenix Centre	22
Increase Adult Community Learning charges	6
Remove CCET coordinator contribution	11
Reduce discretionary clothing allowance	21
Employment training - reduce discretionary payments	92
TOTAL	1,655

SERVICE SAVINGS PROPOSALS

	£000
ECONOMIC & STRATEGIC DEVELOPMENT	
Reduction in management costs	10
Reduction in consultancy costs	12
Christmas lights - efficiency initiative	15
Business Centre - restructuring savings	15
Increase Shopmobility membership charge	4
Reduced Economic & Strategic Development staffing costs	11
TOTAL	67

ENVIRONMENT

Environmental Health - reduction in equipment and IT costs	15
Trading Standards staffing reduction	33
Reduction in administrative support	26
Reduction in call centre staff	20
Increased crematorium and licensing charges	14
Increase in Bulky Waste charges	50
Reduced distribution of refuse (black) bags	100
Recycling - efficiency changes	100
Reduced vehicle hire costs	20
Reduction in waste procurement costs	100
Polution Control staffing reduction	49
Introduction of charges - Trade Waste Recycling	10
Costs to be funded from specific Waste Grant	10
Planning staffing reductions	70
Increased car parking charges	160
Increased Park & Ride income	50
Efficiency improvements - timesheets/stores requisitions	10
Increased charges to Utility companies	20
Reduced vehicle costs	36
New charges for temporary signs	10
Increase extent of Highways waste recycled	10
Reduction in agency support costs	10
Temporary secondment resulting in salary savings	25
Highways staffing reductions	39
Reduction in home to work use of vehicles	5
Reduction in stores overtime	5
Reduction in fleet management costs	20
Less:	
Investment in purchased items to reduce hire costs	-9
TOTAL	1,008

FINANCE

Deletion of consultancy budget	45
No increase in discretionary grants	7
Finance staffing reductions	129

SERVICE SAVINGS PROPOSALS

	£000
Car parking staffing reduction	12
Reduction in IT license costs	50
Increased income - Court costs	60
Increased income - recharges to HRA	25
Increased income - printing charges	20
Enterprise Park - reduced grounds maintenance/other costs	39
Reduced printing costs	20
Staff / Member car parking charges	130
Reduction in contract prices	200
less:	
investment in energy efficiency initiatives	-40
TOTAL	697

HOUSING

Increased charges to capital / grant funded schemes	45
Corporate Building Services - staffing reductions	37
Provision of energy advice to HRA	20
Energy Advice Service - reorganisation and relocation	29
TOTAL	131

COMMUNITY REGENERATION

Cease contribution to Gymnastics Club	6
Cease contribution to Olchfa Swimming Club	10
Cease contribution to Ostreme Youth Group	5
Cease contribution to Paraclete Youth Club	2
Cease contribution to Gorseinon Bridge Club	5
Friends of Young Disabled - funding no longer required	6
Increased charges at Outdoor Residential Activity Centres	10
Increased CCTV charges / reduced costs	5
Reduced publicity costs	25
Reduction in costs of Community Buildings	15
Play schemes - reduced funding	6
Community safety projects - reduced admin / other support	21
TOTAL	116

SOCIAL SERVICES

Review of respite services for older persons	200
Review transport arrangements	90
Re-assessment of responsibility for providing care	1000
Review of Home Care service costs	500
Reduction of budgets in line with current spending	260
Increased charges for Home Care/Domicilliary Care	150
Increased meals charges	30
Introduce flat rate charge for Community Alarm Service	50

SERVICE SAVINGS PROPOSALS

	£000
Increased income Llanfair House	25
Reduced administrative support	60
Cease grant to Wales Pre-School Playgroups Association	8
Reduction in training budget	50
TOTAL	2,423

BUSINESS IMPROVEMENT & EFFICIENCY

Staffing reductions	29
Legal staffing reductions	65
Reduction in ICT procurement costs	100
Reduction in Organisational Development costs	140
TOTAL	334

TOTAL SERVICE SAVINGS PROPOSALS **7,000**

REVENUE BUDGET 2009/10

EARMARKED RESERVES

	Balance 01/04/08 £000	2008/09 £000	Balance 01/04/09 £000	2009/10 £000	Balance 31/03/10 £000
PORTFOLIO RESERVES					
Equalisation reserves	812		812		812
Development projects / external bodies	3,532	-584	2,948	-196	2,752
Pay & Gratings review	4,220	4,246	8,466	4,416	12,882
Service reserves	9,738	-6,331	3,407	-750	2,657
Renewal funds	3,033	-79	2,954	310	3,264
eGovernment Programme	1,210	-1,078	132		132
TOTAL PORTFOLIO RESERVES	22,545	-3,826	18,719	3,780	22,499
CORPORATE RESERVES					
Contingency Fund	10,000	-3,466	6,534	3,466	10,000
Capital Charges Equalisation	4,209		4,209	-2,500	1,709
Insurance	6,990		6,990		6,990
Other corporate reserves	1,703		1,703		1,703
TOTAL CORPORATE RESERVES	22,902	-3,466	19,436	966	20,402
SCHOOLS DELEGATED RESERVES	5,525	-2,639	2,886		2,886
TOTAL EARMARKED RESERVES	50,972	-9,931	41,041	4,746	45,787

APPENDIX F

PROPOSED INCREASE IN FEES & CHARGES 2009/10

Charge	Proposed increase
SOCIAL SERVICES	
Home Care / Domicilliary Care	£8.50p to £10.00p per hour
Community Meals / Day Service Meals	£2.30p to £2.50p per meal
Social Services Transport	£1.00p to £1.20p
EDUCATION	
School Meals	£1.70p to £2.00p per meal *
Adult Community Learning charges	25% increase
REGENERATION	
Shopmobility - annual membership charge	£5 to £7.50p
Residential Activity Centres	Range of increases over 5%
ENVIRONMENT	
Trade Refuse charges	Average increase of 7.3%
Bulky waste charges	£10 to £15 per collection
Building Regulations	10% increase
Taxis (Hackney Carriage)	4.8% increase
Taxis (private hire)	3.5% increase
Burials & cremations	10% increase
Registrars approved premises	3.3% increase
Car parking charges	Separate report to Cabinet

* From September 2009

APPENDIX G

School Budget Forum

Consultation with School Budget Forum

- The Council has continued to engage with the School Budget Forum throughout the corporate budget process. The School Budget Forum is a statutory consultative body.
- The broad proposals for the Education budget, and the delegated schools budget in particular, were discussed at the most recent meeting on the 22nd January 2009.

Views of the School Budget Forum

- The following broad points were raised at the most recent Forum meeting and in subsequent written responses:
 - The Forum recognises the financial challenges facing the Council but would also wish the challenges and demands on schools to be recognised by the Council.
 - The Forum appreciates the Council's efforts to continue to prioritise the delegated schools budget. This has been essential in recent years to allow schools to manage a range of spending pressures, additional statutory requirements and other impacts such as the loss of external funding. The Forum would stress the need to continue to seek to stabilise school budgets.
 - The Forum supports the prioritisation of pupil specific educational needs of the most vulnerable and recognises the need for spending in these areas to be firmly embedded within a continuing strategic approach to the Education budget as a whole
 - The Forum is concerned about the potential impact of the savings options being sought from non delegated Education services and would wish to know more detail about how services might be curtailed
- The following key points were made in respect of the more specific proposals:
 - The Forum welcomes the proposed allowance for pay and price inflation
 - The Forum is also appreciative of the continuing support for the stabilisation of school budgets through no budget adjustment to reflect falling school rolls, and a continuation of the current effective staff management strategy in schools
 - The Forum supports the continued use of the modest available non delegated funding to target short term financial support to schools facing the greatest challenges
 - The Forum welcomes the Council decision not to proceed with the introduction of charges for post 16 transport on a means tested basis
 - The Forum would wish to stress again its willingness to continue to work with the Council for the good of the young people in Swansea

Proposals for the delegated schools budget

- The Council is seeking a continuing strategic approach to the Education budget as a whole which continues to prioritise pupil specific areas of provision, reflecting as far as possible the views of stakeholders, particularly through the School Budget Forum

- It is recognised that the School Budget Forum has been realistic this year in recognising the difficult financial situation facing the Council in respect of the spending needs identified in respect of schools
- Spending Needs Assessments again prioritise areas of pupils specific support, the key areas being 1 to 1 support for pupils in schools and Specialist Teaching Facilities developments within schools
- A 4% savings target has been determined for each service area within the Council with the exception of the delegated schools budget. However, all parts of the Council need to contribute in some way to the budget shortfall facing the Council, including schools, through the containment of budget pressures and the delivery of appropriate savings measures.
- School specific areas of provision will need to manage the identified priority spending needs and also face a significant loss of RAISE / BSF funding, and in this way the delegated schools budget will contribute to the overall Council budget strategy. The allocation of the available delegated funding across sectors will be the subject of further discussion with headteacher representatives.
- The existing staff management strategy in schools will continue for another two years, again complemented by modest targeted one off funding to assist a small number of schools in managing the most significant changes required due to volatility of pupil intakes.
- The budget shortfall created by the decision not to implement transport charges for post 16 students will need to be met from within the resources that would otherwise have been available for the secondary delegated schools budget.
- The approach for 2009/10 will need to be reviewed in future years in the light of:
 - The scale of budget pressures
 - The extent to which these are being effectively managed through partnership working with schools

PORTFOLIO BUDGETS

2009/10

Revenue Budget 2009/2010

Community Leadership & Democracy

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
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Chief Executive

Swansea Bay Futures	110,300	110,300	92,900
	110,300	110,300	92,900

Head of Marketing, Communications and Overview

Compact Funding	480,300	480,300	471,000
Corporate Management Team Support	549,900	612,800	478,300
Corporate Marketing	254,100	289,100	257,100
Overview and Scrutiny	318,000	274,500	310,700
Public Relations	408,900	393,900	396,400
Senior Management Review	-275,000	0	0
	1,736,200	2,050,600	1,913,500

Head of Legal and Democratic Services

Democratic Services Unit	485,600	452,500	459,700
Elections	565,700	521,200	296,200
Mayoral Services	130,900	155,900	133,900
Members Costs	1,625,300	1,649,700	1,565,700
	2,807,500	2,779,300	2,455,500

Total Community Leadership & Democracy	4,654,000	4,940,200	4,461,900
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Revenue Budget 2009/2010

Culture, Recreation and Tourism

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Director of Regeneration and Housing			
Directorate & Other Costs	197,400	198,000	203,100
	197,400	198,000	203,100
Head of Culture and Tourism			
Archives	338,100	326,800	346,200
Arts	2,593,700	2,819,600	2,729,600
Development & Outreach	478,600	481,200	491,100
Libraries	3,150,700	3,083,100	3,187,700
Parks	6,010,700	6,086,200	6,089,200
Sport & Recreation	3,485,700	3,630,000	3,485,800
Tourism, Marketing & Events	1,596,000	1,762,700	1,716,900
Directorate & Other Costs	832,100	901,500	775,000
	18,485,600	19,091,100	18,821,500
Total Culture, Recreation and Tourism	18,683,000	19,289,100	19,024,600

Revenue Budget 2009/2010

Education

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Delegated Schools			
Delegated Schools	119,300,000	119,319,000	121,841,000
	119,300,000	119,319,000	121,841,000
Head of Education Effectiveness			
Better Schools Fund	1,065,500	1,091,900	1,085,400
Education Library and Resources	27,600	18,700	27,500
ELIS	29,900	67,800	30,700
Ethnic Minority Language Service	524,600	524,600	559,900
Management and Admin	233,500	247,400	226,200
Miscellaneous Grants	242,300	180,000	184,200
Music Service	557,700	577,700	566,700
Remodelling Secondment	5,100	5,100	5,200
School Effectiveness	1,402,800	1,280,300	1,174,100
School Intervention	834,600	956,100	793,600
Support for the Arts	127,700	127,700	119,300
Travellers Service	63,400	63,400	63,400
Welsh Service	428,300	420,300	442,800
	5,543,000	5,561,000	5,279,000
Head of Education Inclusion			
Access to Learning Mgt and Admin	244,800	254,900	251,600
Adult Education	-2,800	-500	0
Behaviour and Learning Support	1,587,900	1,554,900	1,615,300
Community Education	674,200	674,200	599,100
Early Years and Childcare Partnership	17,000	0	0
Employment Training	805,900	923,200	831,900
EOTAS Pathways	742,200	746,500	778,900
Home Tuition Service	601,800	615,500	613,100
Management and Admin	143,100	143,400	146,300
Miscellaneous Grants	11,400	5,000	0
One to One Support Primary	3,972,800	3,985,200	4,493,300
One to One Support Secondary	1,932,900	1,957,400	2,177,500
Psychology Service	729,400	741,800	760,000
Pupil Referral Units	1,757,900	1,777,700	1,826,200
Recoupment	676,900	725,400	690,400
School and Governor Unit	246,900	205,300	284,500
SEN Statementing and Support	3,180,100	3,079,800	3,224,600
Student Finance	257,300	263,100	273,500
Welfare Service	599,300	541,200	591,800
	18,179,000	18,194,000	19,158,000

Revenue Budget 2009/2010

Education

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Education Planning and Resources			
Asset Management	445,900	130,700	134,100
Catering Service	0	20,000	-5,000
Cleaning Service	959,300	990,800	1,011,400
Continuing Education	802,300	807,900	799,600
DCELLS	-6,266,800	-6,384,100	-7,101,900
Empty Properties	600	600	600
Health and Safety	61,600	61,600	62,900
ICT Strategy	1,141,900	1,220,100	1,054,000
Management and Admin	1,116,300	1,383,500	1,282,200
School Funding and Information	106,800	97,900	129,400
School Meals Client	1,163,100	683,900	697,700
School Meals Service	-25,000	300,000	-92,000
School Planning and Information	63,700	63,400	64,600
Schools Non Delegated	10,954,300	10,934,700	11,545,400
	10,524,000	10,311,000	9,583,000
Total Education	153,546,000	153,385,000	155,861,000

Revenue Budget 2009/2010

Economic & Strategic Development

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Economic and Strategic Development			
Business Support	373,400	373,500	372,600
City Centre	-185,300	-126,100	-199,400
Property Development	586,600	568,600	563,300
Strategy Development	654,800	676,600	684,300
Directorate & Other Costs	273,800	230,000	262,000
	1,703,300	1,722,600	1,682,800
Total Economic & Strategic Development	1,703,300	1,722,600	1,682,800

Revenue Budget 2009/2010

Environment

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Director of Environment			
Directorate & Other Costs	-7,000	204,500	-8,000
	-7,000	204,500	-8,000
Head of Environmental Health			
Building Regs	106,000	267,700	170,500
Burials and Cremations	43,600	42,600	47,900
Food	511,600	454,900	493,200
Licensing	-91,900	-107,800	-129,700
Registrars	145,900	147,200	144,600
Trading Standards	922,200	834,000	910,600
Directorate & Other Costs	759,600	761,400	748,900
	2,397,000	2,400,000	2,386,000
Head of Environmental Protection			
City Centre	107,600	107,600	109,800
Pollution	706,400	807,900	776,600
Public Health	889,700	902,200	911,300
Swansea Marina	1,000	25,900	24,800
Waste Management	16,713,800	16,333,700	15,257,600
Directorate & Other Costs	105,500	105,700	109,900
	18,524,000	18,283,000	17,190,000
Head of Highways and Fleet Management			
Central Car Pool	0	78,000	80,000
Central Transport	-146,600	23,000	0
Highways	8,105,400	8,439,300	8,065,200
	7,958,800	8,540,300	8,145,200
Head of Planning Services			
Environment Conservation	679,100	662,200	685,400
Planning Applications & Administration	324,300	605,900	274,100
Planning Policy & Appeals	637,200	638,900	653,000
Directorate & Other Costs	293,400	280,900	279,400
	1,934,000	2,187,900	1,891,900

Revenue Budget 2009/2010

Environment

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Transportation			
Car Parks	-1,479,000	-810,400	-1,886,400
Engineering	220,700	445,800	287,900
Traffic Management	1,248,300	1,139,300	1,287,800
Transportation	3,245,400	2,920,800	3,300,300
Directorate & Other Costs	447,800	519,800	497,300
	3,683,200	4,215,300	3,486,900
Total Environment	34,490,000	35,831,000	33,092,000

Revenue Budget 2009/2010

Finance

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Director of Resources			
Directorate & Other Costs	196,200	163,200	154,500
	196,200	163,200	154,500
Head of Corporate Property and Asset Management			
Design and Print	424,900	430,000	400,000
Facilities Management	3,483,900	3,983,900	3,956,700
Strategic Estates Properties	-3,869,800	-3,845,900	-4,324,700
	39,000	568,000	32,000
Head of Finance			
Accountancy	1,197,500	1,089,700	1,196,000
Audit	559,900	548,600	551,700
Benefits	708,200	782,100	861,100
Corporate Costs & Grants	-1,452,500	-1,454,100	-1,426,700
Finance DMT	-785,100	-738,300	-886,600
Revenues	1,780,600	1,774,900	1,813,400
Treasury and Technical	1,379,800	1,373,700	1,359,600
	3,388,400	3,376,600	3,468,500
Head of Procurement and ISIS Development			
Procurement	908,100	1,113,100	440,900
	908,100	1,113,100	440,900
Total Finance	4,531,700	5,220,900	4,095,900

Revenue Budget 2009/2010

Housing

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
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Head of Corporate Building Services

Corporate Building	151,000	42,000	-30,000
Property Preventative Maintenance	3,094,000	4,086,000	4,091,000
	3,245,000	4,128,000	4,061,000

Head of Housing

Corporate Properties	-1,100	-4,300	-3,000
Homeless Prevention	-5,300	-3,800	-3,800
Housing Other	43,700	40,000	64,100
Local Energy Advice Centre	75,400	50,100	23,800
Grants to Independent Sector	85,500	85,500	85,500
Urban Renewals	266,900	225,000	337,400
Housing Options	765,900	782,600	821,300
	1,231,000	1,175,100	1,325,300

Total Housing	4,476,000	5,303,100	5,386,300
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Revenue Budget 2009/2010

Community Regeneration

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Community Regeneration			
Children & Play	111,300	111,500	107,700
Community Recreation	517,300	527,900	515,900
Community Regeneration	357,800	353,500	340,300
Community Safety	772,400	670,100	642,900
Residential and Outdoor	323,300	308,100	370,500
Youth Service	1,055,600	1,109,700	1,055,200
Directorate & Other Costs	119,300	193,400	141,400
	3,257,000	3,274,200	3,173,900
Total Community Regeneration	3,257,000	3,274,200	3,173,900

Revenue Budget 2009/2010

Social Services

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Child and Family Services			
Assessment and Care Mgt Child and Family	5,387,200	6,652,400	5,066,400
Accomodation Services-External	4,208,700	5,065,200	4,071,100
Accomodation Services-Internal	4,046,400	3,909,000	4,084,500
Residential Care-Internal Provision	1,836,100	2,289,800	2,024,400
Adoption Services	542,700	648,500	533,600
Aftercare-External	468,300	466,300	468,300
Aftercare-Internal	370,600	475,700	370,400
Family Support Services-External	1,762,300	1,841,300	1,973,800
Family Support Services-Internal	1,194,200	1,390,400	1,393,200
Other Children's Services-External	1,700	1,700	1,700
Other Children's Services-Internal	444,900	899,900	475,000
Preventing Youth Offending	1,040,500	1,042,700	1,069,800
Review and Quality Assurance	414,100	387,200	423,600
Mgt and Admin Child and Family	1,772,700	2,218,600	2,428,900
Central Services	677,700	762,500	666,500
Service Strategy and Regulation	110,100	131,900	135,700
Social Services Training Section	247,500	247,500	226,100
	24,525,700	28,430,600	25,413,000
Head of Adult Services (Older People)			
Assessment and Care Management Older People	2,967,400	3,146,200	3,363,500
Community Alarms Older People	347,600	314,100	277,500
Community Meals External Provision	184,300	230,000	166,900
Day Services Older People	1,382,600	1,359,600	1,371,900
Domicillary Care Older People	11,788,500	12,199,900	11,896,600
Intermediate Care Older People	223,600	265,000	265,100
Occupational Therapy Older People	488,000	484,600	497,200
Older People & Disability Services Administration	1,498,800	1,272,900	1,366,900
Residential Long Term Older People	13,205,000	12,660,100	13,111,200
Residential Short Term Older People	692,100	664,300	466,200
Voluntary Agencies Contributions Older People	57,500	57,500	58,600
Assessment & Care Management Disability Serv.	966,300	705,300	783,400
Community Alarms Disability Services	-800	5,300	4,700
Day Services Disability Services	1,013,000	937,100	1,011,900
Domicillary Care Disability Services	693,800	935,300	960,600
Equipment and Adaptations	609,700	587,900	576,600
Occupational Therapy Disability Services	229,700	228,100	234,000
Residential Long Term Disability Services	1,295,100	1,220,200	1,212,100
Voluntary Agencies Contributions Disability Serv.	224,300	225,800	228,600
	37,866,500	37,499,200	37,853,500

Revenue Budget 2009/2010

Social Services

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Head of Adult Services (Mental Health and Learning Disabilities)			
Carers	497,900	495,700	508,800
Central Management and Administration	1,738,900	1,791,200	1,687,600
Commissioning Support Unit	2,181,600	2,253,900	2,254,500
Community Mental Health Teams	1,007,500	985,200	1,084,800
Community Support Teams	929,900	1,031,600	1,025,900
Flexible Support Services Learning Disabilities	341,500	330,900	389,800
Learning Disability Day Services	4,890,000	4,812,300	4,546,500
Learning Disability Respite Services and Maesglas	1,499,800	1,427,900	1,536,000
Llanfair House	369,700	333,600	354,100
Mental Handicap Strategy	-1,688,200	-1,703,400	-1,703,400
Mental Health Day Services	624,900	622,100	606,200
Protection of Vulnerable Adults	172,200	191,900	141,100
Residential Services-Ext Provision Learning Dis.	7,398,900	7,746,700	6,608,000
Residential Services-ext Provision Mental Health	1,585,100	1,585,100	1,500,700
Specific Projects Learning Disabilities	196,800	196,800	196,800
Substance and Alcohol Abuse	139,300	139,300	142,100
Supporting People Services	620,000	543,600	572,900
Transport Depot	39,900	15,700	43,100
	22,545,700	22,800,100	21,495,500
Total Social Services	84,937,900	88,729,900	84,762,000

Revenue Budget 2009/2010

Business Efficiency and Improvement

	ORIGINAL BUDGET 2008/2009 £	REVISED BUDGET 2008/2009 £	ORIGINAL BUDGET 2009/2010 £
Director of Resources			
Directorate & Other Costs	125,200	0	0
	125,200	0	0
Head of Human Resources and OD			
Corporate Training	472,300	413,000	345,600
Health and Safety	799,300	869,200	853,900
HR Services	1,328,400	1,967,000	1,375,400
Payroll and Pensions	444,600	588,700	575,200
	3,044,600	3,837,900	3,150,100
Head of Information and Customer Services			
Contact Swansea	730,100	718,800	942,900
Corporate Telephones	405,200	408,500	377,200
ICT	6,907,900	7,571,900	7,242,400
Research and Information	502,200	526,900	546,500
	8,545,400	9,226,100	9,109,000
Head of Legal and Democratic Services			
Coroners	349,100	451,100	406,500
Corporate Complaints	215,000	249,800	220,400
Legal Services	1,443,600	1,650,300	1,421,700
Practice Management	259,200	215,100	257,000
	2,266,900	2,566,300	2,305,600
Head of Performance and Strategic Projects			
Joint Resilience Unit	135,300	200,700	159,600
Performance and Strategic Planning	635,700	651,700	651,200
Strategic Projects	393,900	588,100	770,800
	1,164,900	1,440,500	1,581,600
Head of Procurement and ISIS Development			
ISIS Development	484,000	932,000	541,000
	484,000	932,000	541,000
Total Business Efficiency and Improvement	15,631,000	18,002,800	16,687,300

Item no. 9

Report of the Section 151 Officer

Council – 23rd February 2009

MEDIUM TERM FINANCIAL PLAN

Purpose:	This report details the Medium Term Financial Planning process and proposes a detailed Action Plan
Policy framework:	None
Reason for decision:	To agree a revised budget for 2008/09 and a budget for 2009/10 – 2013/14
Consultation:	Cabinet Members & Corporate Management Team
Recommendation:	The Medium Term Financial Plan assessment be noted and the attached Action Plan be approved.

Background

As part of the annual budget setting process the Council approves a Medium Term Financial Plan (MTFP).

The MTFP last approved in February 2008 related to the financial year 2008/09 and the three subsequent years.

The first year of any MTFP is specified in full detail and is balanced. Figures for the three subsequent years are a combination of detail (where known) or forecasts based on best available evidence.

The MTFP considered by Council in February 2008 showed a number of savings targets and a residual savings requirement of £3.155m rising to £5.664m and this formed the starting point for future detailed budget planning.

The MTFP is updated annually as part of the budget setting cycle.

Developing the MTFP

In order to provide assurance that the financial health of the Council is being managed properly the MTFP seeks to:

- project forward for three further years the impacts of known cost pressures – termed additional service spending needs .

- project forward for a further three years the impact of savings plans being implemented in the first year.
- quantify known and potential risks in the planning period.
- identify any projected financial deficit in order that work can commence on delivering a balanced budget in each future year.

Forecast position

The outlook for public finances and the Local Government Finance Settlement in particular is bleak. For MTFP purposes it would be unwise to assume that any projected financial gap will be offset by additional resources from national allocations.

The Revenue Budget report details the budget position in 2009/10 – in particular a forecast shortfall of £14.557m together with funding proposals. The forecast position in each of the three following years is as follows:

Forecast shortfalls and proposed funding					
	Note	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
Shortfalls					
One-off use of reserves in 2008/09	1	2.973	2.973	2.973	2.973
Pay and price increases	2	8.105	8.105	8.105	8.105
Reduced interest receipts	3	2.431	2.675	2.675	2.675
Additional service spending needs	4	9.378	10.123	12.622	14.077
less:					
Additional Revenue Support Grant	5	-8.330	-8.330	-8.330	-8.330
Shortfall		14.557	15.546	18.045	19.500
add:					
Additional potential liabilities	6		3.819	5.818	6.343
Shortfall including additional potential liabilities		14.557	19.365	23.863	25.843
less:					
Council Tax income	7	-3.444	-3.444	-3.444	-3.444
Service savings proposals	8	-7.000	-7.000	-7.000	-7.000
Total forecast shortfalls		4.113	8.921	13.419	15.399
Proposed funding					
Capital Financing Charges Reserve	9	2.500			
Contingency Fund (net)	10	1.613			
Service savings requirement	11		8.921	13.419	15.399
Total proposed funding		4.113	8.921	13.419	15.399

Notes:

1. *One-off use of reserves.* The approved 2008/09 budget is partly financed by reserves which are not available beyond 2009/10
2. *Pay and price inflation .* Assumed 2% inflation for 2009/10. Other years are expressed at 2009/10 pay and price levels

3. *Reduced interest receipts* . Reflects known reductions to date
4. *Additional service spending needs* . These include known commitments, potential liabilities, known energy increases and increased pension costs.
5. *Additional Revenue Support Grant* . It is assumed that future increases will be no more than inflation.
6. *Additional potential liabilities*. The full impact of potential liabilities included above .
7. *Council Tax income*. The 2009/10 proposed increase
8. *Service savings proposals*. The 2009/10 budget proposals
9. *Capital Financing Charges Reserve*. One-off use of reserve in 2009/10
10. *Contingency Fund (net)*. The proposed use in 2009/10 only. This consists of the :
 - re-instatement of the amount used in 2008/09 and
 - a potential liability of £5.079m

This is further described in the Revenue Budget report.

11. *Service savings proposals*. The amount to be saved in each future year.

In addition:

- it is unsafe to assume that reserves will be available in future years
- it is highly probable that the above expenditure forecasts are understated as new service pressures could emerge in the planning period
- it is likely that future Local Government Finance Settlements will not match inflation
- the Council faces a number of very significant unquantifiable risks which are not included in the above assessment

As such, it must be assumed that savings requirements could be significantly higher than those indicated above.

Business Improvement & Efficiency Programme

In order to develop the MTFP approach it is necessary to develop a Business Improvement and Efficiency programme which sets out the work to be undertaken in 2009/10 to:

- a) address the shortfall in each future year
- b) deliver efficiencies i.e the same for less, or more for the same.
- c) increase effectiveness and service quality.
- d) improve cross directorate working.

- e) improve multi agency working.
- f) potentially reduce service provision in targeted areas.
- g) promote flexible working
- h) detailed examination of core services

Given the challenging targets faced, setting out an explicit programme of work is essential if the planning and delivery of change is to commence sufficiently early for the demanding targets to be met.

The attached Action Plan identifies issues to be addressed in the following categories,

Service Challenge reviews.

Areas where it is considered necessary to undertake a detailed service challenge in 2009/10 with a view to implementing change in 2010/11. In depths reviews, benchmarking and challenge are required.

Cost savings proposals.

Issues to be addressed as early as possible in 2009/10 in order to reduce the cost base going forward.

Cost avoidance

Measures to be taken to limit exposure to unbudgeted cost pressures.

Efficiency

Areas for review which may increase service quality or efficiency of operation.

The Action Plan is designed to ensure a programme of work is undertaken from which the savings targets will be identified. It is not possible to ascribe financial values until the detailed work is undertaken.

Legal implications

The Authority is under a duty to make arrangements for the proper administration of its financial affairs. Failure to do so will be a breach of that duty.

Recommendation

The Medium Term Financial Plan assessment be noted and the attached Action Plan be approved.

Contact officer : Jack Straw, Director of Resources
Telephone no : 637531
Background papers : None

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
COMMUNITY, LEADERSHIP & DEMOCRACY				
<i>ADDITIONAL SPENDING NEEDS</i>				
Pension contributions	8	16	16	16
<i>PLANNED COST REDUCTIONS</i>				
Senior Management Review	-70	-70	-70	-70
TOTAL	-62	-54	-54	-54

CULTURE, RECREATION & TOURISM

<i>ADDITIONAL SPENDING NEEDS</i>				
Pension contributions	46	92	92	92
Brangwyn Hall organ and kitchen maintenance	55	55	55	55
Cataloguing of collections	50	50	50	50
Sports Village Consultancy	50			
Increased energy costs	421	421	421	421
Free Swim - grant shortfall	25	25	25	25
Castle Square Big Screen	32	40	40	40
<i>PLANNED COST REDUCTIONS</i>				
Enforcement Notice - Parks Water Supply	-50	-50	-50	-50
DTC - lost income		-180	-180	-180
Penyrheol Leisure Centre		-120	-120	-120
Early retirement costs		-20	-20	-20
New central library - opening costs	-24	-24	-24	-24
<i>CONTINGENCY FUNDED ITEMS</i>				
Underhill Park facilities	5	5	5	5
Caswell Bay cliff safety improvements	25	25		
Wales National Pool - energy costs	47	45	45	45
TOTAL	682	364	339	339

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
EDUCATION				
<i>ADDITIONAL SPENDING NEEDS</i>				
RSG item - Learner Travel Measures	201	201	201	201
Pension contributions	82	164	164	164
Special Education Needs - Specialist Teaching Facilities	379	720	887	922
Special Education Needs - One to One Support	760			
<i>PLANNED COST REDUCTIONS</i>				
Post 16 Eastside Initiative	-58	-58	-158	-158
Lifelong Learning Service	-30	-60	-60	-60
Senior Management Review	-42	-42	-42	-42
<i>CONTINGENCY FUNDED ITEMS</i>				
Special Education Needs - One to One Support		1,130	1,807	2,570
Special Education Needs - Out of County placements	105	210	315	420
TOTAL	1,397	2,265	3,114	4,017

ECONOMIC & STRATEGIC DEVELOPMENT

<i>ADDITIONAL SPENDING NEEDS</i>				
Pension contributions	8	16	16	16
Loss of Technical Assistance Grant	23	23	23	23
Increased energy costs	21	21	21	21
<i>CONTINGENCY FUNDED ITEMS</i>				
City Centre Major projects	54	55	55	55
TOTAL	106	115	115	115

ENVIRONMENT

<i>ADDITIONAL SPENDING NEEDS</i>				
Increased energy costs	332	332	332	332
River Tawe dredging	100	100	100	100

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
Members Environmental Improvements	100	100	100	100
Pension contributions	76	152	152	152
Reduced bus pad income	50	50	50	50
<i>PLANNED COST REDUCTIONS</i>				
Decriminalised parking - setup costs	-255	-255	-255	-255
Tir John - saving in transport costs	-600	-2000	-2000	-2000
Tir John - pre opening costs	-500	-500	-500	-500
Senior Management Review	-4	-4	-4	-4
<i>CONTINGENCY FUNDED ITEMS</i>				
Waste treatment			1,000	1,000
Temporary site costs	105	22	22	22
Drainage Team income	69	69	69	69
Car park income	280	280	280	280
Waste treatment	560	1,120	1,120	1,120
TOTAL	313	-534	466	466

FINANCE**ADDITIONAL SPENDING NEEDS**

Reduced Housing Benefit Administration Grant	102	102	102	102
Increased energy costs	355	355	355	355
Pension contributions	37	74	74	74
<i>PLANNED COST REDUCTIONS</i>				
Occupancy Costs for Penllergaer	-250	-250	-250	-250
Senior Management Review	-9	-9	-9	-9
<i>CONTINGENCY FUNDED ITEMS</i>				
Provision for pay award	802	802	802	802
Liability for empty buildings rates	38	38	38	38
Shortfall in rental income	274	274	274	274
TOTAL	1,349	1,386	1,386	1,386

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
HOUSING				
<i>ADDITIONAL SPENDING NEEDS</i>				
Increased energy costs	152	152	152	152
Pension contributions	15	30	30	30
TOTAL	167	182	182	182
COMMUNITY REGENERATION				
<i>ADDITIONAL SPENDING NEEDS</i>				
Increased energy costs	43	43	43	43
Bonymaen Healthy Living Centre	5	10	10	10
Pension contributions	9	18	18	18
<i>CONTINGENCY FUNDED ITEMS</i>				
TOPIC House	69	70	72	74
TOTAL	126	141	143	145
SOCIAL SERVICES				
<i>ADDITIONAL SPENDING NEEDS</i>				
RSG item - Court fees	5	5	5	5
RSG item - Childcare Act	8	8	8	8
RSG item - Cymorth	140	140	140	140
Increased energy costs	235	235	235	235
Foster Care/Adoption Services	1	2	3	3
121 Fostering Service (Invest to Save)	18	36	47	47
Parenting Support (Invest to Save)	3	5	7	7
Child & Family - Access & Information Team	1	2	4	4
Accommodation costs	95	95	95	95

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
Working Time Directive	300	300	300	300
Mental Health Act / Mental Capacity Act	75	75	75	75
Care Home fees	450			
Direct Payments	45			
Pension contributions	137	274	274	274
<i>CONTINGENCY FUNDED ITEMS</i>				
Adoption placement costs		60	70	70
Childrens out of County placements	750	750	750	750
Strengthening Child & Family services	392			
Childrens transport costs	175	175	175	175
Placements for adults with a disability	75	150	225	300
Child care legal costs	200	200	200	200
Learning Disability Services - Day Services	25	75	125	175
Direct Payments	63	150	175	200
Working Time Directive	150	150	150	150
Asylum Seekers	115	150	175	175
Care Home fees	450	1,750	2,300	2,700
Domiciliary Care Fees	75	138	200	200
Child & Family - recruitment and retention	130	130	130	130
TOTAL	4,113	5,055	5,868	6,418

BUSINESS IMPROVEMENT & EFFICIENCY*ADDITIONAL SPENDING NEEDS*

Increased energy costs	12	12	12	12
Reduced eGov savings	166	166	166	166
Pension contributions	36	72	72	72
Contractual ICT Unitary Charge increase	304	299	299	299
Project Support costs	379	379	379	379
Coroner increased costs	50	50	50	50

ADDITIONAL SERVICE SPENDING NEEDS

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
AS400 continuing costs	140	140		
Penllergaer IT costs	50	35	35	35
<i>CONTINGENCY FUNDED ITEMS</i>				
Penllergaer IT costs	50	50	50	50
TOTAL	1,187	1,203	1,063	1,063
TOTAL ADDITIONAL SERVICE SPENDING NEEDS	9,378	10,123	12,622	14,077

ACTION PLAN

1. SERVICE REVIEW

AREA	RELEVANT DIRECTOR	IMPACT
Review Family Support Services	Education/Regeneration/Social Services	Efficiency
Review arrangements for Looked After Children	Education/Regeneration/Social Services	Efficiency
Rationalise Taxi Utilisation	Environment/Education/Social Services	Cost Avoidance
Review Catering/Cleaning Service	Education	Cost Saving
Implement Shared Services Review Including:- <ul style="list-style-type: none"> - PA/Secretarial/Admin Support - Service Finance Units - Primary Support Officers - Directorate Support - Project Support - HR Support 	Resources/All	Cost Saving
Review Local Authority Youth Support Services	Education/Regeneration/Social Services	Efficiency
External Challenge of Special Education Needs Support	Education	Cost Avoidance/Efficiency
External Scrutiny of Employment Training provision	Education	Efficiency

AREA	RELEVANT DIRECTOR	IMPACT
Consider the creation of a Single Development Team	Environment/Regeneration	Efficiency
APSE Review Grounds Maintenance Service	Regeneration	Cost Saving
Review implementation of Tourism Strategy	Regeneration	Cost Saving
Consider options for future organisational arrangements in respect of all direct Social Services provision	Social Services	Cost Saving
Link business development, procurement and purchasing	Resources/Regeneration	Efficiency
Focus Apprenticeship work in one place	Education/Regeneration	Efficiency
Implement the Indoor Market plan	Regeneration	Risk Avoidance
Review consultation budget provision	Resources	Efficiency
Implement Leisure Services Project	Regeneration	Cost Saving
Implement Workforce Programme including: <ul style="list-style-type: none"> - pay and grading - terms and conditions - headcount reduction - flexible working 	Resources	Cost Saving/Efficiency
Explore further options for Senior Management Re-organisation	Chief Executive	Cost Saving
Review provision of Property based services	Resources/Regeneration	Cost Saving

2. OTHER AREAS

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Create an "Employee Review Group" to deliver headcount reduction by reviewing: <ul style="list-style-type: none"> - Posts following retirement - Turnover - Temporary appointments 	Chief Executive/ Resources	Cost/Headcount Reduction	1	1
Review bonus payments and leave accrued when sick	Environment/Regeneration/Resources	Cost saving	1	2
All grant funded schemes should be presumed to end if grant ceases.	All	Risk Elimination	1	1
Training facilities should be reviewed across Education/ Social Care and others with a view to consolidating at a single venue	Education/Social Services/Regeneration	Cost Saving	1	2
Continue with expenditure restrictions implemented in Oct'08	All	Cost Saving	1	1
Review recruitment packages including supplements	ALL	Cost Avoidance	1	2
Increase the flexible use of staff to achieve efficiencies	All	Cost Saving	1	1

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Treat whole education budget as one in financial strategy	Education	Cost Saving	1	1
Review provision of discretionary adult learning	Education	Cost Saving	1	1
Undertake procurement exercise on broadband rentals to schools	Education	Cost Saving	1	2
Consider regional collaboration in the areas of specialist advice and translation services	Education	Efficiency	1	1
Review of grants to voluntary organisations	ALL	Cost Saving	1	1
Consider the creation of a single travellers unit to co-ordinate and make efficient interventions	Environment/Education/Regeneration	Efficiency	1	1
Review Adult and Community learning provision	Education	Cost Saving	1	2
Review Education welfare service	Education	Cost Saving	1	2

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Ensure the "landscape design team"/similar internal services are commissioned for <u>all</u> internal works to fully cover costs	ALL	Cost Saving	1	1
Implement compliance with internal usage rules for Design print	Resources	Efficiency	1	1
Consider regional working to improve nature conservation	Environment	Cost Saving	1	1
Review staffing levels in Planning in response to a reduction in workload and reduced income levels	Environment	Cost Saving	1	1
Review staffing levels in Building Control in response to a reduction in workload and reduced income levels	Environment	Cost Saving	1	1
Examine scope for Building Regulations to do other fee generating work	Environment	Cost Saving	1	1
Benchmark Environmental Health Services against best practice (i.e. workload per employee)	Environment	Efficiency	1	1

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Review funding of crucial crew event	Environment	Cost Saving	1	1
Benchmark licensing service	Environment	Efficiency	1	1
Consider the creation of a single Corporate Call Centre	Resources	Efficiency	1	2
Review the noise service	Environment	Cost Saving	1	1
Review funding approach to HMO licensing	Environment	Cost Saving	1	1
Consider market test of pest control services	Environment	Cost Saving	1	2
Create a single street scene service and broader area based teams	Environment/ Regeneration	Efficiency	1	2
Trade refuse service to be self-funding	Environment	Cost Saving	1	1
Complete APSE review of Central Transport Unit	Environment	Cost Saving	1	1

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Plan highways maintenance programme to offset cost increases	Environment	Cost Saving	1	1
Review street lighting provision to achieve £0.5m saving whilst reviewing Invest to Save opportunities	Environment	Cost Avoidance	1	1
Revise charges for skips/scaffolding and employ enforcement officer	Environment	Cost Saving	1	1
Agree forward arrangements for drainage team, in light of funding reductions	Environment	Cost Saving	1	1
Post implementation review of civil parking regime	Environment	Cost Saving	1	1
Consider parking regime at Sailbridge Site	Environment/ Regeneration	Cost Saving	1	1
Revise inspection regime in CBS	Regeneration	Cost Saving	1	1
Initiate APSE review of CBS	Regeneration	Efficiency	1	1
Promote internal usage of Council facilities	ALL	Efficiency	1	1

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Create single Council wide Marketing Team	ALL	Efficiency	1	2
Review and revise approach to all special events	ALL	Risk Avoidance	1	1
Promote use of Council vehicles for advertising	ALL	Cost Saving	1	1
Review provision of Tourist Information Centre	Regeneration	Cost Saving	1	2
Consider charging for family history service	Regeneration	Cost Saving	1	1
Review future of Swansea Vale initiative	Regeneration	Capital Funds	1	1
Consider regional specialist legal services	Resources	Risk Avoidance	1	2
Review role and functions of legal Business Support Unit	Resources	Cost Saving	1	1
Introduce spend to save on energy management	Resources	Cost Avoidance	1	1

AREA	RELEVANT DIRECTOR	IMPACT	YEAR PLANNED	YEAR IMPLEMENTED
Consider establishment of joint design print with NPT	Resources	Cost Saving	1	2
Adopt a corporate target for procurement savings	Resources	Cost Saving	1	1
Review ICT client function alongside ICT support to Education	Resources/Education	Cost Saving	1	2
Review IT replacement programme	Resources	Cost Saving	1	1
Integrate day services for Older People with other community facilities	Social Services	Cost Saving/ Risk Management	1	1
Ensure appropriate level of payment for the Joint Equipment service by partners	Social Services	Cost Saving	1	1
Review grant to National Museum	Regeneration	Cost Saving	1	1
Review 5 centre charges, museums education to schools delegated budget	Regeneration/ Education	Cost Saving	1	1
Review contribution to LC	Regeneration	Cost Saving	1	1
Consider Local Authorities power to trade	ALL	Cost Saving	1	1

Item No: 10

Report of the Section 151 Officer and the Director of Regeneration and Housing

Council – 23rd February 2009

HOUSING REVENUE ACCOUNT – REVENUE BUDGET 2009/10 AND CAPITAL BUDGET 2009/10 TO 2011/12

Summary	
Purpose:	This report proposes a Revenue Budget 2009/10, a Capital Budget 2009/10 to 2011/12 and a rent increase for properties within the Housing Revenue Account.
Policy Framework:	None.
Reason for Decision:	To agree a revenue and capital budget as indicated and a rent increase for 2009/10.
Consultation:	The Cabinet Members for Housing and Finance; Finance & Legal
Recommendation:	The following budget proposals be approved: <ul style="list-style-type: none">(a) In line with the Wales Assembly Government guideline, to increase rents by £3.00p per week (average of 5.0%) over a 50 week rent year as detailed in section 2.(b) Continue the policy of rent harmonisation as detailed in section 3.(c) Approve the increase for fees, charges and allowances as outlined in section 4.(d) Approve the revenue budget and capital programme as detailed in section 5 and appendix.

This report is in 5 sections as follows:-

<i>Section 1</i>	<i>Revised estimate 2008/09</i>
<i>Section 2</i>	<i>Estimate 2009/10</i>
<i>Section 3</i>	<i>Rent Harmonisation proposals</i>
<i>Section 4</i>	<i>Proposed Fees, Charges and Allowances</i>
<i>Section 5</i>	<i>3 year capital programme 2009/10 – 2011/12</i>

SECTION 1

Revised estimate 2008/09

- 1.1 Table A in the Appendix shows a summary Housing Revenue Account (HRA) for the revised estimate for 2008/09 and proposed estimate for 2009/10.
- 1.2 Presently, it is forecast that there will be a surplus on the HRA of £323k for 2008/09 and this will be transferred to reserves accordingly.
- 1.3 The main changes from original estimate 2008/09 are:
 - Net reduction in costs in the management budgets of £1,025k arising through a combination of active vacancy management (£850k) and of an ongoing budget review process instigated by the senior management team of existing non-employee budgets (£175k) to manage the increased costs on repairs and as part of the overall service review in relation to the Welsh Housing Quality Standard (WHQS).
 - An overall increase in the cost of repairs of £809k largely as a result of increased demand of works in relation to Day to Day repairs.
 - Increase in the housing subsidy payable to the Welsh Assembly Government of £158k. The subsidy is a formal calculation required by WAG and is based on a “notional HRA” . The change is as a result in changes re council house numbers and interest charges since the original figure was calculated in February 2008.
 - Increased Interest /Receipts of £120k as a result of having higher reserves at the start of the financial year than forecast.
 - Net decrease in actual projected capital charges of £45K .
 - Reduction in Other costs due to a revised projection of the level of bad debts needing to be written off in the year £40k .

SECTION 2

Estimate 2009/10

- 2.1 The production of the annual Housing Revenue Account estimate is heavily impacted by the control that the Welsh Assembly Government (WAG) has over the resources available to the HRA. The control is exercised through the use of the Housing Subsidy system and the setting of guideline rents on revenue and through the allocation of the Major Repairs Allowance (MRA) on Capital.
- 2.2 WAG guideline rents are “theoretical” and authorities are free to charge higher or lower real rents. In practice this freedom is highly constrained via the Housing Subsidy calculation and to ensure that the authority maximises the benefit from the subsidy system it is recommended that the WAG guideline rent be adopted.
- 2.3 Therefore, assuming the recommended rent increase of 5.0% (based on WAG guidelines) is approved then the following is a summary of the main increases or decreases to 2008/09 budgets that form the proposed 2009/10 HRA estimate.

- Overall Increase in income £1,757k
- Increase in repairs to match projected increase in demand/costs £970k
- Decrease in subsidy payable (net of finance charges) £265k
- Increase in revenue funding for capital programme to offset projected reduction in available capital receipts via council house sales together with increasing the level of investment in Area (Environmental) Enhancements. £940k

2.4 Therefore it is recommended that in line with the Wales Assembly Government guideline , to increase rents by £3.00p per week (average of 5.0%) over a 50 week rent year

SECTION 3

3. Rent Harmonisation

- 3.1 This will be the fourteenth year of rent harmonisation with the vast majority of rents now harmonised. The basic principle approved by the Council at its budget meeting of February 1996 was that all tenants living in similar types of property pay the same rent. The long term objective is, for example, to have one rent for all 3 bedroom houses another rent for all 1 bedroom flats. This follows a requirement of the 1989 Housing Act which requires local authorities rent setting processes to take into account rent differentials between different types of properties in the private sector.
- 3.2 Assuming the recommended rent increase is approved, rent capping applies if average rents increase by more than £3.00p per week therefore the overall effect of the harmonisation changes must be neutral. To stay within the rent capping rules and to continue the process of harmonisation will mean that some tenants will have an increase of more than £3.00p per week and some less than that. The maximum increase in rent for 2009/10 being £4.00p per week (based on a 50 week year) for 9 properties
- 3.3 Before harmonisation there were 425 different rent levels with tenants paying significantly different amounts for similar properties. If the recommendations in this report are accepted, the number of rent levels for next year will have been reduced to 13. At the end of the harmonisation process there will be 12 different rent levels.

SECTION 4

4. Fees, Charges and Allowances

- 4.1 General fees, charges and allowances are increased either in line with the Authority's own inflation assumption or in line with the agreed rent increase. If the recommendations relating to the rent increase are approved then these rent related items will increase by 5.0%.

- 4.2 It is proposed that the charges for District Heating for Sheltered Tenants be increased above inflation to reflect the significant increases in heating costs over recent years .
- 4.3 Previous increases in charges to tenants have been limited to general inflation and it is now the case that due to these above inflation cost increases in heating there is a considerable difference between the costs incurred on heating by the HRA and the level of income collected from the sheltered tenants in respect of this cost . This has resulted in an increasing subsidy by the HRA of these particular tenants .
- 4.4 The proposal is to bring the charging level for heating back to similar levels prior to the recent significant heating cost increases. The intention is not to levy the full charge in one year but to phase the full charge in over a number of years. The impact of this will mean that the maximum additional charge for 2009/10 for sheltered tenants will be £1 plus inflation per week.

SECTION 5

5. HRA Capital Programme 2009/10 – 2011/12

- 5.1 This section details the financial resources available for capital investment schemes to HRA properties over the next 3 financial years from 2009/10 to 2011/12 inclusive. The investment schemes will contribute towards achievement of the Welsh Assembly Government's Welsh Housing Quality Standard (WHQS). The advantage of a 3 year programme is that it allows schemes to be developed at an early stage which will assist in maximising planned spending.

Financial Resources

- 5.2 Resources available for housing investment consist of Major Repair Allowance (MRA), capital receipts and revenue funding .
- 5.3 The table below identifies the projected funding available for capital investment for the next 3 financial years. It should be noted that the MRA figure for 2009/10 is currently provisional subject to the confirmation of the WAG. Once the final figure is provided the capital programme will be amended accordingly.

	2009/10 £'000s	2010/11 £'000s	2011/12 £'000s
MRA	9,000	9,000	9,000
Capital Receipts	100	100	100
Revenue Funding	3,400	3,900	3,900
Total	12,500	13,000	13,000

- 5.4 The total estimated capital receipts is based on a prudent estimate of council house sales for financial years 2009/10 through to 2011/12 and reflects significant reductions in receipts in recent years .
- 5.5 The Revenue Funding for 2009/10 has been increased to offset the projected reduction in capital receipts and to reflect an increased investment in Area Enhancements through the utilisation of £2.5million of existing balances over the

next three years .An assumption is made at this juncture that the level of Revenue Funding can be maintained over the following two years.

5.6 The proposed investment schemes are designed and intended to contribute to the WAG's Welsh Housing Quality Standard. The WHQS is a target standard for all social housing and sets minimum standards for homes in that they should be:

- In a good state of repair
- Safe and secure
- Adequately heated, fuel efficient and well insulated
- Contains up-to-date kitchens and bathrooms
- Well managed
- Located in attractive and safe environments
- As far as possible, suit the specific requirements of the household.

The Investment proposals are targeted towards the repair and renewal of the basic building elements that make up the fabric of the dwellings i.e. roofs, walls, electrical wiring and central heating. The proposed programme focuses resources in these areas due to the long term repair requirements within public sector housing stock across the City & County of Swansea.

5.7 Table C contains a list of the proposed schemes for the three year period and the proposed allocation.

Financial Implications

5.8 Expenditure is ring fenced to the HRA so there are no financial implications for the Council Fund.

Legal Implications

5.9 Tenants will need to be notified of the proposed increase in accordance with the provisions of section 102 of the Housing Act 1985.

6 Recommendations

The following budget proposals be approved:

- (a) In line with the Wales Assembly Government guideline, to increase rents by £3.00p per week (average of 5.0%) over a 50 week rent year as detailed in section 2.
- (b) Continue the policy of rent harmonisation as detailed in section 3.
- (c) Approve the increase for fees, charges and allowances as outlined in section 4

(d) Approve the revenue budget and capital programme as detailed in section 5 and appendix.

Appendix	Table A: Summarised HRA 2008/09 to 2009/10 Table B: Movement in Balances 2008/09 to 2009/10 Table C: Capital Programme 2009/10 – 2011/12
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Background Papers: **None**

Contact Officer: **Amanda Thomas/Dave Bratley**

Telephone Number: **636415/635215**

Table A: Summarised HRA 2008/09 to 2009/10

Classification	Original Estimate 2008/09	Revised Estimate 2008/09	Estimate 2009/10
	A	B	C
	£'000	£'000	£'000
<u>Expenditure</u>			
Repairs	13,337	14,146	14,307
District Office Services	5,130	4,765	5,079
Housing Central Dept	4,934	4,366	4,855
Sheltered Accommodation	1,727	1,787	1,925
Other Special Services	1,834	1,682	1,818
Capital Charges	6,042	5,997	5,596
Other	500	460	560
Revenue Funding for capital prog.	2,460	2,400	3,400
Negative subsidy	6,164	6,322	6,345
Total Expenditure	42,128	41,925	43,885
<u>Income</u>			
Dwellings rents and other rents	39,705	39,705	41,494
Interest Receipts/Other	1,623	1,743	1,491
Use of balances	400	400	500
Corporate building transfer	400	400	400
Total Income	42,128	42,248	43,885
Net Deficit (- surplus)	0	-323	0

Table B: Movement in Balances 2008/09 to 2009/10

Description	Original 2008/09	Revised 2008/09	Estimate 2009/10
Balance at 1 st April	7,614	9,491	9,414
Use of balances	-400	-400	-500
HRA deficit			
HRA surplus		323	
Forecast balance 31st March	7,214	9,414	8,914

The increase in reserves at 1st April 2008 between original and revised is as a result of the technical adjustment and other underspends detailed in the outturn reports to members during June 2008

Table C: Capital Programme 2009/10 – 2011/12**Detail of schemes**

Programme	2009/10 £'000s	2010/11 £'000s	2011/12 £'000s
Good State of Repair			
Wind and Weatherproof – Various	2,160	3,580	3,100
BISFs	735	850	900
PRCs	800	500	860
WNFs	75	400	650
Re-roofing - Various Locations	200	200	300
Window Replacement	700	400	0
Structural e.g. subsidence, retaining walls	200	0	0
Lightning Conductor	30	0	0
Highrise Concrete Repairs at Dyfatty	670	0	0
Safe and Secure			
Smoke Alarms and Carbon Monoxide Detectors	70	140	200
Repeat Burglary Prevention Scheme	100	110	120
Voice Entry Refurbishment	100	100	120
Lift Replacement	500	200	100
Rewiring	800	840	900
Fire Alarms and Fire Safety – including doors	100	110	110
Adequately Heated			
Boiler Replacement	1,350	1,350	1,400
Heating Upgrades – Energy Efficiency	220	220	220
HEES	40	40	40
Located in Safe Attractive Environment			
Digital TV conversion	170	0	0
Area Enhancement	650	1,150	1,150
Meeting Requirements of the Household			
Adaptations	2,600	2,600	2,600
Stair lift Renewal	30	30	30
Internal Layout Improvements	200	180	200
Total	12,500	13,000	13,000

Item No. 11

Report of the Section 151 Officer

Council – 23rd February 2009

TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND INVESTMENT STRATEGY FOR 2009/10

Summary	
Purpose:	To recommend the Treasury Strategy Statement, Minimum Revenue Provision Policy Statement and Investment Strategy for 2009/10.
Policy Framework:	None
Reason for Decision:	To allow for the proper management of the Council's borrowing and investments, to comply with statute, and the adopted CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management Code of Practice
Consultation:	Legal and Finance.
Recommendations:	That the: <ul style="list-style-type: none">➤ Treasury Management Strategy➤ Minimum Revenue Provision (MRP) Statement➤ Investment Strategy as set out in the report be approved

1. Introduction

- 1.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 1.2 The Council shall formally consider the prudential indicators as reported in the "Capital Programme - Prudential Code and Prudential Indicators Report 2009/10" also to be received by Council on the 23rd February 2009 and are included here for completeness.

- 1.3 The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act); this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The management of the Council's treasury management activities are in line with the Cipfa Treasury Management Code of Practice formally adopted by Council on the 7th March 2002.
- 1.4 The suggested strategy for 2009/10 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, having consulted with leading market forecasts provided by the Council's treasury advisor. The strategy covers:
- treasury limits in force which will limit the treasury risk and activities of the Council
 - Prudential Indicators
 - the current treasury position
 - the borrowing requirement
 - prospects for interest rates
 - the borrowing strategy
 - debt rescheduling
 - the investment strategy
 - the Minimum Revenue Provision (MRP) Strategy
- 1.5 A glossary of terms used within this report is attached at Appendix C.

2. Treasury Limits for 2009/10 to 2011/12

- 2.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

- 2.2 Under statute, the Council is required to set its "Affordable Borrowing Limit" which outlines the limits of how much the Council can afford to borrow. In

Wales, 'the Authorised Limit' represents the legislative limit specified in section 3 of the Local Government Act 2003.

2.3 The Council must have regard to the Prudential Code when setting the 'Authorised Limit' which essentially requires it to ensure that total capital investment remains within sustainable limits. The Authorised Limit is to be set for the forthcoming financial year and two successive financial years.

2.4 The Prudential Code for Capital Finance in Local Authorities states that certain prudential indicators which demonstrate applicable prudence in the formulation of borrowing proposals are calculated. These are namely the :

- Operational Boundary :
"is based on expectations of the maximum external debt of the authority according to probable not simply possible events and being consistent with the maximum level of external debt projected by the estimates."
- Authorised Limit :
"The authorised limit must therefore be set to establish the outer boundary of the local authority's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit that an authority will expect to borrow up to on a regular basis. It is crucial that it is not treated as an upper limit for borrowing for capital expenditure alone since it must also encompass borrowing for temporary purposes."
- Upper limits for borrowing of fixed and variable rate loans.
- Upper limit for investments for over 364 days.
- Upper and lower limits for the maturity profile of the Council's debt.

2.5 Prudential Indicators for 2009/10 – 2011/12

The Council has set the following prudential indicators approved in the Capital Programme – Prudential Code and Prudential Indicators for 2009/10 Report which are relevant for the purposes of setting an integrated treasury management strategy.

Treasury Management Prudential Indicators					
	2007/08	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate
Capital Expenditure	91,628	82,153	44,738	32,300	32,115
Capital Financing Requirement	376,350	385,767	391,320	387,251	383,247
Authorised limit for external debt	562,696	555,320	542,320	531,220	521,230
Operational boundary for external debt	431,320	431,320	431,320	431,320	431,320
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	40%	40%	40%	40%	40%
Upper limit for total principal sums invested for over 364 days	46,000	75,000	75,000	75,000	75,000

Maturity structure of fixed rate borrowing during 2009/10-2011/12		
	Upper limit %	Lower limit %
Under 12 months	50	0
12 months and within 24 months	50	0
24 months and within 5 years	50	0
5 years and within 10 years	85	0
10 years and above	95	15

(Shown as a percentage of total debt)

3. Current Portfolio Position

3.1 The Council's probable debt portfolio position at 31/3/09 comprises:

	Principal outstanding 31 March 2009 £'000	Average rate of Interest %
Fixed Interest Rates		
Public Works Loan Board (fixed)	271,553	6.00
Money Market	98,000	4.10
Variable Interest Rates		
Public Works Loan Board (variable)	-	-
Trusts and charities/internal/temp	869	5.79
TOTAL	370,422	5.50

3.2 The Council's probable investment portfolio at 31 March 2009 will be as follows:

	Investments 31 March 2009	2008/9 Estimated Investment Return	2009/10 Estimated Investment Return
	£M	%	%
Externally Managed Investments	21.4	5.20	1.50
Internally Managed Investments	124	5.20	1.50
TOTAL	145.4	5.20	

4. Borrowing Requirement

4.1 The Council will have the following capital borrowing requirements for 2008/09 to 2011/12.

	2007/08	2008/09	2009/10	2010/11	2011/12
	Actual	Probable	Estimate	Estimate	Estimate
	£M	£M	£M	£M	£M
To finance new capital expenditure by supported borrowing	11.036	11.038	11.021	11.021	11.021
To finance new capital expenditure by unsupported borrowing	34.99	12.680	9.691	0.00	0.00
To replace loans maturing	3.894	5.154	5.882	5.977	6.083
Less					
Repayments	12.239	14.179	14.487	14.416	14.347
Voluntary contributions (formerly set aside capital receipts)	4.081	1.05	0.750	0.750	0.750
TOTAL BORROWING REQUIREMENT EACH YEAR	33.6	13.643	11.357	1.832	2.007

4.2 The schedule in 4.1 identifies the funding requirement for each financial year. However, in line with the Prudential Code, borrowing may be undertaken in line with a 3 year funding plan informed by the projected capital financing requirement. The above can be financed from the Public Works Loan Board or the Council may decide to use money market borrowing/internal borrowing dependant upon market conditions.

4.3 At time of writing, borrowing rates are higher than investment rates, and it is projected that the borrowing requirements for 2008/09 and 2009/10 will be internalised, whilst continuing to appraise market conditions and opportunities to externalise debt when borrowing rates offer long term value.

5. Prospects for Interest Rates

5.1 The following table gives our treasury advisors' interest rate forecast as at 21st January 2009.

	Q1 2009 %	Q2 2009 %	Q3 2009 %	Q4 2009 %	Q1 2010 %	Q2 2010 %	Q3 2010 %	Q4 2010 %	Q1 2011 %	Q2 2011 %
Base Rate	0.5	0.5	0.5	0.5	0.5	0.75	1.0	1.25	1.25	1.75
5yr Gilt Yield	2.5	2.25	2.15	2.15	2.15	2.45	2.80	3.15	3.65	3.95
10yr PWLB	3.1	2.75	2.55	2.55	2.55	2.85	3.25	3.65	4.15	4.4
25yr PWLB	4.0	3.95	3.95	3.95	4.0	4.15	4.35	4.45	4.60	4.85
50yr PWLB	3.85	3.80	3.80	3.80	3.85	3.90	4.0	4.25	4.40	4.70

5.2 Economic background

- The sub prime crisis of early 2008 was supplanted by the banking crisis of autumn 2008. The world banking system came near to collapse and governments around the world were forced to recapitalise and rescue their major banks. The resulting dearth of lending from banks anxious to preserve capital led to economic forecasts being sharply reduced and recession priced into markets. This in turn led to sharp falls in oil and other commodity prices with the result that inflation, which in the UK was running at over 5%, became yesterday's story and recession fears drove interest rate sentiment and policy. A co-ordinated global interest rate cut of 0.5% took place on 8th October 2008. Forecasts in the UK were for further sharp cuts in interest rates as recession hovered into view.
- Gross Domestic Product (GDP): growth was already slowing in 2008 from 2007 before the full impact of the credit crunch was felt. Earlier in 2008 GDP was 2.3% whereas in the autumn the figure fell back to -0.3% and was then expected to continue to be negative going into 2009.
- Wage inflation remained relatively subdued as the Government kept a firm lid on public sector pay. Private sector wage growth was kept in check by the slowing economy.
- Growth slowed across the economy and unemployment rose throughout the year with forecasts of 2 million unemployed by the end of the financial year and continuing to increase thereafter through 2010.
- Notwithstanding the pressures on household finances, consumer spending still continued at a reasonable pace although the trend was slowing as the year progressed.
- Bank lending came to a virtual standstill in the autumn as the credit crunch tightened its grip and various banks internationally had to be rescued, or supported, by their governments.
- The Government and Bank of England supplied massive amounts of liquidity to the banking market in an attempt to reignite longer interbank lending.
- The Government took action in September to either supply finance itself to recapitalise some of the major clearing banks or to require the others to strengthen their capital ratios by their own capital raising efforts. This was so that these banks would be seen to have sufficient reserves to last through the coming recession with its inevitable increase in bad loans etc.
- The housing market also came to a virtual standstill as lenders demanded larger deposits and higher fees. House sales and prices both dropped sharply.
- Government finances deteriorated as income from taxation dropped as the economy slowed and the cost of the bailout of the banks was added to the deficit.
- U.K equity prices declined sharply in the 3rd and 4th quarters as the impending recession was priced into the markets. Prices hit five year lows and volatility was extremely high.
- The story of 2008 has been the credit crunch, the banking crisis and the change in economic outlook from slow growth to outright recession. After the initial concerns about the impact of the credit crunch in the earlier part of 2008 it appeared as though the storm had been weathered. The Monetary Policy Committee (MPC) had been very concerned about Consumer Price Index (CPI) inflation, which had been rising sharply on the back of higher commodity and

food prices. Bank Rate reached a peak of 5.75% in July 2007 after which cuts of 0.25% occurred in December 2007 and February and April 2008 before the major cuts in the autumn. The economic data had been indicating a slowing economy for some while but it was not sufficiently weak to force the MPC into another cut. It was the strength of the banking crisis, pre-empted by the collapse of Lehman Brothers Bank in New York that eventually drove the MPC to cut interest rates by 50bp on October 8th in concert with the Federal Reserve, the European Central Bank and other central banks. It was then appreciated that the economic downturn would be much more severe than previously thought and interest rates were subsequently slashed by 1.5% on 6 November, 100bps on 4 December and 0.5% on 8 January 2009.

- The London Interbank Offer Rate (LIBOR) spread over Bank Rate has also been a feature, and a concern, of 2008/9. Because of the credit fears and the reluctance of lenders to place cash for long periods 3 month LIBOR (this is the London Inter Bank Offer Rate – the rate at which banks will lend to one another) has been substantially higher than Bank Rate. This has meant that the MPC's power over monetary policy has been eroded by the widening of this spread between LIBOR and Bank Rate and it has therefore had a limited ability to bring relief to hard pressed borrowers through lower interest rates. However, the power of the Government over the semi nationalised clearing banks had considerable impact in enforcing pro rata reductions to the 150 bps Bank Rate cut in November on some borrowing rates.

The above economic outlook is sourced from Sector Treasury Advisors, Capital Economics and United Bank of Switzerland (UBS).

5.3 Interest rate forecast

The current interest rate view of Sector, our Treasury advisors is that:

- Bank Rate will fall from current levels because of the intensifying global recession
- Starting 2009 at 2.00%, Bank Rate is forecast to fall to 0.5% in Q1 2009
- It is then expected to remain there until starting to rise gently up from Q2 2010 till it reaches 4.0% in Q1 2012.
- There is downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected.

5.4 PWLB interest rate forecast

- The 50 year PWLB rate is expected to remain at 3.85% – 3.90% until Q3 2010 when it is forecast to rise to 4.00%. The rate then edges up gradually to reach 5.00% at the end of the forecast period.
- The 25 year PWLB rate is expected to drop to 3.95% in Q1 2009 and stay around there until starting to rise in Q1 2010 and then to eventually reach 5.05% at the end of the forecast period.
- The 10 year PWLB rate is expected to drop to 2.55% in Q3 2009 but then to start rising again in Q2 2010 to eventually reach 4.85% at the end of the forecast period.

- The 5 year PWLB rate is expected to fall to a floor of 2.15% during Q3 2009. The rate then starts rising in Q2 2010 to eventually reach 4.60% at the end of the forecast period.

6. The Borrowing Strategy

- 6.1 The unprecedented financial banking crisis has highlighted the need for caution whilst managing credit counterparty risk, (which is the risk of a bank or institution that the Council lends money to cannot pay the interest owed and or default on the capital lent) and it is mindful of these considerations that the borrowing strategy for 2008/09 and 2009/10 has been determined. The next financial year is expected to be a time of historically abnormally low Bank Rate. This opens up an opportunity for authorities to fundamentally review their strategy of undertaking external borrowing. The Council holds investment balances, which affords the opportunity of 'internal borrowing.' As long term borrowing rates are expected to be higher than rates available for investment deposits and look likely to be so for the next couple of years or so, the Council have determined not to undertake any external borrowing whilst there is the dislocation between borrowing and investment rates whilst also actively managing credit counterparty risk and interest rate risk.
- 6.2 The main strategy (with a view to minimising interest costs) is therefore to internalise borrowing for the remainder of 2008/09 and for 2009/10, WHILST MONITORING THE PWLB RATES to undertake cheap borrowing if opportunities arise.
- 6.3 Against this background caution will be adopted with the 2009/10 treasury operations.

7. Debt Rescheduling/Repayment

- 7.1 The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 0.4%-0.5% for the longest period loans narrowing down to 0.25%-0.30% for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date.
- 7.2 Due to short term borrowing rates being expected to be considerably cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 7.3 In actively managing the credit counterparty and interest rate risk, consideration will also be given to running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. This short term strategy will be considered if the repayment offers value in terms of discount /negligible

premium payable whilst also retaining the flexibility to reinstate external borrowing if rates offer long term value in terms of rates available at a point in time.

7.4 As average PWLB rates in some maturity periods are expected to be minimally higher earlier on in the financial year than later on, there should therefore be greater potential for making marginally higher interest rate savings on debt by doing debt restructuring earlier on in the year. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 6 above

7.5 The reasons for any rescheduling to take place will include:

- the management of counterparty risk
- in order to help fulfil the strategy outlined above; and
- In order to enhance the balance of the long-term portfolio (amend the maturity profile and/or the balance of volatility).
- achieve the lowest possible net interest costs at minimum risk;

7.6 All rescheduling will be reported to the Cabinet Member for Finance at the quarterly report following its action.

8. **Annual Investment Strategy**

8.1 The Council will have regard to the National Assembly of Wales' Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA Treasury Management Code") and the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2004 SI 1010(W.107). The Council's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.
- (c) maximise interest returns commensurate with priorities a) and b)

8.2 In the current financial conditions, it should be noted that the investment strategy will be implemented with security of investment as the main priority. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

8.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

8.4 Investment instruments identified for use in the financial year are listed in Appendix A under the 'Specified' and 'Non-Specified' Investments categories. Operational Investment limits with individual institutions will be as set through the Council's Treasury Management Practices – Schedules.

- 8.5 Amendments to arrangements/limits and criteria detailed in Appendix A may be made by the Head of Finance and reported to the Cabinet Member for Finance in the quarter following its action. Attached at Appendix E is the counterparty list of UK financial institutions that satisfy the minimum credit criteria that the Council can currently lend to as at 9th February 2009.
- 8.6 The Council retains the services of two external fund managers who manage a portion of the Council's investments. They are Investec Asset Management who currently have no Council assets under management and Invesco Investment management. The fund managers will comply with the Annual Investment Strategy. The fund managers' investment criteria are outlined in Appendix A.
- 8.7 The Council uses Fitch (credit rating agency) ratings (definitions attached at Appendix D) to derive its criteria. Where counterparty does not have a Fitch rating, the equivalent Moody's *or other rating agency* rating will be used. All credit ratings will be monitored monthly. The Council is alerted to changes in Fitch ratings through its use of its advisor's creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- 8.8 It is anticipated that the Council will continue to hold externally and internally managed funds during 2009/10 ensuring a suitable spread of investment risks. The performance of the investments for both external funds and internal funds will be reported to the Cabinet Member for Finance in the quarterly report. The Council has fixed benchmarks against which investment performance will be measured, i.e. the three month and 7 day LIBID rate.
- 8.9 Interest Rate Outlook: Our Treasury Advisors are forecasting Bank Rate to be cut further by 1% in Q1 2009. It is expected to stabilise at 0.5% until starting to rise gradually with the first increase in Q2 2010 and then to be back up to 4% in Q1 2012.
- 8.10 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest.
- 8.11 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

9. **Minimum Revenue Provision (MRP) Policy Statement**

- 9.1 Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery. It is impractical to charge the entirety of this expenditure in any one year it is incurred, so this expenditure is spread over several years. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP) which was previously determined under Regulation, and in future will be determined under Guidance.

- 9.2 Statutory instrument WSI 2008 no.588 section 3 lays down that: “A local Authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent” (The requirement to make a 2% MRP charge for the Housing Revenue Account share of Capital Financing Requirement (CFR) is unchanged.)
- 9.3 Along with the above duty, the Welsh Assembly Government issued new guidance in March 2008 which requires that a Statement on the Council’s Policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. The Council are legally obliged to ‘have regard’ to the guidance, which means that, although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge.
- 9.4 The Welsh Assembly Government guidance outlines 4 broad options to adopt for the calculation of MRP. They are:
- Option 1- Regulatory Method
 - Option 2 - Capital Financing Requirement Method
 - Option 3 - Asset Life Method
 - Option 4 – Depreciation Method

The options in detail appear at Appendix B.

- 9.5 The Council will implement the new Minimum Revenue Provision (MRP) guidance in 2008/09 and assess their MRP for 2008/09 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act.
- 9.6 The major proportion of the MRP chargeable will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 or 2 of the guidance. Certain expenditure reflected within the debt liability at 31st March 2007 will under delegated powers be subject to MRP under option 3 or 4 which will be charged over a period commensurate with the estimated useful life applicable to the nature of expenditure. Estimated life periods will be determined under delegated powers. The Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate. Going forward, it is recommended that all debt arising from capital expenditure supported by WAG will be charged MRP in accordance with option 1 or 2 and all other capital expenditure and other ‘capitalised’ expenditure will be repaid under option 3 or 4 as deemed most appropriate.

10. **Legal implications**

- 10.1 The Authority is under a duty to make arrangements for the proper administration of its financial affairs. Failure to do so will be a breach of that duty.

11. Recommendation

11.1 That the:

- Treasury Management Strategy
- Minimum Revenue Provision (MRP) Policy Statement
- Investment Strategy

as set out in the report be approved

Contact officer: Mr Jeffrey Dong, Chief Treasury & Technical Officer
☎: 01792 636934

Background papers: The Prudential Code for Capital Finance in Local Authorities
The CIPFA Treasury Management Code of Practice

File Reference:

Appendix A

1. Investment Criteria for Specified and Non Specified Investments

1.1 Investments will be made in accordance with the following terms:

1.1.1 Specified Investments:

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable and the principal sum to be repaid at maturity is the same as the initial sum invested other than investments in the UK Government.)

Instrument	Minimum Credit Criteria	Use	Max investment
Debt Management Agency Deposit Facility	--	In-house	£100M
Term deposits – UK government	--	In-house	£100M
Term deposits – other LAs	--	In-house	£15M with each counterparty
Term deposits – banks and building societies	Short-term F1,P1,A1, Long-term AA- or UK nationalised banks	In-house and fund managers	£15M with each counterparty/ See 2 and 3 below

1.1.2 Non-Specified Investments:

A maximum of 35% will be held in aggregate of Council managed funds in non-specified investments. A maximum of 50% of aggregate funds managed by the Council's external fund managers will be held in non-specified investments.

Instrument	Min Credit Criteria	Use	Maximum Period	Maximum Investment
Term deposits – UK government (with maturities in excess of 1 year)		In-house	5 years	£30M
Term deposits – other Local Authorities (with maturities in excess of 1 year)		In-house	5 years	£15M with each counterparty
Certificates of deposits issued by banks and building societies	Short-term F1,P1,A1 Long-term AA-	Fund managers	See 2 and 3 below	See 2 and 3 below
UK Government Gilts	-	Fund Managers/in house	See 2 and 3 below/5 years	See 2 and 3 below /£15M
Treasury Bills	-	Fund Managers/in house	See 2 and 3 below/5 years	See 2 and 3 below /£15M
Term deposits – banks and building societies (with maturities in excess of 1 year)	Short-term F1,P1,A1 Long-term AA-, or UK nationalised banks	In-house	5 years	£15M with each counterparty
Certificates of deposits issued by banks and building societies	Short-term F1,P1,A1 Long-term AA-,	fund managers/in-house	10 years	See 2 and 3 below/£15M with each counterparty
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers/in house	10 years	See 2 and 3 below/£15M with each counterparty
Bonds issued by multilateral development banks	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	5 years 10 years	£15M with each counterparty and See 2 and 3 below
Bonds issued by a financial institution which is guaranteed by the UK government	-	In-house on a 'buy-and-hold' basis. Also for use by fund managers	5 years 10 years	£15M with each counterparty See 2 and 3 below
Sovereign bond issues (i.e. other than the UK govt)	AAA	In- house Fund	5 years 10 years	£15M with each counterparty

		Managers		See 2 and 3 below
Corporate Bonds : [under SI 1010 (W.107)]	Long-term AA-	In- house Fund Managers	5 years 10years	£15M with each counterparty See 2 and 3 below
Gilt Funds and Bond Funds	Long-term AA-	In- house Fund Managers	5 years 10years	£15M See 2 and 3 below
Money Market Funds	AAA	In- house Fund Managers	n/a n/a	£15M See 2 and 3 below
Floating Rate Notes	Long-term AA-	Fund managers	10 years	See 2 and 3 below
Treasury Bills	N/A	Fund Managers	10 years	See 2 and 3 below
Fixed term deposits with variable rate and variable maturities				
1. Callable deposits	Short-term F1,P1,A1 Long-term AA-,	In-house and fund managers	5/10 years	£15m with each counterparty /see 2 and 3 below
2. Range trade accrual (see glossary)	Short-term F1,P1,A1 Long-term AA-,	In-house and fund managers	5/10 years	£15m with each counterparty /see 2 and 3 below
3. Snowballs (see glossary)	Short-term F1,P1,A1 Long-term AA-,	In-house and fund managers	5/10 years	£15m with each counterparty /see 2 and 3 below

- 1.2 The Council's external fund managers will comply with the Annual Investment Strategy. The agreements between the Council and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.
- 1.3 The Council uses Fitch (credit rating agency) ratings to derive its criteria. Where counterparty does not have a Fitch rating, the equivalent Moody's *or other rating agency* rating will be used. All credit ratings will be monitored monthly. The Council is alerted to changes in Fitch ratings through its use of its advisor's creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

2. **Investment Criteria - Invesco**

- 2.1 The Fund will normally be invested in short term fixed interest rate deposits and certificates of deposit carrying interest rates of up to one year or debt instruments guaranteed by the UK government and for cashflow balances the use of AAA rated money market funds. At any given time, a maximum of 50% of the portfolio by market value may be invested in negotiable securities carrying rates of interest for periods of over one year from the date of investment.
- 2.2 The maximum exposure to any one counter party is not to exceed 10% of the fund value or £2,000,000 whichever is the lower. Variances to be agreed by the Head of Finance.
- 2.3 The average duration of the investments for the fund shall not exceed 3 years, with the maximum maturity of any individual investment shall not exceed 10 years.
- 2.4 The fund will only lend to counterparties on the Invesco Standard lending list. The minimum criterion for the same is:
- Short term rating of A1, F1, P1 from the credit ratings agencies Moody's Fitch and Standard and Poor.
 - Long term rating of AA- from Standard and Poor or equivalent from Moody's or Fitch.
 - Invesco reserve the right to amend the standard lending list if internal research generated supports such a move.

N.B if there is a variation in ratings between agencies for a particular counterparty the lowest rating will be applied.

3. **Investment Criteria – Investec**

Note – Investec currently have no Council assets under management.

- 3.1 The managed fund will normally be invested in investments or deposits carrying rates of interest fixed for up to one year from the date of purchase. However, at any given time, a maximum of 50% of the nominal value of the managed fund may be invested in securities carrying interest rates fixed for periods between one and ten years and within this 50%, 20% of the nominal value of the managed fund may be invested in securities carrying interest rates fixed for periods of longer than ten years.
- 3.2 The average duration of the investments for the fund shall not exceed 3 years, with the maximum maturity of any individual investment shall not exceed 10 years.
- 3.3 The maximum exposure to any one counterparty is not to exceed 10% of the fund value or £2,000,000 whichever is the lower. Variances to be agreed by the Head of Finance.

- 3.4 The fund will only lend to counterparties on the Investec standard lending list. The minimum criterion for the same is:
- Short term rating of F1 as specified by the Fitch credit ratings agency or equivalent
 - Long term rating of AA- or better as specified by Fitch credit ratings agency or equivalent

MINIMUM REVENUE PROVISION

1. New Government Guidance

The Welsh Assembly Government issued new guidance in March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council are legally obliged by section 21 (1b) to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to 'have regard' to the guidance therefore means that: -

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

Where the CFR was nil or negative on the last day of the preceding financial year, the authority does not need to make an MRP provision. MRP in the current financial year would therefore be zero,

Option 1: Regulatory Method

Under the previous MRP regulations, General Fund MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This option is available for the General Fund share of capital financing requirement which relates to capital expenditure incurred prior to 1 April 2008. It may also be used for new capital expenditure up to the amount which is deemed to be supported by the Welsh Assembly Government annual supported borrowing allocation. The use of the commutation adjustment to mitigate the MRP charge is also allowed to continue under this option.

Option 2: Capital Financing Requirement Method

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

Option 3: Asset Life Method.

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

The guidance suggests that any new borrowing which receives no Government support and is therefore self-financed would fall under option 3

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

- Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.
- No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

Equal instalment method – equal annual instalments which are calculated using a simple formula set out in paragraph 9 of the MRP guidance,

under this approach, the MRP is provided by the following formula

$A - B$ divided by C

A is the amount of capital expenditure in respect of the asset financed by borrowing or credit arrangements

B is the total provision made before the current financial year in respect of that expenditure

C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires

Annuity method – annual payments gradually increase during the life of the asset with an appropriate interest rate used to calculate the annual amount

Asset life - the MRP guidance makes it clear that the estimated life of an asset should be determined in the year MRP commences and should not subsequently be revised

Under both options, the authority may make additional voluntary revenue provision and this may require an appropriate reduction in later years' MRP

In addition adjustments to the calculation to take account of repayment by other methods (e.g. application of capital receipts) should be made as necessary.

Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

2. Date of implementation

The previous statutory MRP requirements cease to have effect after the 2006/07 financial year. However, the same basis of 4% charge in respect of the GF share of CFR may continue to be used without limit until the 2009/10 financial year, relative to expenditure incurred up to 31/3/2008.

The guidance suggests that Options 3 and 4 should be applied to any capital expenditure which results in an increase in the CFR and does not relate to the authority's Supported Capital Expenditure.

The guidance also provides the authority with discretion to apply Options 3 or 4 to all capital expenditure whether or not supported and whenever it is incurred.

Any capitalised expenditure incurred after 1 April 2008 which gives rise to an increase in the GF CFR should be repaid by using option 3 as adapted by paragraphs 23 and 24 of the guidance.

Treasury Management – Glossary of Terms

Annualised Rate of Return	Represents the average return which would have been achieved each year.
Authorised Limit <i>(can also be considered as the affordable borrowing limit)</i>	The authorised limit must be set to establish the outer boundary of the local authority's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit that an authority will expect to borrow up to on a regular basis. It is crucial that it is not treated as an upper limit for borrowing for capital expenditure alone since it must also encompass borrowing for temporary purposes. It is the expected maximum borrowing need, with some headroom for unexpected movement.
Bank Rate	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets.
Base Rate	Minimum lending rate of a bank or financial institution in the UK.
Basis Points (bp)	A basis point is 0.01 of 1% (100 bp = 1%)
Borrowing	In the Code, borrowing refers to external borrowing. Borrowing is defined as both:- <ul style="list-style-type: none"> • Borrowing repayable with a period in excess of 12months • Borrowing repayable on demand or within 12months
Capital Expenditure	The definition of capital expenditure starts with all those items which can be capitalised in accordance with the Statement of Recommended Practice (SORP). To this must be added any items that have/will be capitalised in accordance with legislation that otherwise would not be capitalised. Prudential indicators for current and future years are calculated in a manner consistent with this definition.
Capital Financing Charges <i>(see financing costs also)</i>	These are the net costs of financing capital i.e. interest and principal, premium less interest received and discounts received.

Capital Financing Requirement	The Capital Financing Requirement is simply the total 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.
CIPFA	The Chartered Institute of Public Finance and Accountancy. One of the leading professional accountancy bodies in the UK and the only one which specialises in the public services.
Counterparty	The organisations responsible for repaying the Council's investment upon maturity and for making interest payments.
Credit Rating	<p>This is a scoring system that lenders issue people with to determine how credit worthy they are.</p> <p>The Credit Rating components are as follows:</p> <ol style="list-style-type: none"> 1. The AAA ratings through to C/D are long-term rating definitions and generally cover maturities of up to five years, with the emphasis on the ongoing stability of the institution's prospective financial condition. AAA are the most highly rates, C/D are the lowest. This Council does not invest with institutions lower than AA- for investments over 364 days 2. F1/A1/P1 are short-term rating definitions used by Moody's, S&P and Fitch Ratings for banks and building societies based on their individual opinion on an institution's capacity to repay punctually its short-term debt obligations (which do not exceed one year). This Council does not invest with institutions lower than F1/A1/P1 for investments under 364 days.
Debt	For the purposes of the Code, debt refers to the sum of borrowing (see above) and other long-term liabilities (see below). It should be noted that the term borrowing used with the Act includes both borrowing as defined for the balance sheet and other long terms liabilities defined as credit arrangements through legislation.
Discounts	Where the prevailing interest rate is higher than the fixed rate of a long-term loan, which is being repaid early, the lender can refund the borrower a discount.

	<p>This is calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.</p>
Financing Costs	<p>The financing costs are an estimate of the aggregate of the following:-</p> <ul style="list-style-type: none"> • Interest payable with respect to borrowing • Interest payable under other long-term liabilities • Gains and losses on the repurchase or early settlement of borrowing credited or charged to the amount to be met from government grants and local taxpayers (premiums and discounts) • Interest earned and investment income • Amounts required in respect of the minimum revenue provision plus any additional voluntary contributions plus any other amounts for depreciation/impairment that are charged to the amount to be met from government grants and local taxpayers
Financial Reporting Standards (FRSs)	<p>These are standards set by governing bodies on how the financial statements should look and be presented.</p>
Investments	<p>Investments are the aggregate of:-</p> <ul style="list-style-type: none"> • Long term investments • Short term investments (within current assets) • Cash and bank balances including overdrawn balances <p>From this should be subtracted any investments that are held clearly and explicitly in the course of the provision of, and for the purposes of, operational services.</p>
LOBO (Lender's Option/ Borrower's Option)	<p>Money Market instruments that have a fixed initial term (typically one to ten year) and then move to an arrangement whereby the lender can decide at pre-determined intervals to adjust the rate on the loan. At this stage the borrower has the option to repay the loan.</p>
London Inter-Bank Bid Rate (LIBID)	<p>The interest rate at which major banks in London are willing to borrow (bid for) funds from each other.</p>

Managed Funds	<p><u>In-House Fund Management</u> Surplus cash arising from unused capital receipts can be managed either by external fund managers or by the Council's staff in-house. The in-house funds are invested in fixed deposits through the money markets for periods up to one year.</p> <p><u>Externally Management Funds</u> Fund managers appointed by the Council invest surplus cash arising from unused capital receipts in liquid instruments such as bank certificates of deposit and government stocks. The fund managers' specialist knowledge should ensure a higher rate of earnings on the managed funds than would be otherwise obtained.</p>
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Minimum Revenue Provision (MRP)	The amount required by statute to be principal repayment each year.
Monetary Policy Committee (MPC)	This is a body set up by the Government in 1997 to set the repo rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation within plus or minus 1% of a central target of 2% in two year time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth and employment.
Money Market	<p>Consists of financial institutions and deals in money and credit.</p> <p>The term applied to the institutions willing to trade in financial instruments. It is not a physical creation, but an electronic/telephone one.</p>
Net Borrowing	For the purposes of the Code, net borrowing refers to borrowing (see above) net of investments (see above).
Net Revenue Stream	Estimates for net revenue stream for current and future years are the local authority's estimates of the amounts to be met from government grants and local taxpayers.

Operational Boundary	This is based on expectations of the maximum external debt of the authority according to probable not simply possible – events and being consistent with the maximum level of external debt projected by the estimates. It is not a limit and actual borrowing could vary around this boundary for short periods.
Other Long Term Liabilities	The definition of other long term liabilities is the sum of the amounts in the Council's accounts that are classified as liabilities that are for periods in excess of 12months, other than borrowing (see definition above).
Premature Repayment of Loans (debt restructuring/rescheduling)	A facility for loans where the Council can repay loans prior to the original maturity date. If the loan repaid has a lower interest rate than the current rate for a loan of the same maturity period the Council can secure a cash discount on the repayment of the original loan. If the loan replaced has a higher rate of interest than the current rate for a loan of the same maturity period, a cash penalty is payable to the lender.
Premia	Where the prevailing current interest rate is lower than the fixed rate of a long term loan, which is being repaid early, the lender can charge the borrower a premium. This is calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.
Prudential Code	The Prudential Code is the largely self regulatory framework outlined by CIPFA for managing/monitoring capital investment in local government.
Public Works Loan Board (PWLB)	A Government agency which provides loans to local authorities. Each year, it issues a circular setting out the basis on which loans will be made available. Loans can be either at a fixed rate or on a variable rate basis. They can be repaid on either an annuity, equal instalment of principal or maturity basis. The interest rate charged is linked to the cost at which the Government itself borrows.
Range Trade Accrual	A Callable Range Accrual is so called because it is callable or cancellable by the bank after the initial period, as above. However, where it differs, is that interest accrues only as long as Libor (London

	<p>Interbank Offer Rate, or another independently derived and published benchmark rate) stays within a pre-agreed range. The lender can choose the range, the non-call period, the Libor they wish to use, the call periods and the potential return they wish to receive.. The bank has the right to cancel this trade after the first 3 months, and every 3 months thereafter. With a range trade, the lender is backing his judgement on interest rate movements and in exchange for that can achieve a significantly enhanced return. This is done as part of portfolio management. The risk of rates going above Libor on a small part of the portfolio (and therefore none, or little payment on a range accrual) will be offset by the fact that the rest of the portfolio will be returning more than expected. The key risk to a callable range accrual is obviously that the contractual Libor rate goes outside the specified range. It is possible to mitigate this risk by analysing the historical behaviour of any specified Libor relative to base rate. By taking a view on expected base rate (which is done on all deposits), a lender can minimise exposure, and choose a range to match his risk appetite.</p>
<p>Risk</p>	<p><u>Counterparty Credit Risk</u> The risk that a counterparty defaults on its obligations.</p> <p><u>Inflation Risk</u> The risk that growth in the Authority's investment income does not keep pace with the effects of inflation on its expenditure.</p> <p><u>Interest Rate Risk</u> The risk that changes in rates of interest creates an unexpected or unbudgeted burden on the Council's finances.</p> <p><u>Liquidity Risk</u> The risk that cash will not be available when it is needed.</p> <p><u>Operational Risk</u> The risk of loss through fraud, error, corruption, system failure or other eventualities in treasury management dealings, and failure to maintain effective contingency management arrangements.</p>

	<p><u>Refinancing Risk</u> The risk that the Authority is unable to replace its maturing funding arrangements on appropriate terms.</p>
<p>Set Aside Capital Receipts</p>	<p>A proportion of money received by the Council for the sale of fixed assets must be set aside to repay debt.</p>
<p>Snowball</p>	<p>A Snowball deposit takes a 'bearish' view on rates, i.e. that rates are going to fall faster (or rise slower) than the market expects. If this view proves correct, the interest coupon will increase or 'snowball'. The snowball can be a useful tool for protecting a portfolio against falling cash yields. The coupon for the first period is set at a fixed level on the trade date. Subsequent coupons then increase (or decrease) depending on how rates have actually moved over time, in comparison to a 'strike' level, which is also determined on the trade date. The lender can choose the initial coupon, strike levels, and as for the Callable Range Accrual; the non-call period, the rate you wish to use and the call periods (snowballs may be issued as either callable or non-callable). Note that the coupon amount is determined at each payment date, rather than accruing on a daily basis.</p> <p>To illustrate how this works, consider the following (hypothetical) example: Libor is currently at 6% and the market expects rates to remain there <i>but</i> you believe rates will fall to 5.50%. You invest in the following snowball deposit paying you an initial Coupon of 7% for 3 months. Subsequent coupons are calculated as follows every quarter:</p> <p>Previous Coupon + 6.25% - Libor (where 6.25% is your chosen strike level) So let's consider what happens for the next coupon if Libor does fall to 5.50%. It would be: $7\% + 6.25\% - 5.50\% = 7.75\%$</p> <p>On the other hand, if Libor instead rises to 6.50% the coupon would be: $7\% + 6.25\% - 6.50\% = 6.75\%$</p> <p>So the coupon rises if Libor falls below your strike level or falls if Libor rises above the strike. To complete the picture and to move on to the third coupon, the calculation, taking the first of the above alternatives, would be: $7.75\% + 6.25\% - \text{Libor}$</p> <p>If Libor fixes below 6.25%, the coupon continues to rise, or snowball. The key risk to a snowball is that the specified Libor rate goes against the interest view of the lender. If this scenario continues through many call periods, the rate may snowball in reverse, or melt away. There would be an opportunity to reschedule the loan, but this would probably be at a punitive</p>

	<p>rate if rates were expected to go with the borrowers. As with range trade accruals, the risk of rates going above Libor on a small part of the portfolio (and therefore reduced payment on a snowball), will be offset by the fact that the rest of the portfolio will be returning more than expected.</p>
SORP	<p>Statement of Recommended Practice, published by CIPFA (Local Authority Accounting Body). This sets out guidelines regarding the Council's financial matters.</p>
Specified/Non Specified investments	<p>Specified investments are sterling denominated investments for less than 364 days as identified in Appendix A in line with statutory investment regulations. Non- specified investments are all other investments identified in Appendix A in line with statutory investment regulations.</p>
Supranational Bonds	<p>These are bonds issued by institutions such as the European Investment Bank and World Bank. As with Government bonds (Gilts) they are regarded as the safest bond investments with a high credit rating.</p>
Temporary Borrowing and Investment	<p>Loans which are capable of being repaid within one year. The term of the loans will be negotiated from overnight to 364 days.</p>
Treasury Management	<p>Treasury management has the same definition as in CIPFA's code of Practice of Treasury Management in the Public Services.</p> <p>"The management of the organisation'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."</p>
Yield Curve	<p>The line resulting from portraying interest rate graphically for a series of periods, e.g. 7days, 1month, 3, 6, 9, and 12months. When longer-term interest rates are higher than short-term rates the yield curve slopes upwards and is described as positive. When the opposite prevails the yield curve is referred to as inverse.</p>

APPENDIX D

Fitch International Long-Term Credit Ratings

International Long-Term Credit Ratings (LTCR) may also be referred to as Long-Term Ratings. When assigned to most issuers, it is used as a benchmark measure of probability of default and is formally described as an Issuer Default Rating (IDR). The major exception is within Public Finance, where IDRs will not be assigned as market convention has always focused on timeliness and does not draw analytical distinctions between issuers and their underlying obligations. When applied to issues or securities, the LTCR may be higher or lower than the issuer rating (IDR) to reflect relative differences in recovery expectations. The following rating scale applies to foreign currency and local currency ratings:

Investment Grade	Definition
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.
Speculative Grade	Definition
BB	Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met.

	Securities rated in this category are not investment grade.
B	<p>Highly speculative.</p> <ul style="list-style-type: none"> • For issuers and performing obligations, 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment. • For individual obligations, may indicate distressed or defaulted obligations with potential for extremely high recoveries. Such obligations would possess a Recovery Rating of 'RR1' (outstanding).
CCC	<p>For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic conditions.</p> <ul style="list-style-type: none"> • For individual obligations, may indicate distressed or defaulted obligations with potential for average to superior levels of recovery. Differences in credit quality may be denoted by plus/minus distinctions. Such obligations typically would possess a Recovery Rating of 'RR2' (superior), or 'RR3' (good) or 'RR4' (average).
CC	<p>For issuers and performing obligations, default of some kind appears probable.</p> <ul style="list-style-type: none"> • For individual obligations, may indicate distressed or defaulted obligations with a Recovery Rating of 'RR4' (average) or 'RR5' (below average).
C	<ul style="list-style-type: none"> • For issuers and performing obligations, default is imminent. • For individual obligations, may indicate distressed or defaulted obligations with potential for below-average to poor recoveries. Such obligations would possess a Recovery Rating of 'RR6' (poor).
RD	Indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honour other classes of obligations.
D	<p>Indicates an entity or sovereign that has defaulted on all of its financial obligations. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure of an obligor to make timely payment of principal and/or interest under the contractual terms of any financial obligation;

	<ul style="list-style-type: none"> • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of business of an obligor; • The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.
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Fitch International Short-Term Credit Ratings

The following ratings scale applies to foreign currency and local currency ratings. A Short-term rating has a time horizon of less than 13 months for most obligations, or up to three years for US public finance, in line with industry standards, to reflect unique risk characteristics of bond, tax, and revenue anticipation notes that are commonly issued with terms up to three years. Short-term ratings thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

Short Term Rating	Current Definition
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.
B	Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favourable business and economic environment.
D	Indicates an entity or sovereign that has defaulted on all of its financial obligations.

Appendix E

Active Internal Credit Counterparty List (as at 9th February 2009)

1	Abbey National plc
2	Alliance & Leicester
3	Bank of Scotland
4	Barclays Bank
5	Clydesdale Bank
6	Coventry Building Society
7	HSBC Bank
8	Leeds Building Society
9	Lloyds TSB
10	Nationwide Building Society