



COUNCIL - BUDGET

Council Summons and Agenda

You are hereby summoned to attend an **Extraordinary Meeting of Ryedale District Council** to be held in the **Council Chamber, Ryedale House, Malton** on **Monday 22 February 2010 at 6.30 pm** in the evening for the transaction of the following business, after Prayers:

Agenda

Emergency Evacuation Procedures

1 **Apologies for absence**

2 **Public Question Time**

3 **Urgent Business**

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972 (as amended).

4 **Declarations of Interest**

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

In relation to prejudicial interests and setting the Council's annual budget, Members are advised that they have the benefit of an exemption regarding

prejudicial interest under paragraph 10(2)(c)(vi) of the Members' Code of Conduct. This provides that a Member does not have a prejudicial interest in any business of the authority where that business relates to the functions of and I quote "setting the Council Tax or a precept under the Local Government Finance Act 1992".

Guidance from the Standards Board is that the exemption covers Members for most Council budget-setting meetings which do not actually involve a decision to consider whether to hand over money, usually in the form of grants, for organisations that form one or more of the Member's personal interests and for which specific budgetary provision has been made, or is being made.

Therefore, in relation to Members who are on outside bodies, Members are advised that just setting aside money in an annual budget for an organisation is a function that relates to setting Council Tax and so qualifies for the exemption.

No Member has a prejudicial interest in motions, which call on Members to adopt the budget with details, which are set out in an officer report. These general motions are clearly part of the Council Tax-setting process.

5 **Announcements**

To receive any announcements from the Chairman and/or the Head of Paid Service

6 **Setting of Council Tax 2010/2011**

(Pages 1 - 10)

Annex A and Annex B are attached, Annex C is to follow

With reference to Minute No. 66 (Financial Strategy 2010/2011) of the Special Policy & Resources Committee (Budget) held on 4 February 2010 (copy attached), Councillor Wainwright, Chairman of the Policy & Resources Committee, will move:-

I **Budget 2010/2011**

That the revised revenue estimates for the year 2009/2010 and the revenue estimates for 2010/2011, as submitted in the Council's Finance Strategy and Revenue Budget 2010/2011 Book be approved (copy enclosed).

II **Council Tax Base**

That it be noted that, in accordance with Minute No. 363(d)/2005 of the Policy & Resources Committee held on 8 December 2005, which was subsequently approved by Council at its meeting on 12 January 2006, Ryedale District Council has (pursuant to Section 101 of the Local Government Act 1972) delegated responsibility to adopt the council tax base to the Chief Executive and Chief Finance Officer in consultation with the Chairman of the Policy & Resources Committee. The Council calculated the amounts for the year 2009/10 in accordance with regulations made under Section 33 (5) of the Local Government Finance

Act 1992 as set out in Annex A.

III **District/Parish Council Tax Rates**

That the following amounts be now calculated by the Council for the year 2010/11 in accordance with sections 32 to 36 of the Local Government Finance Act 1992 (The Act):

(a) **District/Parish Gross Expenditure**

£33,319,700 being the aggregate of the amounts, which the Council estimates for the items, set out in Sections 32(2) (a) to (e) of the Act.

(b) **Income**

£24,349,180 being the aggregate of the amount, which the Council estimates for the items set out in Sections 32(3)(a) to (c) of the Act.

(c) **District/Parish Net Expenditure**

£8,970,520 being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above calculated by the Council in accordance with section 32(4) of the Act as its Budget requirement for the year.

(d) **Government Grants and Collection Fund Surpluses** £4,570,347 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with Regulation 4(7) of the Local Government Changes for England (Collection Fund Surpluses and Deficits) Regulations 1995, and reduced by the amount which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the Collection Fund (Council Tax Benefit) (England) Direction under Section 98 (5) of the Local Government Act 1988.

(e) **Basic amount of Tax (including Parish Precepts)**

£209.61 being the amount of 2(c) above less the amount at 2(d) above, all divided by the amount at Part I above calculated by the Council, in accordance with Section 33 (1) of the Act, as the basic amount of its Council Tax for the year.

(f) **Parish Precept and Special Expenses**

£690,460 being the aggregate amount of all special items referred

to in Section 34(1) of the Act.

(g) Basic Amount of Tax (excluding Parish Precepts)

£176.72 being the amount at 2(e) above less the results given by dividing the amount at 2(f) above by the amount given at Part I above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(h) Basic Amount of Tax in Parishes/Towns

The details for each Parish as shown in Annex B, column headed "Aggregate amount at Band D" being the amounts given by adding to the amount at 2(g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at Part I above, calculated by the Council, in accordance with Section 34(3) of the Act as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i) District/Parish Council Tax Rates

The details as shown in columns "A" to "H" of Annex B, being the amounts given by multiplying the amounts at 2(g) and 2(h) above by the number which, in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

IV County Council, Police and Fire & Rescue Authority Tax Rates (Provisional)

That it be noted that for the year 2010/11 precepting Authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

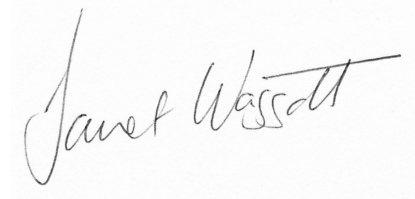
BAND	NORTH YORKSHIRE COUNTY COUNCIL	NORTH YORKSHIRE POLICE AUTHORITY	NORTH YORKSHIRE FIRE & RESCUE AUTHORITY
A	Subject to confirmation on 17	136.37	41.40
B		159.09	48.30
C		181.82	55.20

D	February	204.55	62.10
E	2010.	250.01	75.90
F		295.46	89.70
G		340.92	103.50
H		409.10	124.20

V Total Council Tax Rates

That having calculated the aggregate in each case of the amounts at 2(i) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts set out in Annex C as the amounts of Council Tax for 2010/11 for each of the categories of dwellings shown.

- 7 **Treasury Management Statement and Annual Investment Strategy Statement 2010/11** (Pages 11 - 36)
- 8 **Any other business that the Chairman decides is urgent.**



Miss J Waggott
Chief Executive

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**Extract from:
Policy & Resources Committee (Budget)**

Held at Ryedale House, Malton
on Thursday 4 February 2010

Present

Councillors Wainwright (In the Chair), Acomb, Arnold, Bailey, Knaggs, Legard, Maud and Woodward

Substitutes: Councillors Mrs De Wend Fenton and Keal

By Invitation of the Chairman: Councillors Andrews, Mrs Arnold, Clark, Mrs Cowling, Cussons, Mrs Frank, Raper and Mrs Shields

In Attendance

T Anderson, Mrs L Carter, P Cresswell, Mrs M Jackson and Miss J Waggott

Minutes

66 Financial Strategy 2010/2011

The Corporate Director (s151) submitted a report, which set out the budget for 2010/11, a proposed Council Tax level, the Financial Strategy, details of balances and reserves and the indicators under the Prudential Code for capital finance as required by the Local Government Act 2003.

At its meeting on the 1 October 2009 the Policy & Resources Committee set the budget strategy for the Council with the following parameters:

- (i) Proposals be brought forward for a 0% increase in Council Tax with options to increase beyond this through investment services;
- (ii) Increases in non-statutory fees and charges to be not less than 4%; and
- (iii) Efficiencies to be identified to meet the shortfall in Council finances and presented to the Resources Working Party.

The Corporate Director (s151) reported that details of the action taken and savings proposals had been presented to Members through the Resources Working Party on 18 November 2009, 13 January 2010 and the Budget Briefing on 20 January 2010.

The Financial Strategy set out the Council's financial position in the medium term in detail, including issues around the Local Government Finance

Settlement and efficiencies as well as the principles and procedures adopted by the Council to manage its finances to a high standard.

Monitoring of the 2009/2010 budget had taken place through the group leaders, Resources Working Party and the Policy & Resources Committee, which had received a Revenue Budget Monitoring report at the meeting on 3 December 2009.

The report detailed the following:

- Budget and Council Tax for 2009/10
- Capital Programme
- Special Expenses
- National Non-Domestic Rates (NNDR)
- Prudential Code
- Funds and Reserves
- Local Government Act 2003 - Section 25 Report

It was moved by Councillor Knaggs and seconded by Councillor Legard that the recommendations in the report be approved:

That the Council be recommended to approve:

- (i) The Council's Financial Strategy, detailed at Annex A of the report, which includes:
 - (a) The prudential indicators
 - (b) The revised capital programme
 - (c) Savings/efficiencies totalling £295,000
 - (d) Investment in priorities of £110,000
- (ii) a Revenue Budget for 2010/2011 of £8,280,060, which represents no increase in the Ryedale District Council Tax of £176.72 for a Band D property (note that total Council Tax, including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council)
- (iii) approve the special expenses amounting to £51,980
- (iv) the Capital Contingency Fund balance of £150,000 be transferred to the General Reserve.

Members discussed the report in detail and considered the budget pressures and savings proposals for 2010/2011 as outlined in appendix A to the Financial Strategy 2010-2014.

An amendment was moved by Councillor Keal and seconded by Councillor Mrs De Wend Fenton that the savings and efficiencies totalling £295,000 be

achieved as indicated in the report subject to the withdrawal of the proposal to cut the funding for the Festival of Fun and replacing it with:

- £5000 additional income identified in the budget
- £5000 saved by taking funding for North Yorkshire Credit Union from reserves
- A further £3000 saved by Members paying for teas.

Upon being put to the vote the amendment was lost.

An amendment was moved by Councillor Woodward and seconded by Councillor Keal that the provision of Members' teas before meetings be abolished thereby saving £10,000 in total, a further £3000 on the proposals within the officer recommendation.

Upon being put to the vote the amendment was carried.

Upon being put to the vote the motion to accept the recommendations as outlined in the report, as amended, was carried.

Resolved

That the Council be recommended to approve:

- (i) The Council's Financial Strategy, detailed at Annex A of the report, subject to the abolition of Members' teas, which includes:
 - (a) The prudential indicators
 - (b) The revised capital programme
 - (c) Savings/efficiencies totalling £295,000
 - (d) Investment in priorities of £110,000
- (ii) a Revenue Budget for 2010/2011 of £8,280,060, which represents no increase in the Ryedale District Council Tax of £176.72 for a Band D property (note that total Council Tax, including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council)
- (iii) approve the special expenses amounting to £51,980
- (iv) the Capital Contingency Fund balance of £150,000 be transferred to the General Reserve.

NB Councillor Woodward recorded his vote against the above recommendations.

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**RYEDALE DISTRICT COUNCIL TAX BASE FOR THE YEAR 2010-2011
BAND D EQUIVALENT TOTALS FOR TOWN AND PARISH AREAS**

Parish / Town	Band D Equivalent
ACKLAM	71.85
AISLABY MIDDLETON & WRELTON	313.45
ALLERSTON & WILTON	197.87
AMOTHERBY	150.60
AMPLEFORTH	360.95
APPLETON-LE-MOORS	95.35
APPLETON-LE-STREET	54.14
BARTON-LE-STREET	82.25
BARTON-LE-WILLOWS	90.73
BARUGHS AMBO	89.20
BEADLAM	101.75
BIRDSALL	81.03
BRANSDALE	29.50
BRAWBY	63.79
BROUGHTON	80.47
BULMER	96.08
BURYTHORPE	116.23
BUTTERCRAMBE	40.68
BYLAND WITH WASS & OLDSTEAD	115.12
CAWTON COULTON & GRIMSTONE	95.61
CLAXTON & SAND HUTTON	204.52
COLD KIRBY	49.42
CONEYSTHORPE	41.53
CROPTON	114.17
EBBERSTON & YEDINGHAM	253.94
EDSTONE	60.20
FADMOOR	54.02
FARNDALE EAST	46.93
FARNDALE WEST	47.58
FLAXTON	153.34
FOSTON & THORNTON-LE-CLAY	128.02
FOXHOLES with BUTTERWICK	89.58
GANTON with POTTER BROMPTON	91.74
GATE HELMSLEY & UPPER HELMSLEY	143.73
GILLAMOOR	69.25
GILLING EAST	102.11
HABTON	133.49
HAROME	119.77
HARTOFT	31.27
HARTON	37.54
HAWNBY	89.68
HELMSLEY	734.12
HENDERSKELFE	25.45
HESLERTON	162.79
HOVINGHAM & SCACKLETON	230.71
HOWSHAM	62.83
HUTTON-LE-HOLE	94.31
HUTTONS AMBO	127.40
KIRBYGRINDALYTHE	118.66
KIRBY MISPERTON	136.26
KIRKBYMOORSIDE	1219.40

LANGTON	42.22
LASTINGHAM	63.34
LEAVENING	140.22
LEVISHAM	50.24
LILLINGS AMBO	75.80
LOCKTON	126.17
LUTTONS	159.20
MALTON	1855.42
MARISHES	56.46
MARTON	98.81
NAWTON	251.97
NEWTON-ON-RAWCLIFFE & STAPE	125.63
NORMANBY	67.67
NORTON	2445.15
NUNNINGTON	123.31
OLD BYLAND & SCAWTON	72.54
OSWALDKIRK	126.03
PICKERING	2686.54
POCKLEY	42.91
RIEVAULX	40.44
RILLINGTON	410.77
ROSEDALE EAST & WEST	173.63
SALTON	36.11
SCAGGLETHORPE	99.45
SCAMPSTON with E & W KNAPTON	130.37
SCRAYINGHAM with LEPPINGTON	80.07
SETTRINGTON	145.51
SHERBURN	293.13
SHERIFF HUTTON with CORNBOROUGH	448.41
SINNINGTON	146.11
SLINGSBY	260.18
SOUTHOLME & FRYTON	35.65
SPAUNTON	35.49
SPROXTON	57.48
STONEGRAVE	44.30
SWINTON	209.65
TERRINGTON	239.69
THIXENDALE	77.84
THORNTON-LE-DALE	812.60
THORPE BASSETT	48.64
WARTHILL	115.74
WEAVERTHORPE	124.15
WELBURN (KIRKBYMOORSIDE)	34.87
WELBURN (MALTON)	223.24
WESTOW	145.56
WHARRAM	42.47
WHITWELL-ON-THE-HILL & CRAMBE	97.89
WILLERBY & STAXTON	237.07
WINTRINGHAM	77.45
WOMBLETON	158.03
COUNCIL TAX BASE	20992.03
(aggregate of band "D" equivalent)	

Annex B

**Ryedale District Council
Council Tax 2010-2011**

(District, Parish and Special Expenses only)

PARISH / TOWN	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band							
					A £	B £	C £	D £	E £	F £	G £	H £
Acklam	176.72	27.84	0.00	204.56	136.37	159.10	181.84	204.56	250.02	295.47	340.93	409.12
Aislaby, Middleton & Wrelton	176.72	7.34	10.01	194.07	129.37	150.95	172.51	194.07	237.19	280.32	323.44	388.14
Allerston & Wilton	176.72	7.58	10.01	194.31	129.53	151.14	172.73	194.31	237.48	280.67	323.84	388.62
Amotherby	176.72	17.93	0.00	194.65	129.76	151.40	173.03	194.65	237.90	281.16	324.41	389.30
Ampleforth	176.72	40.17	0.00	216.89	144.59	168.69	192.80	216.89	265.09	313.28	361.48	433.78
Appleton le Moors	176.72	18.88	0.00	195.60	130.40	152.13	173.87	195.60	239.07	282.53	326.00	391.20
Appleton le Street	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Barton le Street	176.72	8.51	0.00	185.23	123.48	144.07	164.65	185.23	226.39	267.55	308.71	370.46
Barton le Willows	176.72	9.92	0.00	186.64	124.42	145.17	165.91	186.64	228.11	269.59	311.06	373.28
Barughs Ambo	176.72	1.12	10.01	187.85	125.23	146.11	166.99	187.85	229.59	271.34	313.08	375.70
Beadlam	176.72	16.71	0.00	193.43	128.95	150.45	171.94	193.43	236.41	279.40	322.38	386.86
Birdsall	176.72	1.23	0.00	177.95	118.63	138.41	158.18	177.95	217.49	257.04	296.58	355.90
Bransdale	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Brawby	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Broughton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Buller	176.72	14.57	0.00	191.29	127.52	148.78	170.04	191.29	233.80	276.31	318.81	382.58
Burthorpe	176.72	16.35	0.00	193.07	128.71	150.17	171.62	193.07	235.97	278.88	321.78	386.14
Buttercrambe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Byland with Wass & Oldstead	176.72	12.60	0.00	189.32	126.21	147.25	168.29	189.32	231.39	273.46	315.53	378.64
Cawton, Coulton & Grimstone	176.72	4.68	0.00	181.40	120.93	141.09	161.25	181.40	221.71	262.02	302.33	362.80
Claxton & Sand Hutton	176.72	19.31	0.00	196.03	130.68	152.47	174.25	196.03	239.59	283.15	326.71	392.06
Cold Kirby	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Coneysthorpe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Cropton	176.72	7.25	10.01	193.98	129.31	150.88	172.43	193.98	237.08	280.19	323.29	387.96
Ebberston and Yedingham	176.72	12.60	10.01	199.33	132.88	155.04	177.19	199.33	243.62	287.92	332.21	398.66
Edstone	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Fadmoor	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Farndale East	176.72	7.46	0.00	184.18	122.78	143.25	163.72	184.18	225.11	266.04	306.96	368.36
Farndale West	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Flaxton	176.72	16.30	0.00	193.02	128.68	150.13	171.58	193.02	235.91	278.80	321.70	386.04
Foston & Thornton le Clay	176.72	7.81	0.00	184.53	123.02	143.52	164.03	184.53	225.54	266.54	307.55	369.06
Foxholes and Butterwick	176.72	29.02	0.00	205.74	137.16	160.02	182.89	205.74	251.46	297.18	342.90	411.48
Ganton and Potter Brompton	176.72	21.80	0.00	198.52	132.34	154.41	176.47	198.52	242.63	286.75	330.86	397.04
Gate Helmsley & Upper Helmsley	176.72	13.22	0.00	189.94	126.62	147.73	168.84	189.94	232.15	274.36	316.56	379.88
Gillamoor	176.72	7.22	0.00	183.94	122.62	143.07	163.51	183.94	224.81	265.69	306.56	367.88
Gilling East	176.72	13.74	0.00	190.46	126.97	148.14	169.30	190.46	232.78	275.11	317.43	380.92
Habton	176.72	3.00	0.00	179.72	119.81	139.78	159.76	179.72	219.66	259.59	299.53	359.44
Harome	176.72	20.87	0.00	197.59	131.72	153.68	175.64	197.59	241.50	285.41	329.31	395.18

Annex B

**Ryedale District Council
Council Tax 2010-2011**

(District, Parish and Special Expenses only)

PARISH / TOWN	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band							
					A £	B £	C £	D £	E £	F £	G £	H £
Hartoft	176.72	0.00	10.01	186.73	124.48	145.24	165.99	186.73	228.22	269.72	311.21	373.46
Harton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Hawnby	176.72	6.69	0.00	183.41	122.27	142.65	163.04	183.41	224.17	264.92	305.68	366.82
Helmsley	176.72	66.07	0.00	242.79	161.86	188.84	215.82	242.79	296.74	350.69	404.65	485.58
Henderskelfe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Heslerton	176.72	18.80	0.00	195.52	130.34	152.07	173.80	195.52	238.97	282.42	325.86	391.04
Hovingham & Scackleton	176.72	13.38	0.00	190.10	126.73	147.86	168.98	190.10	232.34	274.59	316.83	380.20
Howsham	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Hutton le Hole	176.72	21.21	0.00	197.93	131.95	153.95	175.94	197.93	241.91	285.90	329.88	395.86
Huttons Ambo	176.72	15.70	0.00	192.42	128.28	149.66	171.05	192.42	235.18	277.94	320.70	384.84
Kirbygrindalythe	176.72	8.43	0.00	185.15	123.43	144.01	164.58	185.15	226.29	267.44	308.58	370.30
Kirbymisperton	176.72	11.74	10.01	198.47	132.31	154.37	176.43	198.47	242.57	286.68	330.78	396.94
Kirkbymoorside	176.72	80.37	0.00	257.09	171.39	199.96	228.53	257.09	314.22	371.35	428.48	514.18
Langton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Lastingham	176.72	3.16	0.00	179.88	119.92	139.91	159.90	179.88	219.85	259.82	299.80	359.76
Leafling	176.72	8.56	0.00	185.28	123.52	144.11	164.70	185.28	226.45	267.62	308.80	370.56
Leeds	176.72	0.00	10.01	186.73	124.48	145.24	165.99	186.73	228.22	269.72	311.21	373.46
Lillings Ambo	176.72	2.64	0.00	179.36	119.57	139.50	159.44	179.36	219.22	259.07	298.93	358.72
Lodona	176.72	13.87	10.01	200.60	133.73	156.03	178.32	200.60	245.17	289.75	334.33	401.20
Luttons	176.72	2.36	0.00	179.08	119.38	139.29	159.19	179.08	218.87	258.67	298.46	358.16
Malton	176.72	44.38	3.87	224.97	149.98	174.98	199.98	224.97	274.96	324.95	374.95	449.94
Marishes	176.72	0.00	10.01	186.73	124.48	145.24	165.99	186.73	228.22	269.72	311.21	373.46
Marton	176.72	4.25	10.01	190.98	127.31	148.55	169.77	190.98	233.41	275.86	318.29	381.96
Nawton	176.72	19.84	0.00	196.56	131.04	152.88	174.73	196.56	240.24	283.92	327.60	393.12
Newton on Rawcliffe & Stape	176.72	15.92	10.01	202.65	135.09	157.62	180.14	202.65	247.68	292.72	337.74	405.30
Normanby	176.72	3.03	10.01	189.76	126.50	147.60	168.68	189.76	231.92	274.10	316.26	379.52
Norton	176.72	39.26	6.89	222.87	148.57	173.35	198.11	222.87	272.39	321.92	371.44	445.74
Nunnington	176.72	6.89	0.00	183.61	122.40	142.81	163.21	183.61	224.41	265.21	306.01	367.22
Old Byland & Scawton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Oswaldkirk	176.72	8.90	0.00	185.62	123.74	144.37	165.00	185.62	226.87	268.12	309.36	371.24
Pickering	176.72	44.29	0.00	221.01	147.34	171.90	196.46	221.01	270.12	319.23	368.35	442.02
Pockley	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Rievaulx	176.72	7.42	0.00	184.14	122.76	143.22	163.69	184.14	225.06	265.98	306.90	368.28
Rillington	176.72	31.65	0.00	208.37	138.91	162.07	185.22	208.37	254.67	300.98	347.28	416.74
Rosedale East & West	176.72	23.44	10.01	210.17	140.11	163.47	186.83	210.17	256.87	303.58	350.28	420.34
Salton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Scagglethorpe	176.72	13.87	0.00	190.59	127.06	148.24	169.42	190.59	232.94	275.29	317.65	381.18
Scampston & East and West Knaptons	176.72	13.42	0.00	190.14	126.76	147.89	169.02	190.14	232.39	274.64	316.90	380.28

Annex B

**Ryedale District Council
Council Tax 2010-2011**

(District, Parish and Special Expenses only)

PARISH / TOWN	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band							
					A £	B £	C £	D £	E £	F £	G £	H £
Scrayingham and Leppington	176.72	15.34	0.00	192.06	128.04	149.38	170.73	192.06	234.74	277.42	320.10	384.12
Settrington	176.72	22.34	0.00	199.06	132.70	154.83	176.95	199.06	243.29	287.53	331.76	398.12
Sherburn	176.72	37.90	0.00	214.62	143.08	166.93	190.78	214.62	262.31	310.00	357.70	429.24
Sheriff Hutton with Cornborough	176.72	31.64	0.00	208.36	138.90	162.06	185.21	208.36	254.66	300.96	347.26	416.72
Sinnington	176.72	7.53	10.01	194.26	129.50	151.10	172.68	194.26	237.42	280.60	323.76	388.52
Slingsby	176.72	19.62	0.00	196.34	130.89	152.71	174.53	196.34	239.97	283.60	327.23	392.68
Southolme & Fryton	176.72	14.45	0.00	191.17	127.44	148.69	169.93	191.17	233.65	276.13	318.61	382.34
Spaunton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Sproxton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Stonegrave	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Swinton	176.72	12.64	0.00	189.36	126.24	147.28	168.33	189.36	231.44	273.52	315.60	378.72
Terrington	176.72	12.24	0.00	188.96	125.97	146.97	167.97	188.96	230.95	272.94	314.93	377.92
Thixendale	176.72	8.99	0.00	185.71	123.80	144.44	165.08	185.71	226.98	268.25	309.51	371.42
Thornton le Dale	176.72	26.05	10.01	212.78	141.85	165.50	189.15	212.78	260.06	307.35	354.63	425.56
Thorpe Bassett	176.72	4.11	0.00	180.83	120.55	140.65	160.74	180.83	221.01	261.20	301.38	361.66
Wathill	176.72	5.18	0.00	181.90	121.26	141.48	161.69	181.90	222.32	262.74	303.16	363.80
Waverthorpe	176.72	32.22	0.00	208.94	139.29	162.51	185.73	208.94	255.37	301.80	348.23	417.88
Wepburn (Kirkbymoorside)	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Wepburn (Malton)	176.72	17.92	0.00	194.64	129.76	151.39	173.02	194.64	237.89	281.14	324.40	389.28
Westow	176.72	11.34	0.00	188.06	125.37	146.27	167.17	188.06	229.85	271.64	313.43	376.12
Wharram	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Whitwell on the Hill & Crambe	176.72	4.09	0.00	180.81	120.54	140.63	160.73	180.81	220.99	261.17	301.35	361.62
Willerby and Staxton	176.72	29.53	0.00	206.25	137.50	160.42	183.34	206.25	252.08	297.91	343.75	412.50
Wintringham	176.72	45.19	0.00	221.91	147.94	172.60	197.26	221.91	271.22	320.53	369.85	443.82
Wombleton	176.72	35.11	0.00	211.83	141.22	164.76	188.30	211.83	258.90	305.97	353.05	423.66

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REPORT TO: FULL COUNCIL

DATE: 22 FEBRUARY 2010

REPORT OF THE: CORPORATE DIRECTOR (s151)
PAUL CRESSWELL

TITLE OF REPORT: TREASURY MANAGEMENT STRATEGY STATEMENT AND
ANNUAL INVESTMENT STRATEGY 2010/11

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To consider the Treasury Management and Annual Investment Strategies, the Minimum Revenue Provision Policy and set the Prudential Indicators for 2010/11.

2.0 RECOMMENDATIONS

2.1 It is recommended that:

- (i) Members receive this report;
- (ii) The revised CIPFA Treasury Management Code of Practice (Annex B in the report) be noted and approved by the Council.
- (iii) The Treasury Management and Investment Strategies be noted and approved by the Council.
- (iv) That the Prudential Indicators (Annex F in the report) be approved by the Council.

3.0 REASON FOR RECOMMENDATIONS

3.1 The CIPFA Code of Practice on Treasury Management in Local Authorities (The Code) was adopted by the Council.

3.2 The Local Government Act 2003 and supporting regulations requires the Council to have regard to specified codes of practice, namely the CIPFA publications *Prudential Code for Capital Finance in Local Authorities* and *Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes*.

4.0 SIGNIFICANT RISKS

- 4.1 There are significant risks when investing public funds especially with unknown institutions. However, by the adoption of the CIPFA Code and a prudent investment policy these are minimised. The employment of Treasury Advisors also helps reduce the risk.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The CIPFA Code states that Members will receive reports on its Treasury Management policies, practices and activities at intervals, to include quarterly statements and an annual strategy together with an annual post year review. The Code has been recently reviewed and the changes for Members to consider for adoption are shown in the report.
- 5.2 The Local Government Act 2003 introduced legislation governing capital investment decisions, emphasis is now placed on Local Authority self regulation which is governed by the 2003 Prudential Code for Capital Finance in Local Authorities.
- 5.3 The Prudential Code regulates the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated Treasury Management Strategy. It requires the Council to set a number of Prudential Indicators, and these are to be considered when determining the Council's Treasury Management Strategy.
- 5.4 The Treasury Management Strategy Statement details the expected activities of the Treasury function in the forthcoming financial year (2010/11). Its production and submission to the Council is a requirement of the Code.
- 5.5 The Local Government Act 2003 also requires Authorities to produce an Annual Investment Strategy, which should be approved by the Full Council. The Strategy will set out the Council's policies for the prudent management of its investments including the security and liquidity of those investments. It details the Specified and Non Specified Investment Instruments to be used by the Council and any fund manager in 2010/11. Approval is also sought for the specified use of credit ratings and the maximum periods for which funds may be prudently committed in each asset category.
- 5.6 The suggested strategies for 2010/11 are based upon advice from the Council's treasury advisors, Sector Treasury Services Limited (Sector).

6.0 POLICY CONTEXT

- 6.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities and this report complies with the requirements under this code and the relevant requirements of the Local Government Act 2003.

7.0 CONSULTATION

- 7.1 The Council use the services of Sector Treasury Services Limited to provide treasury management information and advice.

8.0 REPORT DETAILS

The Revised CIPFA Treasury Management Code of Practice 2009

8.1 In the light of the Icelandic situation in 2008, CIPFA has amended the CIPFA Treasury Management in the Public Services Code of Practice (the Code), Cross-Sectoral Guidance Notes and the template for the revised Treasury Management Policy Statement. It is also a requirement of the Code that this Council should formally adopt the Code. As the Code has been revised, there is a separate Annex B to this report where the Council is asked to adopt the revised Code and the revised Treasury Management Policy Statement shown in Annex C.

8.2 This strategy statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy will be approved annually by the Full Council and there will also be a mid year report. In addition there will be monitoring reports and regular review by Members in policy and scrutiny functions. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

Revised CIPFA Prudential Code

8.3 CIPFA has also issued a revised Prudential Code, which primarily covers borrowing and the Prudential Indicators. Three of these indicators have now been moved from being Prudential Indicators to being Treasury Indicators:

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt

8.4 However, all indicators are to be presented together as one suite, shown in Annex F. In addition, where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

TREASURY MANAGEMENT STRATEGY FOR 2010/11

8.5 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

8.6 The Act therefore 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.

8.7 The suggested strategy for 2010/11 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser Sector Treasury Services. The strategy covers:

- Treasury limits in force which will limit the treasury risk and activities of the Council
- Current portfolio position
- The borrowing requirement

- Prudential and Treasury Indicators
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- The Minimum Revenue Provision strategy
- The investment strategy
- Creditworthiness policy
- Policy on use of external service providers

Treasury Limits for 2010/11 to 2012/13

- 8.8 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 8.9 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 and, in particular, that the impact upon its future council tax levels is ‘acceptable’.
- 8.10 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years, details of the Authorised Limit can be found in Annex F of this report.

Current Portfolio Position

- 8.11 The Council’s treasury portfolio position at 31 December 2009 comprised:

	£'000
Investments Internally Managed:	
Temporary investments	4,980
Fixed term deposits	5,000
Investments Externally Managed:	
Fixed term deposits	5,000
Total Investments	14,980

Borrowing Requirement

- 8.12 The funding of the proposed 4-year Capital Plan shows that borrowing will be required, however, this will not be the case in 2010/11. The Council’s borrowing requirement is expected to be as follows:

	2008/09 Actual £'000	2009/10 Probable £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
New Borrowing	0	0	0	2,450	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	0	0	0	0
Total borrowing requirement	0	0	0	2,450	0

Prudential and Treasury Indicators for 2010/11 to 2012/13

- 8.13 Prudential and treasury indicators (as set out in Annex F to this report) are relevant for the purposes of setting an integrated treasury management strategy.
- 8.14 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted on 10 October 2002 by the Full Council and the revised Code will be adopted on 22 February 2010.

Prospects for Interest Rates

- 8.15 The Council has appointed Sector Treasury Services as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. Annex I draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view:

Sector Bank Rate forecast for financial year ends (March):

2010	0.50%
2011	1.50%
2012	3.50%
2013	4.50%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

Borrowing Strategy – External v Internal Borrowing

- 8.16 The table below shows a comparison of gross and net position at the year end:

	2008/09 Actual £'000	2009/10 Probable £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Actual external debt (gross)	0	0	0	2,396	2,339
Cash balances	-14,300	-12,000	-7,054	-6,860	-6,830
Net debt	-14,300	-12,000	-7,054	-4,464	-4,491

The net position is a negative one, reflecting the fact that cash balances exceed the Council's planned borrowing for capital expenditure.

Policy on Borrowing in Advance of Need

- 8.17 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds. In determining whether borrowing will be undertaken in advance of need the Council will:

- Ensure the on-going revenue liabilities created, and the implications for the future plans and budgets have been considered
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- Consider the merits and demerits of alternative forms of funding
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

Minimum Revenue Provision (MRP) Policy

- 8.18 The Minimum Revenue Provision is the method by which an Authority charges the cost of borrowing for the purchase of capital assets to its revenue account.
- 8.19 The Provision is determined under guidance though Statutory Instrument 2008 no. 414. The guidance requires the policy for the calculation of MRP to be approved by Full Council.
- 8.20 There is currently no requirement for this Council to make an annual MRP as the Council was debt free and had a nil Capital Financing Requirement at the end of the previous financial year. It is expected this will also be the case for the next financial year.

ANNUAL INVESTMENT STRATEGY

Investment Policy

- 8.21 The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:
- The security of capital and
 - The liquidity of its investments

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

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.

Investment instruments identified for use in the financial year are listed in Annex G under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices schedules.

Creditworthiness Policy

- 8.22 This Council uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:
- Credit watches and credit outlooks from credit rating agencies
 - Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
 - Sovereign ratings to select counterparties from only the most creditworthy countries
- 8.23 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties.

These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service that the Council would not be able to replicate using in house resources.

8.24 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands:

- Purple 2 years
- Blue 1 year (only applies to nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

8.25 This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently very much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance to just one agency's ratings.

8.26 On-going monitoring of all credit ratings is undertaken. The Council is alerted changes to ratings of all three agencies through its use of the Sector 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. In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

8.27 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

Country Limits

8.28 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide) The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex H. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

Investment Strategy to be followed In-house

8.29 The Council's in-house managed funds are split between cash flow derived balances and £2.5m of core investments available for lending over a 1-2 year period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

- 8.30 In the current economic climate it is considered appropriate to keep investments short-term and invest only with highly credit rated financial institutions. The liquidity of the Council's assets is an important consideration in view of the significant capital investment planned in the capital programme.
- 8.31 From time to time the fixed rate investments may span financial years. Currently the Council has 3 investments totalling £4.0m on deposit, which will mature between 30 April 2010 and 12 October 2010.

External Cash Fund Management

- 8.32 Tradition (UK) Limited (Tradition) is a cash manager, appointed to manage, on a discretionary basis, a proportion of the Council's investment portfolio.
- 8.33 The Council's external fund manager will comply with the Annual Investment Strategy. The agreement between the Council and Tradition additionally stipulate guidelines and duration and other limits in order to contain and control risk. Tradition is permitted to invest only in fixed term deposits, thus providing a level of certainty to investment returns.
- 8.34 Currently £5m of the Council's funds is externally managed by Tradition, with 3 investments totalling £3.5m spanning financial years, which will mature between the 20 April 2010 and 4 June 2010.

End of Year Investment Report

- 8.35 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Policy on use of external service providers

- 8.36 The Council uses Sector Treasury Services as its external treasury management advisers. However, the Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 8.37 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
The results of the investment strategy affect the funding of the Capital Programme.
 - b) Legal
There are no legal implications regarding this report.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None to report.

Paul Cresswell
Corporate Director (s151)

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Background Papers:
None.

Background Papers are available for inspection at:
None.

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TREASURY MANAGEMENT STATEMENT AND INVESTMENT STRATEGY REPORT- RISK MATRIX – ANNEX A

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria.	Could mean loss of principal sum and interest accrued.	2	D	In response to the economic climate Members agreed to adopt a more stringent credit rating methodology. The adoption of the revised Code will also mitigate the risk of security on lending.	1	D
Market risk - Selection of wrong type of investment for higher return.	The poor performance of the chosen investment.	3	B	The number of investment options was reduced in the Investment Strategy for the current year and this policy has been continued.	3	B
Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity	Unable to take advantage of better investment options. Funds are unavailable to cover capital spend.	2	B	Since the adoption of the new credit rating methodology the maturity profile has shortened for investments. The 2010/11 Investment Strategy reduces the period for non- specified investments.	1	B

Score	Likelihood	Score	Impact
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster

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ADOPTION OF THE CIPFA TREASURY MANAGEMENT CODE OF PRACTICE 2009

Introduction

The CIPFA Code of Practice on Treasury Management in Local Authorities was last updated in 2001 and has been revised in 2009 in the light of the default by Icelandic banks in 2008. The revised Code requires that a report be submitted to the Council, board or other appropriate body, setting out four amended clauses, which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes.

The revised Code also includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses and a revised definition of treasury management activities. The Code does not require this statement to be approved by the Council, board or other appropriate body.

The revised Code has emphasised a number of key areas, which include:

1. All Councils must formally adopt the revised Code and four clauses.
2. The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities.
3. The Council's appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.
4. Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
5. Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
6. Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits.
7. Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
8. The main annual treasury management reports MUST be approved by full Council.
9. There needs to be, at a minimum, a mid year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
10. Each council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
11. Treasury management performance and policy setting should be subjected to prior scrutiny.
12. Members should be provided with access to relevant training.
13. Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
14. Responsibility for these activities must be clearly defined within the organisation.
15. Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council (this will form part of the updated Treasury Management Practices).

This Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Initial adoption in 2010
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full Council	
Annual Treasury Outturn Report	Full Council	Annually by 30 September after the end of the year
Treasury Management Monitoring Reports	Policy & Resources Committee	
Treasury Management Practices	Policy & Resources Committee	
Scrutiny of treasury management strategy	Overview & Scrutiny Committee	Annually before the start of the year
Scrutiny of treasury management performance	Overview & Scrutiny Committee	

RESOLUTIONS

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement (see annex C), stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation i.e. full council, will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Corporate Director (s151), who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. This organisation nominates the Overview & Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

TREASURY MANAGEMENT POLICY STATEMENT

1. This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT SCHEME OF DELEGATION

1. Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

2. Policy and Resources Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment (where outside the scheme of delegation)

3. Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers, or appointment within the scheme of delegation

PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicators

	2008/09	2009/10	2010/11	2011/12	2012/13
Extract from budget setting report	Actual	Probable Outturn	Estimate	Estimate	Estimate
Capital Expenditure	£1.694m	£2.246m	£5.624m	£3.163m	£0.715m
Ratio of financing costs to net revenue stream	-11.27%	-2.92%	-2.42%	-1.79%	-3.48%
Net borrowing requirement	-£14.3m	-£12.0m	-£7.054m	-£4.464m	-£4.491m
Capital Financing Requirement as at 31 March	£0	£0	£0	£2.396m	£2.339m
Annual change in Capital Financing Requirement	£0	£0	£0	£2.396m	-£0.570m
Incremental impact of capital investment decisions Increase in council tax (band D) per annum	N/a	N/a	£4.39	£15.46	£8.44

Treasury Management Indicators

	2008/09	2009/10	2010/11	2011/12	2012/13
	Actual	Probable Outturn	Estimate	Estimate	Estimate
Authorised Limit for external debt -					
borrowing	N/a	£20m	£20m	£20m	£20m
other long term liabilities	N/a	£0m	£0m	£0m	£0m
Total	N/a	£20m	£20m	£20m	£20m
Operational Boundary for external debt -					
borrowing	N/a	£5m	£5m	£5m	£5m
other long term liabilities	N/a	£0m	£0m	£0m	£0m
Total	N/a	£5m	£5m	£5m	£5m
Actual external debt	£0	N/a	N/a	N/a	N/a
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	N/a	N/a	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	N/a	N/a	20%	20%	20%
Upper limit for total principal sums invested for over 364 days (per maturity date)	N/a	N/a	£2.5m	£2.5m	£2.5m

SPECIFIED AND NON-SPECIFIED INVESTMENTS

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.

Investment	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	Sovereign rating	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	Per Sector Weekly Credit List	In-house & Fund Manager
Money Market Funds	AAA	In-house & Fund Manager
Banks nationalised by high credit rated (sovereign rating) countries	Per Sector Weekly Credit List	In-house & Fund Manager
Government guarantee on ALL deposits by high credit rated (sovereign rating) countries*	Per Sector Weekly Credit List	In-house & Fund Manager
UK Government support to the banking sector**	Sovereign rating	In-house & Fund Manager

**Banks eligible for support under the UK bail-out package: -

Abbey

Barclays

HBOS

Lloyds TSB

HSBC

Nationwide Building Society

RBS

Standard Chartered

NON-SPECIFIED INVESTMENTS

A maximum of £2.5m will be held in aggregate in non-specified investment

1. Maturities of ANY period

Investment	Minimum Credit Criteria	Use	Maximum Investment	Maximum maturity period
Fixed term deposits with variable rate and variable maturities:				
Structured deposits	Per Sector Weekly Credit List	In-house	£2.5m	2 Years
Commercial paper issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Manager	£2.5m	2 Years
Other debt issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Manager	£2.5m	2 Years

2. Maturities in excess of 1 year

Investment	Minimum Credit Criteria	Use	Maximum Investment	Maximum maturity period
Term deposits – local authorities	--	In-house	£2.5m	2 Years
Term deposits – banks and building societies	Per Sector Weekly Credit List	In-house	£2.5m	2 Years
Certificates of deposits issued by banks and building societies	Per Sector Weekly Credit List	In house and Fund Manager	£2.5m	2 Years
UK Government Gilts	AAA	In-house and Fund Manager	£2.5m	2 Years
Bonds issued by multilateral development banks	AAA	In-house and Fund Manager	£2.5m	2 Years
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	In-house and Fund Manager	£2.5m	2 Years

APPROVED COUNTRIES FOR INVESTMENT

AAA Rating

Canada
Denmark
Finland
France
Germany
Luxembourg
Netherlands
Norway
Singapore
Spain
Sweden
Switzerland
U.K.
U.S.A.

AA+ Rating

Australia
Belgium

AA Rating

Hong Kong
Japan
Kuwait
Portugal *
UAE

AA- Rating

Italy
Qatar (AA- S&P rating)
Republic of Ireland *
Saudi Arabia

* Sector has suggested that clients exercise care and caution when considering placing deposits with Irish and Portuguese banks as their economies and banking systems are currently under severe pressure.

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

Sector interest rate forecast – 23.11.09

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank rate	0.50%	0.50%	0.75%	1.00%	1.50%	2.25%	2.75%	3.25%	3.50%	3.75%	4.25%	4.25%	4.50%
5yr PWLB rate	3.05%	3.20%	3.30%	3.40%	3.60%	3.85%	4.15%	4.55%	4.60%	4.80%	4.80%	4.85%	4.85%
10yr PWLB rate	4.00%	4.05%	4.15%	4.30%	4.45%	4.60%	4.80%	4.90%	5.00%	5.10%	5.10%	5.15%	5.15%
25yr PWLB rate	4.55%	4.65%	4.70%	4.80%	4.90%	5.00%	5.05%	5.10%	5.20%	5.30%	5.30%	5.35%	5.35%
50yr PWLB rate	4.80%	4.70%	4.75%	4.90%	5.00%	5.10%	5.15%	5.20%	5.30%	5.40%	5.40%	5.45%	5.45%

Capital Economics interest rate forecast – 18.1.10

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	3.15%	2.95%	2.65%	2.45%	2.45%	2.45%	2.45%	2.45%
10yr PWLB rate	4.45%	4.15%	3.65%	3.15%	3.15%	3.15%	3.15%	3.15%
25yr PWLB rate	4.75%	4.65%	4.35%	4.05%	3.95%	3.75%	3.75%	3.75%
50yr PWLB rate	4.65%	4.65%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

UBS interest rate forecast (for quarter ends) – 30.10.09

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Bank Rate	0.50%	0.50%	0.75%	1.00%	1.50%	2.00%	2.50%	3.00%
10yr PWLB rate	3.90%	4.05%	4.40%	4.75%	4.90%	5.15%	5.40%	5.40%
25yr PWLB rate	4.45%	4.65%	5.00%	5.15%	5.40%	5.65%	5.90%	5.90%
50yr PWLB rate	4.55%	4.75%	5.10%	5.25%	5.50%	5.75%	6.00%	6.00%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury December 2009 – summary of forecasts of 23 City and 12 academic analysts for Q4 2009 and 2010. Forecasts for 2010 – 2013 are based on 21 forecasts in the last quarterly forecast – November 2009.

BANK RATE FORECASTS	quarter ended			annual average Bank Rate			
	actual	Q4 2009	Q4 2010	ave. 2010	ave. 2011	ave. 2012	ave. 2013
Median	0.50%	0.50%	1.30%	0.70%	1.80%	3.00%	3.70%
Highest	0.50%	0.50%	2.30%	1.30%	3.30%	4.30%	4.60%
Lowest	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	1.40%

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