

BUDGET REPORT OF THE CABINET

MEDIUM TERM FINANCIAL STRATEGY

Introduction

1. This report relates to the Cabinet's consideration of the 2008 Medium Term Financial Strategy (MTFS) which has the following four main elements:
 - 2008/09 revenue budget
 - 2009/10 and 2010/11 provisional revenue budgets
 - 2008/09 to 2010/11 capital programme
 - Financial strategies and policies including the capital strategy, treasury management and annual investment strategy, financial performance indicators and reserves policy.
2. The Strategy will be updated and rolled forward each year at the budget setting time.
3. Supporting this report are the following appendices (which are set out on pages B1 to B103 at the end of this Council Report booklet)

Summary Revenue Budget 2008/09	Appendix A (Buff Paper)
Three year revenue budget projection	Appendix B
Detailed Revenue Budget 2008/09	Appendix C
Growth and Savings	Appendix D
Area Based Grant	Appendix E
Capital Programme	Appendix F (Green Paper)
Prudential Indicators	Appendix G
Capital Strategy	Appendix H
Risk Management Strategy	Appendix I
Reserves Policy	Appendix J
Reserves	Appendix K
Financial Management Performance Indicators	Appendix L
Council Tax and Precept	Appendix M
Treasury Management Strategy and Annual Investment Strategy	Appendix N
Environmental Strategy	Appendix O
Comments of the Scrutiny Commission and Scrutiny Committees	Appendix P
Letter from Minister for Local Government on council tax	Appendix Q

Medium Term Financial Strategy 2008/09 to 2010/11

4. The proposed MTFFS has been developed from the current strategy approved by the Council in February 2007 and has the following key elements:-
- Reducing council tax increases
(3.9% in 2008/09 and 3.5% in 2009/10 and 2010/11. The previous MTFFS assumed increases of 4% in 2008/09 and 2009/10).
 - Retaining previously agreed savings
(e.g. supported accommodation, school transport charges, adult social care charges and capitalisation of highways maintenance).
 - Incorporating challenging efficiency targets (see paragraph 69 below)
(2% in 2008/09, 3% in 2009/10 and 2010/11. The previous MTFFS assumed 1.4% in 2008/09 and 2009/10).
 - Providing resources for service improvements including, in particular, the LAA.
5. The medium term revenue budget is summarised in Appendix B to this report (page B2).

Formula Grant

6. The final formula grant settlement for 2008/09 was published on 24 January by the Government and the changes are summarised below:

Final Settlement Formula Grant	£92.769m
Change from provisional	£-0.063m
Increase on adjusted 2007/08 grant	£4.399m (4.98%)

7. Apart from incorporating minor data changes, the main change from the provisional settlement relates to the treatment of the increase in the cost of family law court proceedings. This should have been included in the adjustments to the 2007/08 grant figure which is used in the damping system to calculate final grant entitlements for 2008/09.
8. The effect of now including it in the base means that 'floor' authorities receive an increase in the grant, which is paid for by reductions to the grant entitlement of non floor upper tier authorities.

Budget Consultation

9. Consultation on the MTFs has been undertaken through a leaflet, available in libraries etc. This was sent to the County Council's Citizens' Panel and was also available on-line. The deadline for responses was 6 February 2008. An MIS has been circulated summarising the results. Over 80% of respondents agreed with the approach to the MTFs.

Results of Scrutiny Process

10. The scrutiny committees and Scrutiny Commission received reports on the revenue budget and capital programme proposals. Copies are available on request from Mr Pitt, telephone 0116 3056034. The comments arising from meetings of scrutiny bodies are attached as Appendix P to the report (pages B83 to B101).

Changes to the Budget and Capital Programme proposed in January

11. The changes now incorporated in the proposed 2008/09 revenue budget to reflect the latest information are set out below:-
- The council tax collection fund deficit has decreased by £95,000 reflecting the final figures received from the District Councils.
 - The reduction in Formula Grant £63,000 in the final settlement.
 - The removal of the saving relating to the County Hall Library £10,000 (£25,000 from 2009/10).
 - Cabinet approval of £50,000 for the Tree Planting Programme.
 - An additional £150,000 for family law fees relating to Children and Young People's Services.
 - Other minor changes in the revenue and capital programme to reflect latest information.
 - Changes announced in the Leader's Statement to the meeting of the Cabinet on 11 February 2008 (the Statement is set out below for the convenience of members).

"LEADER'S RECOMMENDATIONS

I propose the following amendments to the budget following comments made in the scrutiny committees:-

	2008/9 £000
<i>Contribution to the Leicester Arts Centre ("Curve") for three years to ensure benefits for County residents.</i>	150
<i>Contribution to a feasibility study into the development of</i>	50

Castle Park, Leicester (2008/9 only)

Provision to incentivise better working with districts on highways environmental maintenance 100

In addition I propose to include provision for the Youth Impact Project which was discussed at the Scrutiny Commission 200

It is proposed that the cost of the above (£500,000 in 2008/9) is met from the provision of £822,000 for service improvements/LAA but that part of the underspending in the current year be used to ensure that at least £500,000 is available in 2008/9 to fund LAA priorities.

Furthermore I suggest that it would be appropriate to utilise the reduction in the Flood Defence Levy of £60,000 in 2008/9 (£100,000 in a full year) to fund Climate Change work including an assessment of the County Council's carbon footprint, a risk assessment on the impact of climate change and a dedicated post to help tackle this major problem.

12. The overall effect has been to reduce the provision for service improvements including the LAA to £322,000.

Schools

13. The Schools (Funding) Forum will consider the Schools Budget proposals at its meeting on 28 February 2008.
14. The budget proposals provide for the Schools Budget to be set at the level of Dedicated Schools Grant (DSG) received from the Department for Children, Schools and Families (DCSF). No additional budget support from County Council resources is provided in the MTFs.
15. As with the Local Government Finance Settlement, 3 years DSG information is available. The allocation methodology for the grant remains at 'Spend Plus' which is the per pupil level of expenditure for 2005/06 incrementally increased on an annual basis. There is commitment from the DCSF to introduce a formula driven allocation for DSG from 2011 and a consultation exercise for the terms of reference for the review has been undertaken.
16. Leicestershire receives a settlement above the national increase for 2008/09, the following table provides the per pupil headline increases;

	2008/09	2009/10	2010/11
Leicestershire	4.9%	3.7%	4.3%
National Increase	4.6%	3.7%	4.3%
Shire County Average	4.6%	3.7%	4.2%
Minimum Increase	3.1%	2.9%	2.9%

However, Leicestershire remains the lowest funded authority in England for each of the next three years.

17. The indicative level of DSG published by the DCSF for 2008/09 is £326.700m, with a per pupil value of £3,595.88. However, the local assessment of pupil numbers suggests that grant will reduce to £325.140m for 2008/09, this is consistent with the situation for both 2006/07 and 2007/08 where the DCSF over projected pupil numbers. Grant for 2009/10 and 2010/11 will be reassessed following the receipt of pupil numbers in late January, but the per pupil values of £3,728.05 for 2009/10 and £3,887.56 for 2010/11 are fixed.
18. The funding settlement includes additional funding for ministerial priorities. This is in addition to additional funding for Personalised Learning and SEN (£4.064m/£2.522m/£4.634m) and also for Pockets of Deprivation £1.335m (2008/09 only). The Schools (Funding) Forum will decide on the distribution of this additional funding.
19. For the first time there is a requirement for schools to contribute to the efficiency agenda. This will be achieved by the DCSF setting the Minimum Funding Guarantee for Individual Schools Budgets 1% lower than their calculation of school level cost pressures. For each of the three years of the settlement the DCSF have set the Minimum Funding Guarantee (MFG) at 2.1% for all school phases. As MFG is calculated on a per pupil basis schools may not see an overall increase in their budget of 2.1%.

2008/09 Budget Summary

20. The proposed 2008/09 budget of £313.8m excluding DSG is summarised below in Table 1 and is set out in more detail in Appendix A (page B1 - buff paper).

Table 1

	2008/09 £m	% Increase
Services base budget including inflation	272.3	
Add growth	19.1	
Less savings	(6.9)	
	284.5	
Central Items	29.3	
Total Expenditure	313.8	4.4
Funding		
Formula Grant	92.8	5.0
Council Tax	221.0	3.9*
	313.8	4.4%

* Council tax increase excludes council tax base increase.

2008/09 Inflation and Other Changes

21. The budget is based on outturn prices and the following general inflation assumptions:-

Pay @2.5%
 Additional employers' pension contributions @ 1.2% of pay
 Running costs @ 2.5%
 Income @ 2.7%

Overall inflation (excluding schools) is expected to be £6.9m. Where inflation exceeds the general inflation assumptions this is shown as a growth bid.

22. The budget includes the full year effect of growth and savings decisions taken as part of the budget setting process in previous years, where proposals were due to start in 2007/08 on earlier years and takes account of budget transfers.

Growth

23. In total £19.1m (excluding schools) has been included in the 2008/09 budget to meet demand and cost increases, reduced income and for service improvements.
24. Details of growth items are shown in Appendix D to this report (pages B16 to B20). The main growth items are summarised below:-
- (a) Transfer of specific grants into formula grant £8.4m
 - (b) Adult Social Care (£4.2m) including independent home care £1.2m, direct payments £1.3m and residential learning disabilities £0.7m.
 - (c) Waste (£3.7m) including increased landfill tax £1.4m and for the implementation of the waste strategy £1.8m, including support for the new procurement arrangements for the waste infrastructure.
 - (d) General provision for service improvement and LAA priorities of £0.3m.

Savings

26. The budget includes savings of £6.9m comprising efficiencies of £5.6m (1.7%) and other savings of £1.3m. Appendix D to this report (pages B16 to B20) shows the savings in detail.

Central Items

26. The main change is that bank and other interest has increased by £0.5m reflecting higher cash balances and interest rates. Capital financing costs are expected to increase by £1m to reflect the need to finance additional supported borrowing and higher interest rates on certain market loans.

Corporate Change Programme

27. In the current year, £9.5m of resources have been made available for change management projects from various sources, primarily the PSA reward grant, the Local Authority Business Growth Incentive Scheme and reserves.
28. Given the planned implementation timetable for the various projects making up the programme, most of this resource will need to be carried forward to 2008/09 and 2009/10.
29. Ongoing revenue budgets of just over £1m per annum have previously been transferred to fund the Change Programme along with £1.3m already allocated as part of the existing capital programme for 2008/09 and 2009/10. The current MTFS allocates a further £1.2m in 2009/10 to meet the up front capital investment costs of the programme.
30. Over a five year period up to 2010/11, it is planned that £27m will have been spent on the change programme. The programme is about delivering both efficiencies and service improvements. Of this investment, £14m relates to the efficiency programme which is expected to generate £26m of cumulative efficiency savings over this period. Beyond 2010/11, ongoing net savings of £6m per annum are expected to be realised across the change programme as a whole.

Sustainable Community Strategy (SCS) and Local Area Agreement (LAA)

31. The MTFS needs to take account of the LAA and the SCS. However, timescales are a problem for 2008/09 with the LAA not due to be finalised until June 2008 in accordance with the Government's timetable. Therefore, a general provision has been made for funding LAA priorities. A financial strategy is being developed alongside the LAA and the Strategic Senior Officer Group agreed the following principles:
- Organisations will co-operate financially to align/pool and maximise resources to achieve LAA outcomes for Leicestershire.
 - Organisations will co-operate to ensure public services are delivered in the most cost effective way.

- Organisations will align/pool their local area based expenditure to take account of the views of the community forums.
- Disinvestment from existing priorities funded by the area based grants shall be planned with reasonable lead times.
- Financial planning should cover the medium term.

32. The area based grant is detailed in Appendix E to this report (page B21).

Capital Programme 2008/09 – 2010/11

33. The proposed programme is summarised in the table below and shown in detail in Appendix F to this report (pages B22 to B43 – green paper).

Table 2 Capital Programme 2008/09 to 2010/11

	2008-09	2009-10	2010-11
	£m	£m	£m
CYPS	49,189	54,546	43,151
Highways and Transportation	31,583	24,490	19,822
Waste Management	1,050	1,850	1,800
Community Services	2,103	935	3,080
Adult Social Care	903	1,500	1,235
Resources	2,245	1,475	1,175
Chief Executive's	125	125	125
Other Corporate	1,690	4,127	487
Total	88,888	89,048	70,875

34. The CYPS and Transportation programmes are based upon the full use of Government resources, either in the form of supported borrowing or capital grant to those particular services.
35. The remainder of the programme has been compiled on the basis of departmental bids and subsequent appraisal against corporate priorities, realistic cost and delivery timescales detailed in the Capital Strategy Appendix H (pages B48 to B52). It does not take into account the review of the full building asset base currently being undertaken by Property Services in conjunction with departments. The results of these reviews will begin to influence the compilation of the Capital Programme and the premises component of revenue budgets in the future.
36. The programme may be amended in its later years as a result of the successful bid to the Government by the 6Cs (3 Cities and 3 Counties) for public infrastructure to support new housing growth.

37. The following table sets out the how the Capital Programme will be financed by the County Council:-

Table 3 Capital Resources 2008/09-2010/11

	2008-09 £m	2009-10 £m	2010-11 £m
<u>Central Government</u>			
<u>Supported Borrowing</u>			
CYPS			
Schools	7,706	11,706	5,771
Other	60	60	59
Transport	12,425	14,699	16,115
Adult Social Care	332	332	332
<u>Grant</u>			
CYPS			
Schools	29,276	33,426	33,297
Other	5,946	5,149	4,068
Transport	12,413	4,771	2,953
Waste Management	967	1,414	418
<u>Third Party Contributions</u>			
Major Developer	2,825	4,835	350
Other	3,010	1,218	97
<u>Capital Receipts</u>	1,908	10,762	6,033
<u>Other</u>			
Reserves	835	436	1,382
Revenue contribution	2,245	0	0
Resources b/fwd	8,940	240	0
Total	88,888	89,048	70,875

38. No use of prudential borrowing is envisaged to fund the programme except for 'invest to save' schemes.
39. Using a more corporate approach to Asset Management Planning, the County Council will continue to maximise capital receipts over the medium term in order both to minimise the need for prudential borrowing and to finance capital investment in priority services.
40. The proposed programme is summarised below:-
- Children and Young People
41. The CYPS programme will focus on the following priority areas:-

- Replacement and refurbishment of schools in Melton Mowbray and the Vale of Belvoir to implement the review of secondary schools in those areas.
- Capital works on primary schools from 2009/10, funded from a new DCSF programme.
- Phase 3 of the Government's Children's Centre and early years programmes.
- Continue a programme of adding new and replacing mobile classroom accommodation.
- Continue a programme of modernisation including the replacement of sewage works at Markfield South Charnwood High.
- Targeted Capital Grant – further advice is waited from DCSF upon the priorities for this new funding stream.

Transportation

42. The key influence on this programme is the second Local Transport Plan (LTP) (2006-2011). The LTP settlement has resulted in an increased allocation of £1.5m in 2008/09 compared with the draft programme set last year. The largest increase has arisen in the allocation for capital maintenance as a result of changes to formula for the distribution consulted upon last year. This largely reinstates the reduction to this programme incorporated in the 2007/08 year's allocation. Total resources increase by £4m in 2009/10 and include £1.5m for two railway bridge strengthening schemes on the A607. In addition, the programme incorporates the cost of the construction of the Earl Shilton bypass which was given final approval by the Department for Transport (DfT) in June last year.
43. Other key elements of the Transportation programme include:-
- The design costs for the proposed Town Centre Improvement Project for Loughborough which is currently the subject of a bid to the DfT for programme entry. A decision is expected early in 2008.
 - The settlement will provide some of the resources for an earlier than anticipated start to the Park and Ride facility in Enderby/Narborough which is a joint project with the City Council and has been included in 2008/09.
 - There are also continued negotiations with the developer for the Birstall Park and Ride scheme which is included for 2008/09.

- The extension of the highways depot at Croft is included in 2008/09; it is proposed that underspends from previous years and reserves will finance this additional scheme.
- There is a continued demand for street lighting replacement and provision is included in each year of the capital programme.

Waste Management

44. The main priority is waste infrastructure, including modernising recycling and household waste sites at Sileby, Lount and Kibworth. There is still a need for general improvements to existing sites to assist in the diversion of waste from landfill.

Adult Social Care

45. The focus of the programme continues to be largely devoted to the redevelopment of the learning disabilities service and the provision of a day care facility for older people in Charnwood. This scheme previously featured in the 'future development' list but due to the decreasing economic life of the existing day centre it has been included in 2010/11. However, if the current mobile accommodation requires replacement before an alternative site has been identified, funding will need to be made available earlier.
46. Other projects include a new 'voice over the internet phone' system for the remaining remote offices which do not have this facility. No specific schemes for 'Extra Care' have been included at this stage until further information is available.

Community Services

47. The investment in libraries includes: Oadby library, Newbold Verdon library (funded from the 'Big Lottery'), Leicester Forest East library, and contributions to Melton library and a multi use access centre at Lutterworth to include a library.
48. Other schemes include repairs to the Snibston Colliery building and contributions to both the Watermead visitor centre and the Melton Carnegie Museum development.

Resources

49. The major component of the programme over the three years is £2.4m for ICT investment. There is a continuing need for investment in County Farms and Risk Management and this has been included. Also incorporated is £100,000 for essential Disability Discrimination Act (DDA) works required at Beaumanor Hall.

Other Corporate

50. An allocation is included for the Corporate Change Management Programme. This is for a variety of projects. The programme is continuously being updated as new business cases are developed.

Future Developments

51. A list of schemes under the title 'Future Developments' has been included in the programme. These are schemes where funding is not currently available and further feasibility work is required.

Robustness of Estimates and Adequacy of Reserves

52. The Local Government Act 2003 requires the Council's Chief Finance Officer (for Leicestershire this is the Director of Corporate Resources) to report on:-
- (a) The robustness of the estimates included in the budget; and
 - (b) The adequacy of the proposed financial reserves.

Robustness of Estimates

53. The Director of Corporate Resources provides detailed guidance notes for departments to follow when producing their budgets. As well as setting out certain assumptions such as inflation, these notes set a framework for the effective review and compilation of budget estimates. As a result, all estimates have been reviewed by appropriate staff in departments. In addition, each Departmental Head of Finance has identified the main risk areas in their budget and these have been evaluated by the Director of Corporate Resources. In producing the budget due account has been taken of the Risk Management Strategy set out in Appendix I to this report (pages B53 to B63).

County Fund

54. The forecast balance on the County Fund at the end of 2007/08 is £8.5m, which represents 2.7% of the budget (excluding schools' delegated budgets). At present, it is assumed that the underspend in 2007/08 will be either treated as carry forwards for services or used to establish earmarked reserves for specific purposes. The policy continues to be to maintain a level of County Fund consistent with the inherent risks faced by the County Council.
55. The main risks faced by the Council over the medium term are:-
- Demand led budgets overspending, mainly those relating to waste and adults' social care.

- Non achievement of efficiency and other savings included in the budget (at this stage it is proposed to maintain a contingency of £2.85m for 2009/10 and £6.09m for 2010/11 pending identification of detailed efficiency savings).
 - Non achievement of capital receipts that are factored into the capital programme.
 - Non-achievement of income level.
 - Other unforeseen events.
56. If the County Fund exceeds the risk assessed level it should be used in the first place to fund non-recurring expenditure. The policy for both the County Fund and earmarked reserves is set out in Appendix J to this report (pages B64 and B65).

Earmarked Reserves

57. Other reserves and balances have been reviewed. Appendix K to this report (page B66) gives the details. The expected balances as at 31st March 2008 have been estimated. The extent to which the balances will be used in the medium term has also been estimated where possible.
58. There is obviously a great deal of uncertainty in terms of the expected movement on the balance of some reserves over the medium term. For example, one of the largest reserves is for Insurance. The amount that will be required to settle claims in any one year varies significantly and therefore it is not possible to project forward balances with any certainty.

School Balances

59. Local Management of Schools allows schools and colleges to retain their accumulated balances in relation to delegated budgets.
60. Balances carried forward from 2006/07 totalled £19.8m of which the uncommitted sum as analysed by schools under the consistent financial reporting requirements of the DCSF, totalled £6.7m.
61. In part as a response to DCSF guidance on schools balances the Schools (Funding) Forum has approved a scheme to restrict the level of the uncommitted balances to within certain limits over a three year period. Schools should not increase their level of uncommitted balances over this monitoring period, any such increase would be subject to a clawback arrangement.

Summary

62. Having taken account of the overall control framework, budget provisions included for inflation and growth to reflect spending pressures, assurance can be given that the estimates are considered to be robust and take account of the key factors that influence expenditure patterns.

63. Given the basis on which the budget is prepared, taking account of the main risks faced by the County Council, making an allowance for potential unforeseen eventualities and the continuing focus on financial control, the level of reserves including the County Fund is considered to be adequate.
64. The Cabinet and Scrutiny Commission receive regular revenue and capital monitoring reports as well as budget and outturn reports and external audit reports. In addition, further financial governance reports are considered by both the Corporate Governance Committee and Constitution Committee. This reporting enables members to satisfy themselves about both the financial management and standing of the County Council. These reports will continue but will be supplemented by performance indicators and targets set out in Appendix L to this report (pages B67 and B68).

Council Tax

65. The proposed budget for 2008/09 is based on a 3.9% Council Tax increase. This will result in Council Tax for a Band D dwelling increasing from £970.02 to £1,007.85.
66. The Government has made it clear that it expects average Council Tax increases to be substantially less than 5%. It has been explicit in its threat to use its reserve powers to cap authorities that it considers have been excessive in their proposed Council Tax increase. A letter from the Minister for Local Government is attached as Appendix Q to this report (pages B102 and B103).

Medium Term Position

67. The MTFS takes account of the overall funding position, the main expenditure pressures and investment in priorities over the next three years.
68. The main cost and risks over the medium term continue to be Waste, Adult and Children's Social Care and delivering efficiency savings.
69. On the face of it the position for the second and final years of the Strategy appears to be reasonable but it is likely that the spending pressures will be greater, especially in 2010/11. A key risk for these years is the ability to deliver the planned level of efficiency savings. A contingency has been provided against the possibility of not all of them being achieved. This could also be used for expenditure on invest to save and redundancy costs which are likely to be considerable if the required efficiency savings are to be met. If this is not required in practice, it can be used to reduce council tax and/or improve services.

Investment Strategy 2008/09

70. An Investment Strategy must be approved in advance of each financial year by the full Council. Appendix N to this report (pages B70 to B77) sets out the combined Treasury Management and Investment Strategy for 2008/09.
71. The range of investment options for which approval is sought is identical to those approved last year, although there has been a change to the maximum limit that can be placed into any AAA-rated Money Market fund. The Treasury Policy Statement lays out the types of organisation to which the Council is authorised to lend, and this is unchanged from that approved for 2007/2008.

Treasury Management Strategy 2008/09

72. Key elements of the Treasury Management Strategy can be summarised as follows:-
- (i) The Council has a requirement to borrow a total of approximately £27m over the next three years to finance capital expenditure. It is possible that this funding will be taken in advance if rates become particularly attractive or alternatively it may be more advantageous to meet capital expenditure using revenue balances in the short term.
 - (ii) The Council's 'lender of choice' has been previously the Public Works Loan Board. However, recent changes to its pricing policy means that the early repayment of debt is now very costly and makes other sources of finance more attractive. For this reason approval is sought to increase the Prudential Limits on variable rate loans from 30% to 35%.
 - (iii) Borrowing and lending strategies must retain significant flexibility if long-term net interest costs are to be minimised.
 - (iv) The credit ratings of the institutions to whom the Council will lend remain very high, and the risk of default is considered to be extremely low.

Environment Strategy 2008/09

73. The Environment Strategy is set out in Appendix O to this report (pages B78 to B82) and the MTFs includes provision for initiatives such as:
- An Energy and Water Strategy
 - Projects relating to flexible and mobile working
 - Reduction of waste
 - Sustainable procurement

- Environmental improvements

Equal Opportunities Implications

74. Many aspects of the County Council's budget are directed towards the needs of disadvantaged people. Proposals will be subject to race equality impact assessments where necessary.

Consideration by Cabinet

75. As indicated above, the Cabinet's proposals for the revenue budget and capital programme were the subject of reports to the Scrutiny Commission and Scrutiny Committees. The comments of these bodies are set out in Appendix P to this report (pages B83 to B101).
76. At its meeting on 11th February, 2008, the Cabinet considered its proposals further having regard to the views of scrutiny bodies and other developments. The recommendations of the Cabinet are contained in the motion which appears below.

(Motion to be moved

- a) **That subject to the items below, approval be given to the MTFs which incorporates the recommended revenue budget for 2008/09 totalling £313,756,610, as set out in Appendix A to the report and includes the growth and savings for that year as set out in Appendix D thereto;**
- b) **That approval be given to the projected revenue budgets for 2009/10 and 2010/11, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix D thereto and to the undertaking of such preliminary work, including consultation, as may be necessary towards achieving the savings specified for those years;**
- c) **That the level of reserves as set out in Appendix K to the report be noted;**
- d) **That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2008/09 be as set out in Appendix M to the report;**
- e) **That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;**
- f) **That approval be given to the 2008/09 capital programme as set out in Appendix F to the report;**

- g) That approval be given for planning and design purposes for the 2009/10 and 2010/11 capital programmes as set out in Appendix F to the report subject to arrangements within the Financial Procedure Rules and Standard Financial Instructions to allow commencement before the planned programme year or the adoption of substitute schemes;
- h) That the financial indicators required under the Prudential Code set out in Appendix G to the report be noted and that the following limits be approved:-

	2008/09	2009/10	2010/11
	£m	£m	£m
Authorised limit for external debt			
i) Borrowing	411.0	434.0	436.0
ii) Other long term liabilities	0.2	0.2	0.1
TOTAL	411.2	434.2	436.1
Operational boundary for external debt			
i) Borrowing	391.0	414.0	415.0
ii) Other long term liabilities	0.2	0.1	0.1
TOTAL	391.2	414.1	415.1

- i) That the Director of Corporate Resources be given delegated authority to effect movement within the authorised limit for external debt between borrowing and other long term liabilities;
- j) That the following borrowing limits be approved for the period 2008/09 to 2010/11:-
- (i) Upper limit on fixed interest exposures 100%
 - (ii) Upper limit on variable rate exposures 35%
 - (iii) Maturity of borrowing

	Upper Limit	Lower Limit
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
18 years and above	100	25

- k) **That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2008/09, subject to the above prudential limits;**
- l) **That the Capital Strategy, Risk Management Strategy, Reserves Policy, Treasury Management and Annual Investment Strategy and Environment Strategy set out respectively in Appendices H, I, J, N and O to the report be approved.)**

11 February, 2008

D R Parsons
Leader of the Council

Background Papers

Report of the Director of Corporate Resources to the meeting of the Cabinet on 11th February, 2008 on the Medium Term Financial Strategy.