Public Document Pack

# Executive Board Sub Committee

## Thursday, 10 September 2009 10.00 a.m.
## Marketing Suite, Municipal Building

Chief Executive

**ITEMS TO BE DEALT WITH**
**IN THE PRESENCE OF THE PRESS AND PUBLIC**

**PART 1**

| Item | Page No |
|---|---|
| **1. MINUTES** | |
| **2. DECLARATION OF INTEREST** | |
| Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda no later than when that item is reached and, with personal and prejudicial interests (subject to certain exceptions in the Code of Conduct for Members), to leave the meeting prior to discussion and voting on the item. | |
| **3. QUALITY AND PERFORMANCE PORTFOLIO** | |
| **(A) HALTON LEA LIBRARY – MEETING ROOM HIRE CHARGES** | **1 - 4** |

*Please contact Gill Ferguson on 0151 471 7395 or e-mail gill.ferguson@halton.gov.uk for further information.*
*The next meeting of the Committee is on Thursday, 24 September 2009*

***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

Agenda Item 3a

| | |
|---|---|
| **REPORT TO:** | Executive Sub Board Committee |
| **DATE** | 10th September 2009 |
| **REPORTING OFFICER:** | Strategic Director, Health & Community |
| **SUBJECT:** | Halton Lea Library – Meeting Room Hire Charges |
| **WARDS:** | Borough-wide |

## 1. PURPOSE OF REPORT

1.1 The purpose of this report is to set out the proposed charges for the hire of the meeting rooms in the newly refurbished Halton Lea Library

## 2. RECOMMENDATION: That the charges as proposed are approved

## 3. SUPPORTING INFORMATION

3.1 The refurbishment of Halton Lea Library, funded by the Big Lottery Community Libraries programme has just been completed. This has increased the number of meeting rooms that are now available for hire.

3.2 To take account of the varying sizes of each of these rooms, the current scale of charges needs to be revised.

3.3 The proposed pricing structure reflects the size of each of the rooms and is in line with the charges levied for other Council community facilities.

3.4 The proposed charges are attached as an appendix.

## 4. POLICY IMPLICATIONS

None

## 5. FINANCIAL IMPLICATIONS

5.1 Income from hires contribute to the overall income targets for the service.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

None identified.

6.2 **Employment, Learning & Skills in Halton**

None identified.

6.3 **A Healthy Halton**

None identified.

6.4 **A Safer Halton**

None identified.

6.5 **Halton's Urban Renewal**

None identified.

**7. RISK ANALYSIS**

7.1 Income from charges is part of the council's overall budgeting strategy and the levels of charge will be reviewed after six months.

**8. EQUALITY AND DIVERSITY ISSUES**

The council's charges are structured and are at a level designed to enable the use of services by everyone in the community irrespective of individual circumstances. The new charges have been set at a level that continues to facilitate this.

**9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act

**APPENDIX 1**

**PROPOSED SCALE OF HIRE CHARGES**
**1st September 2009 – 31st March 2010**

**HALTON LEA LIBRARY**

**1. COMMUNITY USE**

| Room | | CURRENT RATE | Room | | PROPOSED RATE |
|---|---|---|---|---|---|
| Meeting Room | Per hour | £5.30 | Meeting Room 1 | Per hour | £5.50 |
| | | | Meeting Room 2 | Per hour | £7.50 |
| | | | Meeting Room 3 | Per hour | £7.50 |
| Large Meeting Room (Auditorium) | Per hour | £10.60 | Meeting Rooms 2 & 3 | Per hour | £15.00 |
| | | | Meeting Room 4 | Per hour | £3.00 |
| Computer Suite | | £7.30 | Meeting Room 5 - Computer Suite | Per hour | £7.50 |
| | | | Meeting Room 6 | Per hour | £5.50 |
| | | | Meeting Room 7 | Per hour | £4.00 |

- **Block Bookings**
  Less 15% in respect of 10 or more bookings made at any one time.
- **Equipment**
  Training kitchen / Laptops - available by arrangement with the Manager - £3 per session
- **Free Lettings**
  New activities and groups initiated by the Manager may, in their initial period of operation, receive a maximum of 4 free lettings to establish the groups. Subsequent bookings should then be considered a community user paying the appropriate rate.

**2. PRIVATE AND COMMERCIAL GROUPS**

- The above charges increased by 25% and 50% respectively and cumulatively
- Performing Rights – 5% of the total booking charge (excluding any discount).

**3. OTHER**

- Use other than those in 1 or 2, by negotiation with the Manager.

**NOTES FOR GUIDANCE TO APPLICANTS**

**1. Payment of Charges (Private and Casual Bookings)**
A deposit shall be paid in advance and the balance must be paid prior to use.

**2. Approval of Applicants**
No application must be regarded as accepted until official approval has been received and the
deposit paid. In addition, all applicants must agree to the booking conditions.

**3. Preparation and Tidying Up**
The hours booked must cover the use of the rooms by organisers for any preparatory work
required prior to the function and for tidying up afterwards.

**4. Catering Service**
Refreshments and Catering services can be provided on request.

# Agenda Item 4a

| | |
|---|---|
| **REPORT TO:** | Executive Board Sub Committee |
| **DATE:** | 10th September 2009 |
| **REPORTING OFFICER:** | Operational Director – Financial Services |
| **SUBJECT:** | Spending as at 30th June 2009 |
| **WARD(S):** | Borough-wide |

## 1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue and capital spending position as at 30th June 2009.

## 2.0 RECOMMENDED: That the report be noted.

## 3.0 SUPPORTING INFORMATION

**Revenue Spending**

3.1 Appendix 1 presents a summary of spending against the revenue budget for each Department, up to 30th June 2009. In overall terms, revenue expenditure is below the budget profile, however, this is only a guide to eventual spending.

3.2 Spending on employees is below the budget profile. This is primarily due to the delay in settling the 2009 Pay Award. The budget includes 2.5% for the pay award and the latest offer is around 1%. However, the arbitration decision regarding the 2008 Pay Award increased the award by 0.3% to 2.75% in total, which is 0.25% higher than budget.

3.3 Following the Pay and Grading Review, a number of appeals have been completed so far which have resulted in a total additional cost in the year of £280,000. This comprises £141,000 relating to one-off back-pay costs and £139,000 for on-going additional annual costs. The back-pay element arising from appeals can be met from Reserves, but on-going costs will need to be contained within existing Directorate budgets. Negotiations are still on-going regarding the standardisation of terms for Premium Pay.

3.4 A new electricity contract will commence in October 2009 which has been secured at favourable prices and therefore it is anticipated that total energy expenditure for the year will be approximately £163,000 below budget.

3.5 Investment returns are in line with budget despite low interest rates, due to having locked-in to higher rate investments which will expire during this financial year. As a result investment income will fall significantly next year.

3.6 Income is currently below budget profile in a number of areas, some of which may reflect the economic downturn and at this stage appear likely to be below budget by year-end. These areas include trade waste collection, bulky waste collection, planning fees, building control fees, stadium income, land search fees, market rents, industrial estate rents and commercial rents.

3.7 Despite these lower income levels, net spending across Departments is below the budget profile. At this stage therefore, it does not appear that shortfalls in income are having an adverse effect upon the Council's overall net budget. However, this may be due to delays in spending and will need to be kept under close scrutiny by Directorates. It is therefore important that budget managers continue to closely monitor and control spending and income to ensure that overall spending remains in line with budget by year-end.

**General Contingency**

3.8 There have already been a number of calls upon the General Contingency as follows;

- Additional social workers in relation to safeguarding children £120,000
- Increase in out of Borough placements £300,000
- Additional legal costs in relation to safeguarding children £49,000

**Capital Spending**

3.9 A summary of capital spending is shown in Appendix 2. Capital spending to 30th June 2009 totalled £3.8m, which is 57% of the planned spending of £6.7m at this stage. However, this only represents 10% of the total capital programme of £36.7m (which assumes a 20% slippage between years).

3.10 The main area of programme slippage to date is in respect of Mersey Gateway advance land acquisition.

3.11 Although historically capital expenditure is significantly higher in the latter part of the financial year, it is important that project managers maintain pressure to keep projects and spending on schedule and in particular to ensure that all external funding is maximised.

**Balance Sheet**

3.12 The Council's Balance Sheet is monitored regularly in accordance with the Reserves and Balances Strategy which forms part of the Medium Term Financial Strategy. The key reserves and balances have been reviewed and are considered prudent and appropriate at this stage in the financial year. In particular, collection rates for general debtors and council tax are currently in line with expectations, despite the recession. The level of reserves and balances will however, be reviewed again at year-end and adjusted as considered necessary in accordance with the Strategy.

3.13 The Government announced recently that the Council's application for a capitalisation direction in respect of Mersey Gateway development costs for 2008/09 had been successful. However, prior year adjustments will be required in respect of costs relating to 2006/07 and 2007/08 which will reduce the level of the Capital Reserve with a corresponding increase in capital receipts. Future expenditure on Mersey Gateway development costs will be treated as revenue expenditure and funded from the Capital Reserve.

3.14 A significant number of equal pay claims have been lodged with the Council as part of the national single status agreement. These are being considered by our legal advisers and will result in a significant cost falling on the Council, although the timescales are as yet uncertain.

**4.0 POLICY AND OTHER IMPLICATIONS**

4.1 None.

**5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 There are no direct implications, however, the revenue budget and capital programme support the delivery and achievement of all the Council's priorities.

**6.0 RISK ANALYSIS**

6.1 There are a number of financial risks within the budget. However, the Council has internal controls and processes in place to ensure that spending remains in line with budget.

**7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None.

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072**

8.1 There are no background papers under the meaning of the Act.

**APPENDIX 1**

**Revenue Expenditure to 30th June 2009**

| Directorate / Department | Annual Budget £'000 | Budget To Date £'000 | Actual Spend £'000 | Variance To Date £'000 | Actual Including Committed Items £'000 |
|---|---|---|---|---|---|
| Specialist Services | 13,878 | 2,688 | 2,420 | 268 | 2,758 |
| Business Planning & Commissioning | 5,063 | -305 | -307 | 2 | -251 |
| Universal & Learning Services | 4,661 | 1,364 | 1,221 | 143 | 1,228 |
| Preventative Services | 6,234 | 1,770 | 1,739 | 31 | 1,780 |
| **Children and Young People** | **29,836** | **5,517** | **5,073** | **444** | **5,515** |
| Environmental Health & Regulatory | 13,143 | 3,354 | 3,360 | (6) | 3,520 |
| Highways & Transportation | 14,854 | 2,431 | 2,147 | 284 | 3,773 |
| Major Projects | 875 | 157 | 148 | 9 | 148 |
| Regeneration | 1,480 | 524 | 488 | 36 | 509 |
| Stadium, Catering & Cleaning | 2,167 | 584 | 580 | 4 | 598 |
| **Environment** | **32,519** | **7,050** | **6,723** | **327** | **8,548** |
| Legal, HR & Organisation Development | 2,999 | 736 | 723 | 13 | 912 |
| Policy & Performance | 2,749 | 797 | 715 | 82 | 835 |
| Exchequer & Customer Services | 6,386 | 9,912 | 9,611 | 301 | 9,614 |
| Financial Services | 0 | -19 | -44 | 25 | -39 |
| ICT Services | -146 | -207 | -223 | 16 | -73 |
| Property Services | 372 | -132 | -106 | (26) | 920 |
| Financial Arrangements | -14,094 | 243 | -3 | 246 | 44 |
| **Corporate and Policy** | **-1,734** | **11,330** | **10,673** | **657** | **12,213** |
| Culture & Leisure Services | 13,098 | 2,916 | 2,909 | 7 | 3,549 |
| Adult Services | 14,443 | 2,391 | 2,302 | 89 | 2,462 |
| Health & Partnerships | 2,776 | 371 | 313 | 58 | 507 |
| Older People | 14,529 | 2,188 | 1,963 | 225 | 2,349 |
| **Health and Community** | **44,846** | **7,866** | **7,487** | **379** | **8,867** |
| | **105,467** | **31,763** | **29,956** | **1,807** | **35,143** |

**APPENDIX 2**

**Capital Expenditure to 30th June 2009**

| Directorate | Actual Expenditure to Date £'000 | 2009/10 Cumulative Capital Allocation | | | | Capital Allocation 2010/11 £'000 | Capital Allocation 2011/12 £'000 |
|---|---|---|---|---|---|---|---|
| | | Quarter 1 £'000 | Quarter 2 £'000 | Quarter 3 £'000 | Quarter 4 £000 | | |
| **Children & Young People** | 789 | 756 | 2,409 | 3,838 | 5,370 | 12,501 | 58 |
| **Environment** | | | | | | | |
| Environmental & Regulatory | 194 | 193 | 193 | 193 | 735 | 495 | 425 |
| Highways & Transportation | 1,884 | 4,203 | 8,961 | 14,937 | 21,746 | 21,412 | 30,250 |
| Major Projects | 162 | 435 | 858 | 2,176 | 10,737 | 6,780 | 2,564 |
| Total | 3,769 | 6,351 | 12,582 | 20,606 | 36,956 | 31,287 | 33,239 |
| **Health & Community** | | | | | | | |
| Culture & Leisure | 371 | 507 | 919 | 1,158 | 1,665 | 215 | 0 |
| Health and Partnerships | 121 | 361 | 776 | 1,245 | 3,472 | 0 | 0 |
| Older People | 2 | 0 | 18 | 48 | 178 | 0 | 0 |
| Adult Services | 0 | 0 | 17 | 17 | 100 | 161 | 0 |
| Total | 494 | 868 | 1,730 | 2,468 | 5,415 | 376 | 0 |
| **Corporate & Policy** | | | | | | | |
| Policy & Performance | 0 | 0 | 0 | 0 | 0 | 120 | 120 |
| ICT Services | 175 | 175 | 175 | 175 | 1,466 | 1,100 | 1,100 |
| Property Services | 52 | 53 | 93 | 193 | 300 | 300 | 300 |
| Total | 227 | 228 | 268 | 368 | 1,766 | 1,520 | 1,520 |
| **Sub-Total** | **3,750** | **6,683** | **14,419** | **23,980** | **45,769** | **43,084** | **34,817** |
| Slippage (20%) | | | | | -9,150 | -8,620 | -6,960 |
| | | | | | | 9,150 | 8,620 |
| **Total** | **3,750** | **6,683** | **14,419** | **23,980** | **36,619** | **43,614** | **36,477** |

Agenda Item 4b

| | |
|---|---|
| **REPORT TO:** | Executive Board Sub Committee |
| **DATE:** | 9 September 2009 |
| **REPORTING OFFICER:** | Operational Director – Financial Services |
| **SUBJECT:** | Treasury Management 2008/09 |
| **WARD(S):** | Borough-wide |

## 1.0 PURPOSE OF REPORT

1.1 To review treasury management during 2008/09 in accordance with the Council's Treasury Management Policy Statement.

## 2.0 RECOMMENDED: That the report be noted.

## 3.0 SUPPORTING INFORMATION

3.1 The annual review is attached in the Appendix. The 2008/9 year was the most volatile in living memory. The failure of the Icelandic banking system and the writing down of toxic debt led to the failure of other banks some of whom were household names and previously deemed too large to fail. This resulted in a severe credit crunch in the financial sector and many organisations stopped lending to each other. A concerted effort by the G7 governments to avoid a collapse of the banking system and a severe and prolonged recession saw massive sums pumped into the system by the way of guarantees against toxic debt and a coordinated cut in interest rate across the world.

## 4.0 POLICY IMPLICATIONS

4.1 The failure and credit downgrading of so many financial institutions resulted in some investments not being repaid. This in turn led to an interim code being issued by CIPFA to highlight best practice. Halton undertook an interim review of it's counterparty list in January to reflect the downgadings.

## 5.0 OTHER IMPLICATIONS

5.1 The Treasury Management function has consistently contributed to the budget and helped fund local services. In 2008/9 it generated £0.8m additional investment income by investing in longer investments before the interest rates fell in October. These investments will provide some degree of cover into the early part of 2009/10. However, as they unwind the ability to find suitable counterparties offering a good rate of return is limited and the level of income will drop dramatically in the latter part of the year. The rates are not forecast to pick up for some time so the full impact of the falling rates will be felt in 2010/11.

**6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children and Young People in Halton**

None.

6.2 **Employment, Learning and Skills in Halton**

None.

6.3 **A Healthy Halton**

None.

6.4 **A Safer Halton**

None.

6.5 **Halton's Urban Renewal**

None.

**7.0 RISK ANALYSIS**

7.1 The main risks associated with Treasury Management are security of investment and volatility of return. To combat this, the Authority operates within a clearly defined Treasury Management Policy and an annual borrowing and investment strategy which sets out the control framework.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no issues under this heading.

**9.0 REASON(S) FOR DECISION**

9.1 Requirement of the Treasury Management function.

**10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

10.1 None.

**11.0 IMPLEMENTATION DATE**

11.1 Not applicable.

**12.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

| Document | Place of Inspection | Contact Officer |
|---|---|---|
| Working papers | Accountancy Office | J. Viggers |

**APPENDIX**

## TREASURY MANAGEMENT – ANNUAL REVIEW 2008/09

## 1.0 INTRODUCTION AND BACKGROUND

1.1 Treasury management in local government is regulated by the 1996 CIPFA Code of Practice on Treasury Management in Local Authorities (the Code). This Council has adopted the Code and fully complies with its requirements. The primary requirement of the Code is the formulation and agreement by full Council of a Treasury Policy Statement which sets out Council, Committee and Operational Director – Financial Services' responsibilities, and delegation and reporting arrangements. (A revision of the Code was published in December 2001 which was adopted in March 2002 for the 2002/03 year onwards.) A further revision is expected in the autumn of 2009.

1.2 A requirement of the Council's Treasury Policy Statement is the reporting to the Executive Board Sub-Committee of both the expected treasury activity for the forthcoming financial year (the annual treasury strategy statement) and subsequently the results of the Council's treasury management activities in that year (this annual treasury report). Treasury management in this context is defined as:

"The management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks".

1.3 This annual report covers:

- the Council's current treasury position;
- performance measurement;
- the borrowing strategy for 2008/09 (Appendix A & B);
- the borrowing outturn for 2008/09;
- compliance with treasury limits;
- investments strategy for 2008/09 (Appendix C);
- investments outturn for 2008/09;
- debt rescheduling;
- other issues.

## 2.0 CURRENT PORTFOLIO POSITION

2.1 The Council's debt position at the beginning and end of year was as follows:

| | 31st March 2009 | | | | 31st March 2008 | | |
|---|---|---|---|---|---|---|---|
| | Principal £m | £m | Rate % | Life Yrs | Principal | Rate % | Life Yrs |
| Fixed Rate Funding | | | | | | | |
| – PWLB | 10.00 | | 3.70 | 48 | 10.00 | 3.70 | 49 |
| – Market | 10.00 | 20.00 | 4.42 | 0-58 | 10.00 | 4.42 | 0-58 |
| Variable Rate Funding | | | | | | | |
| – PWLB | 10.00 | | | | 0.00 | 0.00 | |
| – Market | 10.70 | 20.70 | 1.78 | | 6.00 | 5.48 | |
| **Total Debt** | | **40.70** | **2.90** | | **26.000** | **4.38** | |
| Investments | | | | | | | |
| – In-house | 39.00 | | 6.17 | | 41.00 | 5.93 | |
| – With Managers | 0.00 | | | | 0.00 | | |
| **Total Investments** | | **39.00** | **6.17** | | **41.00** | **5.93** | |

## 3.0 PERFORMANCE MEASUREMENT

3.1 One of the key changes in the revision of the Code was the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 2). CIPFA has however issued draft indicators, although accompanied by a cautionary note. In effect these represent a potential range of statistics which will not give a definitive set of indicators, but will rather aid comparison with neighbouring authorities treasury structures.

The use of benchmarks for investments may be inappropriate for those Local Authorities with small cash balances as they may only be able to put money out for short periods and often at weaker rates.

## 4.0 THE PROSPECT FOR INTEREST RATES FOR 2008/09

Section 4.0 is reproduced from the Treasury Management Strategy approved by the Executive Board Sub-Committee on 20th March 2008.

See Appendix A

## 5.0 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

Section 5.0 is reproduced from the Treasury Management Strategy approved by the Executive Board Sub-Committee on 20th March 2008.

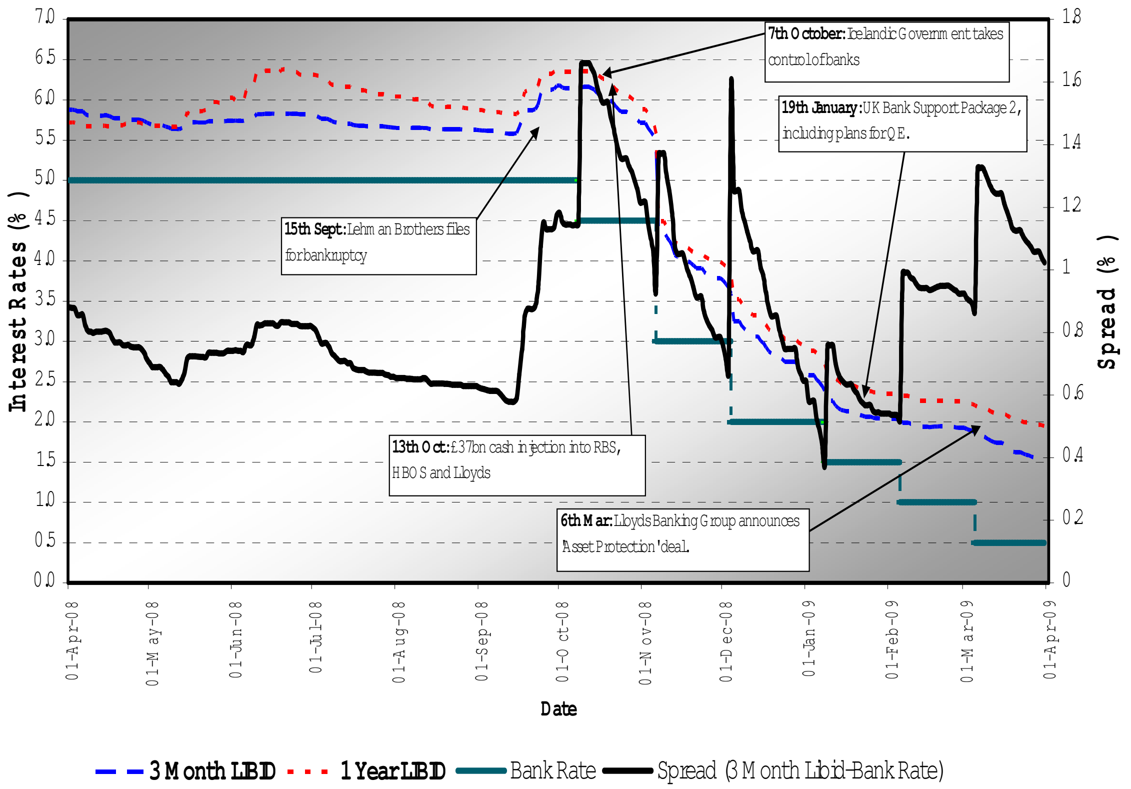
See Appendix B

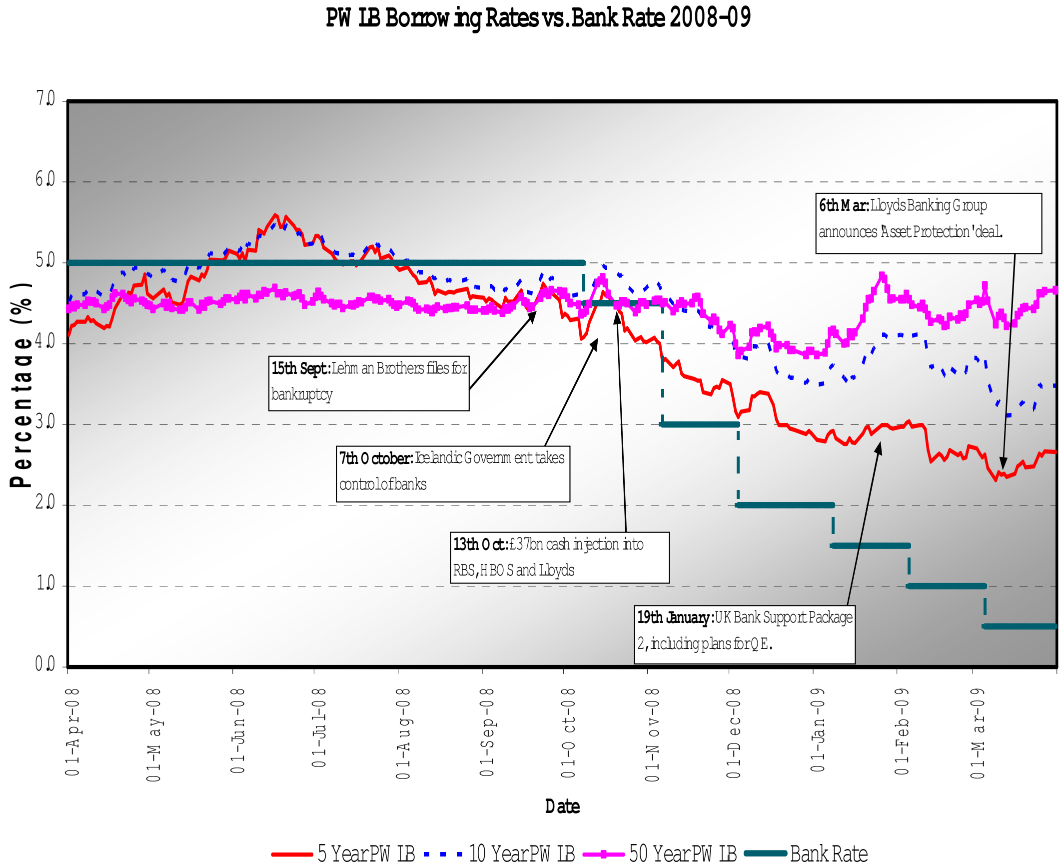
## 6.0 OUTTURN FOR 2008/09

## 6.1 The Economy and Interest Rates

In a year that can only be described as unparalleled and extraordinary the Annual Treasury Report for 2008/09 is summarised in the graphs below. These graphs show the major events of the financial year and the impact they had on both PWLB and investment rates. The financial crisis, commonly known as the 'credit crunch', had a major downward impact on the levels of interest rates around the world. Although interest rates initially fell sharply in the US they were followed, eventually, by the Bank of England.

**Bank Rate vs. Investment Rates 2008-09 and Spread Between 3 Month Libid & Bank Rate**






On 1st April 2008 Bank Rate was 5% and the Bank of England was focused on fighting inflation. Market fears were that rates were going to be raised as CPI, the Government's preferred inflation target, was well above the 2% target (two years ahead). The money market yield curve reflected these concerns with one year deposits trading well above the 6% level. PWLB rates in both 5 and 10 years edged above Bank Rate during the summer as markets maintained the belief that inflation was the major concern of the monetary authorities. The money markets were reflecting some concerns about liquidity at this time and, as shown in the graph, the spread between Bank Rate and 3 month LIBOR was greater than had historically been the case.

This phase continued throughout the summer until the 15th September when Lehman Brothers, a US investment bank, was allowed to file for bankruptcy in the total absence of any other institution being willing to buy it due to the perceived levels of toxic debt it had. This event caused a huge shock wave in world financial markets and threatened to completely destabilise them. As can be seen from the charts this also led to an immediate spike up in investment rates as markets grappled with the implications this might have on other financial institutions, their credit standing and indeed their viability. On 7th October the Icelandic government took control of their banks and this was followed a few days later by the UK government pumping a massive £37bn into three UK clearing banks, RBS/HBOS/Lloyds, as liquidity in the markets dried up. The Monetary Policy Committee meantime had reduced interest rates by 50bp on 9th October. This had little impact on 3 month LIBOR, however, as the spread, or ‘disconnect’ as it became known, against Bank Rate widened out. On the other hand the short end of the PWLB fell dramatically as investors, very concerned about their counterparty limits post the Icelandic banks’ collapse, fled to the quality of Government debt forcing yields lower.

Market focus now shifted from inflation concerns to concerns about recession, depression and deflation. Although CPI was still well above target it was seen as no barrier to interest rates being cut further. The MPC duly delivered another cut in interest rates in November, this time by an unprecedented 1.5%. Investors continued to pour money into Government securities across the curve, at the front end because of credit concerns and the longer end because of the economic consequences reducing inflation, driving yields in 10 year PWLB temporarily below 4% and 5 years to around 3.5%. In December as the ramifications of the ‘credit crunch’ became increasingly clear the Bank of England cut interest rates to 2%-a drop this time of 1%. The whole interbank yield curve shifted downwards but the ‘disconnect’ at the short end remained very wide, negating to some degree the impact of the cuts in Bank Rate. 50 year PWLB rates dropped below 4% at the turn of the year, marking the low point, as it turned out, in this maturity.

The New Year of 2009 brought little relief to the prevailing sense of crisis and on 8th January the MPC reduced rates by 0.5% to 1.5%, a record low. More Government support for the banking sector was announced on 19th January 2009. The debt markets had a sharp sell-off at this stage as they took fright at the amount of gilt issuance likely to be needed to finance the help provided to the banks. There was also discussion about further measures that could be introduced to kick start lending and economic activity. These included quantitative easing by the Bank of England, effectively printing money.

In February 2009 the MPC adopted the traditional method of monetary easing by cutting interest rates again by 0.5% to 1%. Interbank rates drifted down with the spread in the 3 months still well above Bank Rate. In early March Lloyds Banking Group, which now included HBOS, took part in the Government’s Asset Protection scheme. The MPC cut interest rates yet again to 0.5% and announced the quantitative easing scheme would start soon. This scheme would focus on buying up to £75bn of gilts in the 5-25 year maturity periods and £10 -15bn of corporate bonds. This led to a substantial rally in the gilt market, particularly in the 5 and 10 year parts of the curve, and PWLB rates fell accordingly. Finally at the end of March it was announced that the Dunfermline Building Society had run into difficulties and its depositors and good mortgages were taken over by Nationwide whilst the Treasury took on its doubtful loans.

The financial year ended with markets still badly disrupted, the real economy suffering from a lack of credit, short to medium term interest rates at record lows and a great deal of uncertainty as to how or when recovery would take place. Investment income returns have been badly hit but lower borrowing rates in short to medium periods had allowed indebted local authorities to benefit.

## 7.0 BORROWING AND INVESTMENT RATES IN 2008/09

**12-month bid rates**: One year LIBID fluctuated between around 5.7% to 6.4% with two peaks driven by credit crunch fears in June and September. Bank Rate had been held at 5.0% until October 9 when the first of a series of major cuts caused 12 month LIBID in 2008-09 to be on a rapidly falling trend to the end of the financial year, reaching 1.85% at the end.

**5 (and 10 year) gilt yields**: ***(this paragraph will be relevant to those authorities with externally managed investments).*** These yields have been very volatile during the year. In April, they started at around 4.1% (4.4%) and peaked at around 5.5% (5.2%) during June before edging down again to around 4.4% (4.5%) in mid September. After Lehman's then collapsed, yields were on a generally falling trend although volatility was again pronounced with a mini peak in late January around 2.9% (3.0%) before finishing the year at around 2.3% (2.4%).

**Longer-term interest rates –** The PWLB 45-50 year rate started the year at 4.43% (25 year at 4.62%) and was then generally within a band of 4.3 - 4.6% (4.6% - 5.0%) until mid October when there was a spike up to 4.84% (5.08%) followed by a plunge down to 3.86% (4.03% late December) in early December. Further spikes of 4.84% (4.86%) and 4.72% (4.69%) occurred in late January and early February with the year closing out at 4.58% (4.28%). It was not uncommon to see rates fluctuating by 40-50 basis points within a few weeks during this year.

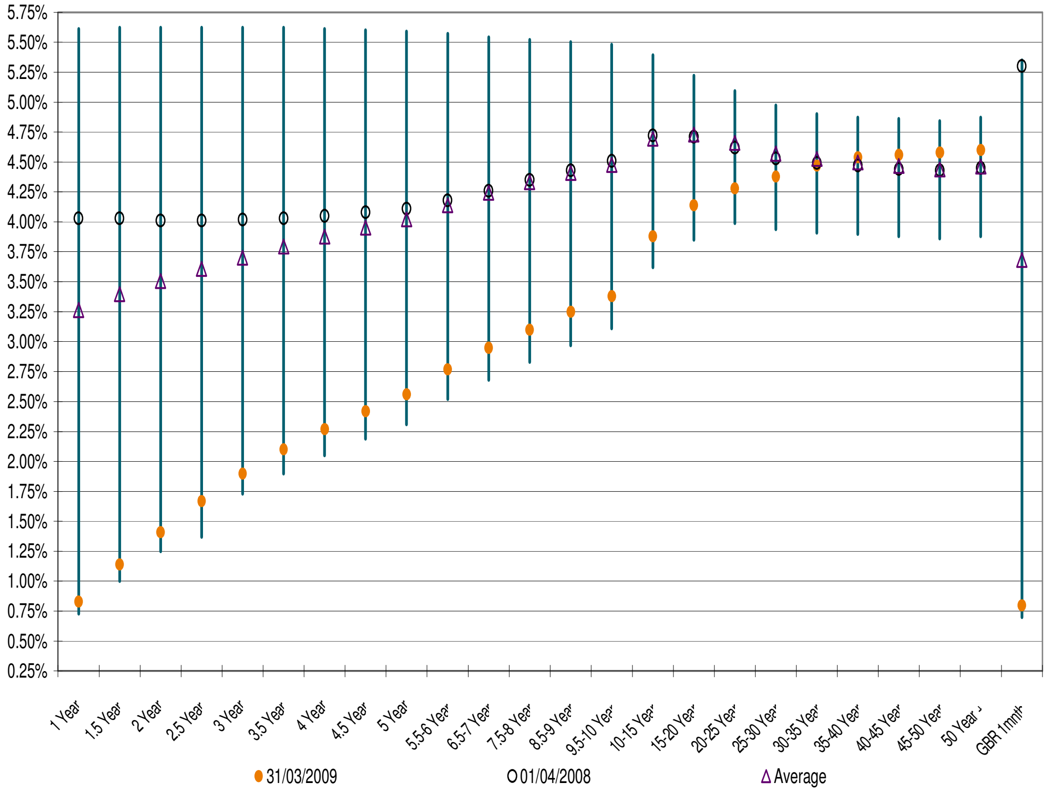
## 8.0 BORROWING OUTTURN 2008/09

As comparative performance indicators, average PWLB maturity loan interest rates for 2008/09 were:

| | |
|---|---|
| 1 year | 3.264% |
| 9.5 - 10 year | 4.477% |
| 24.5 - 25 year | 4.570% |
| 49.5 - 50 year | 4.438% |
| 1 month GBR variable | 3.682% |

The graph below shows the range (high and low points) in rates for each maturity period during the year, and individual rates at the start and end of the financial year:

**PWLB rates 2008/09**




8.1 Debt Performance

As highlighted in section 2.1, above the average debt portfolio interest rate has moved over the course of the year from 4.38% to 2.90% (although the long term core rate stayed the same at 4.06%). The strategy for the year was to fund borrowing from surplus cash unless rates were particularly attractive when the Council would draw longer term fixed rate debt.

8.2 There was no new long term borrowing transactions in the year. The possibility of undertaking new long term borrowing was looked at several times during the year. However, with falling interest rates and the difficulty of finding a secure home for the cash pending it's use it was decided to defer any borrowing. This decision minimised the council's exposure to capital loss and interest rate movements in the short term. It is hoped that long term rates will not move up too quickly and that any new borrowing can be undertaken in the near future at competitive rates.

## 9.0 COMPLIANCE WITH TREASURY LIMITS

8. During the financial year the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement.

**10.0 TEMPORARY INVESTMENTS STRATEGY**

Section 9.0 is reproduced from the Treasury Management Strategy approved by the Executive Board Sub-Committee on 20th March 2008.

See Appendix C

**11.0 INVESTMENTS OUTTURN FOR 2008/09**

11.1 Internally Managed Investments – The authority manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 3 years, dependent on the authority's cash flows counterparty limits and the interest rates on offer.

11.2 Investment Outturn – Detailed below is the result of the investment strategy undertaken by the Council.

| | Average Investment Level | Rate of Return (gross of fees) | Rate of Return (net of fees) | Benchmark Return* |
|---|---|---|---|---|
| Internally Managed | £46.783m | 5.98% | 5.98% | 3.69% |

*The benchmark for internally managed funds is the average 7-day LIBID rate (uncompounded) sourced from the Financial Times. The benchmark for externally managed funds is the 7 day LIBID rate, averaged for the week, and compounded weekly.

NB: The 3 month LIBID benchmark rate was 4.49%.

11.3 No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

**12.0 DEBT RESCHEDULING**

12.1 The post housing stock transfer debt situation has left the council in a unique situation. It has a low level of external debt at £20m, £10m of which is locked into an excellent rate of 3.70% for a long period. It is unlikely that this debt would be rescheduled as it provides a cornerstone of the debt portfolio for future years.

## 13.0 OTHER ISSUES

13.1 Counterparty Limits

Due to the high level of uncertainty in the money markets during the year, the authority was particularly careful in monitoring the suitability of the organisations on its approved investment counterparty list. A supplementary report was presented to members in January to update them on how the various credit rating downgradings had affected the authorities ability to invest cash. With the protection of capital as the most important parameter the authorities limits have been refined to reduce exposure wherever possible albeit at the loss of potential extra income. Although the investment return for 2008/9 was very good, the declining rate of return on investments will be felt more in 2009/10 as various fixed rate deals unwind. The authority has never had the Icelandic Banks on its counterparty list and was therefore unaffected by their default in October 2008.

**Appendix A**

## 4.0 PROSPECTS FOR INTEREST RATES

4.1 The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix A draws together a number of current City forecasts for short term or variable (the base rate or repo rate) and longer fixed interest rates.

4.2 Sector View: Interest rate forecast – 1st February 2008

| | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 | Q/E3 2009 | Q/E4 2009 | Q/E1 2010 | Q/E2 2010 | Q/E3 2010 | Q4 2010 | Q1 2011 | Q2 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Bank Rate | 5.25 | 5.00 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| 5 yr Gilt Yield | 4.55 | 4.55 | 4.50 | 4.50 | 4.55 | 4.65 | 4.70 | 4.75 | 4.80 | 4.85 | 4.85 | 4.85 | 4.85 | 4.85 |
| 10 yr PWLB Rate | 4.60 | 4.55 | 4.50 | 4.55 | 4.55 | 4.55 | 4.65 | 4.70 | 4.75 | 4.80 | 4.85 | 4.85 | 4.85 | 4.80 |
| 25 yr PWLB Rate | 4.55 | 4.50 | 4.50 | 4.50 | 4.50 | 4.55 | 4.60 | 4.65 | 4.70 | 4.70 | 4.75 | 4.75 | 4.75 | 4.75 |
| 50 yr PWLB Rate | 4.50 | 4.45 | 4.45 | 4.45 | 4.45 | 4.50 | 4.55 | 4.60 | 4.60 | 4.65 | 4.65 | 4.65 | 4.65 | 4.60 |

Sector's current interest rate view is that Bank Rate: -

- started on a downward trend from 5.75% to 5.50% in December 2007
- to be followed by further cuts in Q1 2008 to 5.25%, to 5.00% in Q2 2008 and to 4.75% in Q3 2008
- then unchanged until an increase in Q4 2009 to 5.0%
- unchanged then for the rest of the forecast period
- there is downside risk to this forecast if inflation concerns subside and therefore opens the way for the MPC to be able to make further cuts in the Bank Rate

4.3 Economic background

**International**

- The US, UK and EU economies have all been on the upswing of the economic cycle during 2005 and 2006 and so interest rates were successively raised in order to cool their economies and to counter the build up of inflationary pressures.
- The US is ahead of both the UK and EU in the business cycle and started on the downswing of the economic cycle during

2007. The Fed. rate peaked at 5.25% and was first cut in September by 0.5% to 4.75%. This was a response to the rapidly deteriorating prospects for the economy in the face of the downturn in the housing market, the sub prime mortgage crisis and the ensuing liquidity crisis which started in August 2007 and has subsequently resulted in banks making some major write offs of losses on debt instruments containing sub prime mortgages. Banks have also tightened their lending criteria which has hit hard those consumers with poor credit standing.

- The Fed cut its rate again, to 4.5% in October 2007 and to 4.25% in December. A steep plunge in equity markets around the world in January precipitated by widespread concerns as to recession in the US, the financial viability of bond insurers in the US as a result of the sub-prime crisis and the unwinding of huge unauthorised positions taken by a rogue trader at the French bank SocGen, triggered an emergency between meetings cut of 0.75% by the Fed followed by another cut of 0.50% at its regular meeting a few days later on 30 January.

- More cuts may be required to try to further stimulate the economy and to ameliorate the extent of the expected downturn. However, the speed and extent of these cuts may be inhibited by inflationary pressures arising from oil prices, the falling dollar increasing the costs of imports, etc. The US could be heading into stagflation in 2008 – a combination of inflation and a static economy (but the economy could even tip into recession if the housing downturn becomes severe enough).

- The major feature of the US economy is a steepening downturn in the housing market which is being undermined by an excess stock of unsold houses stoked by defaulting sub prime borrowers pushed into forced sales. Falling house prices will also undermine household wealth and so lead to an increase in savings (which fell while house prices were rising healthily) and so conversely will lead to a fall in consumer expenditure. Petrol prices have trebled since 2003 and, with similar increases in the price of home heating oil, this will also depress consumer spending with knock on effects on house building, employment etc.

- The downturn in economic growth in the US in 2008 will depress world growth, (especially in the western economies), which will also suffer directly under the impact of high oil prices. However strong growth in China and India will partially counteract some of this negative pressure.

- EU growth has been strong during 2006 and 2007 but will be caught by the general downturn in world growth in 2008.

**United Kingdom**

- GDP: growth has been strong during 2007 and hit 3.3% year on year in Q3. Growth is expected to cool from 3.0% in 2007 as a whole to 2.0% in 2008.

- Higher than expected immigration from Eastern Europe has underpinned strong growth and dampened wage inflation.

- House prices started on the downswing in Q3 2007 and this is expected to continue into 2008.

- The combination of increases in Bank Rate and hence mortgage rates, short term mortgage fixes expiring and being renewed at higher rates, food prices rising at their fastest rate since 1993 and increases in petrol prices, have all put consumer spending power under major pressure.

- Banks have also tightened their lending criteria since the sub prime crisis started and that will also dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages.

- Government expenditure will be held under a tight reign for the next few years, undermining one of the main props of strong growth during this decade.

The MPC is very concerned at the build up of inflationary pressures, especially the rise in the oil price to reach $90 – 100 per barrel from time to time (was $30 in 2003) and the consequent likely knock on effects on general prices. The prices of UK manufactured goods have risen at the fastest rate in 16 years in December 2007 – 5.0%. Food prices have also risen at their fastest rate for fourteen years (7.4% annual increase) driven by strong demand from China and India. Consequently, the MPC is going to be much more cautious about cutting rates compared to the Fed in the face of these very visible inflationary pressures. In addition, UK growth was still strong in Q4 (despite expectations of a significant cooling off). The downward trend in Bank Rate is now expected to be faster than at first thought after the initial cut in December 2007 to 5.50% in view of the MPC minutes which showed a unanimous MPC vote for a cut and the consideration given to a half per cent cut. This demonstrated how concerned the MPC is at the potential impact of the credit crunch on the economies of the western world. However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures. If those pressures subside, then there is further downward risk to the Sector forecast which currently only allows for 0.25% cuts to reach 4.75% in Q3 2008.

**Appendix B**

## 5.0 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

5.1 The Sector forecast is as follows:

(These forecasts are based around an expectation that there will normally be variations of +/- 25bp during each quarter around these average forecasts in normal economic and political circumstances. However, greater variations can occur if should there be any unexpected shocks to financial and/or political systems.) These forecasts are for the PWLB new borrowing rate: -

- The 50 year PWLB rate is expected to fall marginally from 4.50% in Q1 2008 to 4.45% in Q2 2008 before rising back again to 4.50% in Q2 2009 to eventually reach 4.65% in Q2 2010.

- The 25 year PWLB rate is expected to fall from 4.55% to 4.50% in Q2 2008 and then to rise in gradual steps from Q2 2009 to reach 4.75% in Q3 2010.

- The 10 year PWLB rate is expected to fall from 4.60% in Q1 2008 to 4.55% in Q2 and to 4.50% in Q3 2008 and to then gradually rise from Q1 2009 to reach 4.85% in Q3 2010.

- The 5 year PWLB rate is expected to fall from 4.55% in Q2 2008 to 4.50% in Q3 2008 and to then gradually rise starting in Q1 2009 to reach 4.85% in Q2 2010.

This forecast indicates, therefore, that the borrowing strategy for 2008/09 should be set to take 25 – 30 year borrowing towards the end of the financial year but in as much as little variation is expected in average quarterly rates, this is likely to mean that attractive rates could be available at any time in the year when there is a dip down in rates.

Variable rate borrowing and borrowing in the five year area are expected to be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to taking long term borrowing.

For authorities wishing to minimise their debt interest costs, the main strategy is therefore as follows:

- Focus on undertaking new borrowing in or near the 25 – 30 year period so as to minimise the spread between the PWLB new borrowing and early repayment rates as there is little, or no difference in the new borrowing rate between rates in these periods and the 50 year rate. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.

- This strategy also means that after some years of focusing on borrowing at or near the 50 year period, local authorities will be able to undertake borrowing in a markedly different period and so achieve a better spread in their debt maturity profile.

- When the 25-30 year PWLB rates fall back to the central forecast rate of about 4.60%, borrowing should be made in this area of the market at any time in the financial year. This rate is likely to be lower than the forecast rates for shorter maturities in the 5 year and 10 year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.60%. However, if shorter period loans become available around this rate, these will also be considered.

- The central forecast rate will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.

- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate.

5.4 Against this background caution will be adopted with the 2008/09 treasury operations. The Operational Director – Financial Services will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Executive Board Sub-Committee at the next available opportunity.

5.5 Sensitivity of the forecast - The main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp rise in long and short term rates,* perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

- *if it were felt that there was a significant risk of a sharp fall in long and short term rates,* due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

Appendix C

## 9.0 ANNUAL INVESTMENT STRATEGY

9.1 Investment Policy

The Council will have regard to the ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:

(a) the security of capital; and

(b) 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 below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the approved lending list.

Specified v non specified investments

There has been an increasing number of innovative investment products being marketed over the past few years. The have arisen due to the relatively low interest rate environment which has prevailed during this period. The initial guidance from the ODPM focused on high security and more particularly credit risk. This approach however does not deal with market risk, which is the sudden adverse movement in interest rates. In some products this could lead to a significant diminution of the maturity value below that of the original sum invested.

Because of this it has been suggested that if any investment other than a straight cash deposit is envisaged the following tests are applied ;-

1. the working of the product is fully understood;

2. the degree of risk exposure the product carries is identified;

3. the level of risk fits within the parameters set by the authority;

4. the product complies with the CIPFA Code of Practice on Treasury Management (prime focus on security and best value applied to optimise returns).

The Council has in the main used straightforward cash deposits, with both fixed and variable rates, but always with options to repay if the counterparty wanted to change the terms and agreement couldn't be reached. The issue therefore still boils down to credit risk and this is handled through the counterparty weighted rankings and prudential indicators which limit the amount that can be placed with non rated organisations at any one time.

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 (i.e. credit rated counterparties).

| | Minimum 'High' Credit Criteria | Use |
|---|---|---|
| Debt Management Agency Deposit Facility | -- | In-house |
| Term Deposits – UK Government | -- | In-house |
| Term Deposits – Other LAs | -- | In-house |
| Term Deposits – Banks and Building Societies | On Approved List | In-house |

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Non-Specified Investments:

A maximum of 30% will be held in aggregate in non-specified investments for 2-3 years and 60% in 1 to 2 years. This group is to include non credit rated organisations.

| | Minimum Credit Criteria | Use | Max % of Total Investments | Max. Maturity Period |
|---|---|---|---|---|
| Term deposits – UK government (with maturities in excess of 1 year) | | In-house | 30%<br>60% | 2-3 years<br>1-2 years |
| Term deposits – other LAs (with maturities in excess of 1 year) | | In-house | 30%<br>50% | 2-3 years<br>1-2 years |
| Term deposits – banks and building societies (with maturities in excess of 1 year) | On Approved List | In-house | 30%<br>60% | 2-3 years<br>1-2 years |

The Council uses Moody's ratings to derive its criteria. Where a counterparty does not have a Moody's rating, the equivalent Fitch rating will be used. All credit ratings will be monitored on a regular basis. The Council is alerted to changes in credit ratings 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.

9.2 Investment Strategy

In-house funds: The Council's in-house managed funds have during the past twelve months (January to December) been in the value range of £27.30m to £51.35m with a core balance of around £20m which is available for investment over a longer (say) 2-3 year period. The current balance is £55.25m. 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).

The Council already has investments that span the financial year e.g. longer-dated deposits including callable deposits, which were taken out at various peaks of the last rate cycles as shown below.

| | Amount | Maturity | Rate (%) |
|---|---|---|---|
| Derbyshire BS | 2,500 | 25/04/2008 | 5.57 |
| West Bromwich BS | 2,500 | 30/04/2008 | 6.31 |
| Cumberland BS | 1,000 | 15/05/2008 | 6.36 |
| Bank of Ireland Plc | 2,500 | 23/05/2008 | 6.09 |
| Newcastle BS | 2,500 | 05/06/2008 | 5.00 |
| Northern Rock | 2,500 | 05/06/2008 | 5.13 |
| Northern Rock | 2,500 | 30/06/2008 | 5.96 |
| Norwich & Peterborough BS | 2,500 | 02/07/2008 | 6.25 |
| Nottingham BS | 2,500 | 25/07/2008 | 5.55 |
| Coventry BS | 2,500 | 14/08/2008 | 5.95 |
| Derbyshire BS | 2,500 | 30/09/2008 | 6.23 |
| Stroud & Swindon BS | 2,500 | 17/11/2008 | 6.15 |
| Kent Reliance BS | 2,500 | 18/12/2008 | 5.53 |
| Coventry BS | 2,500 | 23/01/2009 | 6.46 |
| Progressive BS | 2,500 | 26/02/2009 | 5.95 |
| Cheshire BS | 2,500 | 02/11/2009 | 6.15 |
| Northern Rock | 2,500 | 23/07/2010 | 6.41 |

It is unlikely therefore that further long dated investments will be undertaken until these investments mature.

The interest rate outlook is particularly relevant to the performance of the Council's investment portfolio. Appendix 'A' shows quite clearly that all economic forecasters are predicting further rate cuts in the next financial year. The timing and severity of the cuts may be different but the trend is the same. It is difficult to argue against this message as the pressure of a recession in the USA will impact on Europe and our own economy will come under pressure. The Council has already placed as much of it's current portfolio into fixed rate, fixed period deals as it feels it can do within it's current risk spread policy and will adopt a policy of running down it's investments as they mature during 2008/9 whilst waiting for the opportune time to borrow to fund it's long term capital projects. This policy should minimise the impact of falling investment rates.

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest.

End of year Investment Report

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

**Appendix D**

## 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.

**Sector** interest rate forecast – 1 February 2008

| | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 | Q/E3 2009 | Q/E4 2009 | Q/E1 2010 | Q/E2 2010 | Q/E3 2010 | Q/E4 2010 | Q/E1 2011 | Q/E2 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank Rate | 5.25% | 5.00% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 5yr PWLB rate | 4.55% | 4.55% | 4.50% | 4.50% | 4.55% | 4.65% | 4.70% | 4.75% | 4.80% | 4.85% | 4.85% | 4.85% | 4.85% | 4.85% |
| 10yr PWLB rate | 4.60% | 4.55% | 4.50% | 4.50% | 4.55% | 4.55% | 4.65% | 4.70% | 4.75% | 4.80% | 4.85% | 4.85% | 4.85% | 4.80% |
| 25yr PWLB rate | 4.55% | 4.50% | 4.50% | 4.50% | 4.50% | 4.55% | 4.60% | 4.65% | 4.70% | 4.70% | 4.75% | 4.75% | 4.75% | 4.75% |
| 50yr PWLB rate | 4.50% | 4.45% | 4.45% | 4.45% | 4.45% | 4.50% | 4.55% | 4.60% | 4.60% | 4.65% | 4.65% | 4.65% | 4.65% | 4.60% |

**Capital Economics** interest rate forecast – 12 December 2007

| | Q/E4 2007 | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 | Q/E3 2009 | Q/E4 2009 |
|---|---|---|---|---|---|---|---|---|---|
| Bank rate | 5.50% | 5.25% | 5.00% | 4.75% | 4.50% | 4.25% | 4.00% | 4.00% | 4.00% |
| 5yr PWLB rate | 4.65% | 4.45% | 4.35% | 4.05% | 3.95% | 4.05% | 4.25% | 4.35% | 4.75% |
| 10yr PWLB rate | 4.65% | 4.45% | 4.25% | 4.15% | 4.15% | 4.25% | 4.45% | 4.65% | 4.85% |
| 25yr PWLB rate | 4.65% | 4.55% | 4.45% | 4.45% | 4.35% | 4.45% | 4.55% | 4.75% | 4.95% |
| 50yr PWLB rate | 4.55% | 4.55% | 4.45% | 4.35% | 4.25% | 4.35% | 4.55% | 4.65% | 4.75% |

**UBS** interest rate forecast (for quarter ends) – 25 January 2008

| | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 | Q/E3 2009 | Q/E4 2009 |
|---|---|---|---|---|---|---|---|---|
| Bank Rate | 5.25% | 5.00% | 4.75% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% |
| 10yr PWLB rate | 4.65% | 4.60% | 4.55% | 4.55% | 4.55% | 4.55% | 4.65% | 4.75% |
| 25yr PWLB rate | 4.50% | 4.50% | 4.50% | 4.45% | 4.45% | 4.45% | 4.55% | 4.65% |
| 50yr PWLB rate | 4.43% | 4.40% | 4.45% | 4.45% | 4.50% | 4.55% | 4.65% | 4.75% |

## 2. SURVEY OF ECONOMIC FORECASTS

**HM Treasury** – January 2008 summary of forecasts of 24 City and 13 academic analysts for Q4 2007 and 2008. (2009 – 2011 are based on 21 forecasts)

| BANK RATE FORECASTS | | quarter ended | | annual average Bank Rate | | |
|---|---|---|---|---|---|---|
| | actual | Q4 2007 | Q4 2008 | ave. 2009 | ave. 2010 | ave. 2011 |
| Median | 5.50% | 5.50% | 4.88% | 5.20% | 5.24% | 5.27% |
| Highest | 5.50% | 5.75% | 6.25% | 6.25% | 6.25% | 6.25% |
| Lowest | 5.50% | 5.00% | 4.25% | 4.80% | 4.50% | 4.50% |

**Appendix E**

## INTEREST RATE MOVEMENTS DURING 2008/9

| | MPC | Market | PWLB New Loan Maturity Rates | | | |
|---|---|---|---|---|---|---|
| Date | Base Rate | 7 Day Libid | 1 Year | 10 Year | 25 Year | 50 Year |
| | % | % | % | % | % | % |
| April 7, 2008 | 5.25 | 5.33 | 4.14 | 4.61 | 4.67 | 4.48 |
| April 14, 2008 | 5.00 | 5.14 | 4.08 | 4.58 | 4.64 | 4.43 |
| April 21, 2008 | 5.00 | 5.09 | 4.51 | 4.89 | 4.86 | 4.61 |
| April 28, 2008 | 5.00 | 5.07 | 4.67 | 4.95 | 4.84 | 4.53 |
| May 5, 2008 | 5.00 | 5.04 | 4.60 | 4.92 | 4.82 | 4.50 |
| May 12, 2008 | 5.00 | 5.03 | 4.49 | 4.77 | 4.74 | 4.42 |
| May 19, 2008 | 5.00 | 5.02 | 4.85 | 4.93 | 4.79 | 4.42 |
| May 26, 2008 | 5.00 | 5.02 | 5.07 | 5.10 | 4.87 | 4.49 |
| June 2, 2008 | 5.00 | 5.02 | 5.14 | 5.16 | 4.91 | 4.54 |
| June 9, 2008 | 5.00 | 5.02 | 5.17 | 5.19 | 4.93 | 4.56 |
| June 16, 2008 | 5.00 | 5.01 | 5.61 | 5.48 | 5.09 | 4.69 |
| June 23, 2008 | 5.00 | 5.02 | 5.46 | 5.37 | 5.00 | 4.59 |
| June 30, 2008 | 5.00 | 5.02 | 5.19 | 5.20 | 4.94 | 4.56 |
| July 7, 2008 | 5.00 | 5.01 | 5.01 | 5.13 | 4.89 | 4.47 |
| July 14, 2008 | 5.00 | 5.01 | 5.03 | 5.10 | 4.88 | 4.48 |
| July 21, 2008 | 5.00 | 5.01 | 5.23 | 5.23 | 4.99 | 4.58 |
| July 28, 2008 | 5.00 | 5.01 | 5.12 | 5.18 | 4.93 | 4.55 |
| August 4, 2008 | 5.00 | 5.01 | 5.06 | 5.03 | 4.87 | 4.53 |
| August 11, 2008 | 5.00 | 5.00 | 4.95 | 4.88 | 4.75 | 4.43 |
| August 18, 2008 | 5.00 | 5.00 | 4.82 | 4.77 | 4.73 | 4.43 |
| August 25, 2008 | 5.00 | 5.02 | 4.90 | 4.80 | 4.75 | 4.47 |
| September 1, 2008 | 5.00 | 5.00 | 4.78 | 4.69 | 4.67 | 4.41 |
| September 8, 2008 | 5.00 | 5.00 | 4.60 | 4.60 | 4.60 | 4.38 |
| September 15, 2008 | 5.00 | 5.01 | 4.47 | 4.62 | 4.64 | 4.46 |
| September 22, 2008 | 5.00 | 5.02 | 4.30 | 4.80 | 4.76 | 4.57 |
| September 29, 2008 | 5.00 | 5.04 | 4.22 | 4.76 | 4.80 | 4.65 |
| October 6, 2008 | 5.00 | 5.05 | 3.99 | 4.61 | 4.62 | 4.48 |
| October 13, 2008 | 4.50 | 5.07 | 3.46 | 4.84 | 4.99 | 4.75 |
| October 20, 2008 | 4.50 | 5.07 | 3.51 | 4.89 | 4.86 | 4.47 |
| October 27, 2008 | 4.50 | 5.05 | 3.13 | 4.61 | 4.69 | 4.39 |
| November 3, 2008 | 4.50 | 5.02 | 2.96 | 4.79 | 4.89 | 4.53 |
| November 10, 2008 | 3.00 | 4.98 | 2.51 | 4.49 | 4.86 | 4.44 |
| November 17, 2008 | 3.00 | 4.91 | 2.11 | 4.39 | 4.79 | 4.50 |
| November 24, 2008 | 3.00 | 4.88 | 1.92 | 4.20 | 4.57 | 4.28 |
| December 1, 2008 | 3.00 | 4.82 | 1.98 | 4.12 | 4.52 | 4.23 |
| December 8, 2008 | 2.00 | 4.82 | 1.64 | 3.81 | 4.23 | 3.96 |
| December 15, 2008 | 2.00 | 4.66 | 1.53 | 4.01 | 4.46 | 4.22 |
| December 22, 2008 | 2.00 | 4.56 | 1.14 | 3.62 | 4.16 | 3.98 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **December 29, 2008** | **2.00** | **4.50** | **1.04** | **3.51** | **4.03** | **3.86** |
| **January 5, 2009** | **2.00** | **4.46** | **1.00** | **3.51** | **4.06** | **3.89** |
| **January 12, 2009** | **1.50** | **4.39** | **1.00** | **3.58** | **4.14** | **4.00** |
| **January 19, 2009** | **1.50** | **4.32** | **1.08** | **3.74** | **4.39** | **4.31** |
| **January 26, 2009** | **1.50** | **4.25** | **0.92** | **4.11** | **4.86** | **4.84** |
| **February 2, 2009** | **1.50** | **4.19** | **1.03** | **4.11** | **4.65** | **4.55** |
| **February 9, 2009** | **1.00** | **4.12** | **1.17** | **4.12** | **4.56** | **4.45** |
| **February 16, 2009** | **1.00** | **4.05** | **0.86** | **3.77** | **4.38** | **4.31** |
| **February 23, 2009** | **1.00** | **3.99** | **1.03** | **3.62** | **4.38** | **4.30** |
| **March 2, 2009** | **1.00** | **3.88** | **0.93** | **3.82** | **4.60** | **4.54** |
| **March 9, 2009** | **0.50** | **3.83** | **0.85** | **3.22** | **4.07** | **4.24** |
| **March 16, 2009** | **0.50** | **3.77** | **0.99** | **3.12** | **4.00** | **4.25** |
| **March 23, 2009** | **0.50** | **3.73** | **0.91** | **3.19** | **4.11** | **4.43** |
| **March 30, 2009** | **0.50** | **3.71** | **0.83** | **3.38** | **4.28** | **4.58** |
| | | | | | | |
| **Maximum** | 5.25 | 5.33 | 5.61 | 5.48 | 5.09 | 4.69 |
| **Minimum** | 0.50 | 3.71 | 0.83 | 3.12 | 4.00 | 3.86 |
| **Spread** | 4.75 | 1.62 | 4.78 | 2.36 | 1.09 | 0.83 |
| **Average** | 3.60 | 4.75 | 3.25 | 4.46 | 4.64 | 4.42 |

**Appendix F**

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

| No. | Prudential Indicator | 2008/09 Estimate £ | 2008/09 Actual £ |
|---|---|---|---|
| | (1) Extract from Budget | | |
| 7 | Capital Financing Requirement (as at 31 March) | £m | £m |
| | Non-HRA | 70.30 | 62.883 |

| No. | Prudential Indicator | 2008/09 Estimate £m | 2008/09 Actual £m |
|---|---|---|---|
| | (2) Treasury Management Prudential Indicators | | |
| 10 | Authorised Limit for External Debt | | |
| | Borrowing | 58.10 | 40.70 |
| | Other Long Term Liabilities | 0.00 | 0.00 |
| | TOTAL | 58.10 | 40.70 |
| 11 | Operational Boundary for External Debt | | |
| | Borrowing | 53.10 | 40.70 |
| | Other Long Term Liabilities | 0.00 | 0.00 |
| | TOTAL | 53.10 | 40.70 |
| 12 | Upper Limit for Fixed Interest Rate Exposure | | |
| | Expressed as | | |
| | Net Principal re Fixed Borrowing/ Investments | 39.82 | 20.00 |
| | | (75%) | (50%) |
| 13 | Upper Limit for Variable Rate Exposure | | |
| | Expressed as | | |
| | Net Principal re Variable Borrowing/ Investments | 39.82 | 20.70 |
| | Net Interest re Variable Rate Borrowing/ Investments | (75%) | (51%) |
| 14 | Maturity Structure of New Fixed Rate Borrowing during 2008/09 | Upper | Upper |
| | Under 12 months | 50% | 0% |
| | 12 months and within 24 months | 75% | 0% |
| | 24 months and within 5 years | 50% | 0% |
| | 5 years and within 10 years | 50% | 0% |
| | 10 years and above | 75% | 0% |
| | None taken in 2008/09 | | |

| No. | Prudential Indicator | | |
|---|---|---|---|
| | | % | % |
| 15 | Upper Limit for Total Principal Sums invested for over | | |
| | Up to 1 year (per maturity date) | 100 | 78 |
| | Up to 2 years (per maturity date) | 60 | 22 |
| | 2 Years+ (per maturity date) | 30 | 5 |

| No. | Prudential Indicator |
|---|---|
| 16 | Maturity Structure of New Fixed Rate Borrowing in Previous year |
| | None taken in 2007/08 |

# Agenda Item 4c

**REPORT TO:** Executive Board Sub-Committee

**DATE:** 10th September 2009

**REPORTING OFFICER:** Operational Director – Financial Services

**SUBJECT:** Treasury Management 2009/10
1st Quarter: April – June

**WARDS:** Borough Wide

## 1.0 PURPOSE OF REPORT

1.1 The purpose of the report is to update the Sub-Committee about activities undertaken on the money market as required by the Treasury Management Policy.

1.2 CIPFA issued an interim Treasury Management guidance document in March 2009, highlighting Best Practice recommendations for Local Authorities to follow. The document suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Council is embracing Best Practice in accordance with CIPFA's recommendations. It is expected that CIPFA will issue an updated Treasury Management Code of Practice in the autumn of 2009.

## 2.0 RECOMMENDED: That the report be noted.

## 3.0 SUPPORTING INFORMATION

3.1 Economic Background

The following has been provided by Sector, the Council's treasury management advisors:

Highlights of the quarter:

- The 'green shoots' of recovery emerge;
- GDP contracted by 2.4% during last quarter, the largest fall for over 50 years, an improvement in the output-related data was to be somewhat expected.
- Monetary policy loosened further via the extension of the Bank of England's quantitative easing programme, but lending growth is still slow;
    - Unemployment rise and earnings growth fall;
    - Inflation fall further, but oil prices rise;
    - Bond yields and equity prices rise in response to the improved economic outlook;
    - Sterling appreciate, but only to a level well below its 2007 peak;

- Activity strengthen to a similar extent in the US, but a much weaker extent in Europe.

The first quarter saw some encouraging signs that the rate of contraction in the economy had eased considerably. Retail sales grew by 1.0% in April, and while they fell back in May, they remained above March's level. Consumer confidence continued to pick up. Industrial production rose by 0.2% m/m in April, the first rise since November 2007, and the Nationwide house price index rose in May and June, leading to the first quarterly rise since Q4 2007.

April's Budget announced an injection of £5.2bn in 2009/10, but a tightening of £5.2bn in 2011/12. The Chancellor forecast that public sector net borrowing would increase to 12.5% of GDP in 2009/10 and that net debt as a percentage of GDP will leap from 41.2% in 2008/09 to 62.9% in 2009/10, before peaking at 94.2% in 2015/16. This may have a significant impact on the UK economy.

After rapidly cutting official interest rates to a record low of 0.5%, the MPC increased the amount of asset purchases under the Bank's quantitative easing (QE) programme from £75bn to £125bn in May. The MPC still retains the option to extend these purchases by a further £25bn before having to ask the Chancellor for further authorisation. However, while QE does at least seem to have been successful in improving liquidity in financial markets, its impact on the real economy remains limited.

Inflationary pressures within the economy continued to reduce in the quarter, although at a slower rate than had been expected. The key factors in this trend are tax rises and increasing oil prices. While the headline rate of CPI inflation fell to 2.2% in May, the reduction was smaller than the consensus expected. RPI inflation fell to -1.1% in May.

3.2 Economic Forecast

The following forecast has been provided by Sector;

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 | Dec-10 | Mar-11 | Jun-11 | Sep-11 | Dec-11 | Mar-12 | Jun-12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank rate | 0.50% | 0.50% | 0.50% | 1.00% | 1.50% | 2.00% | 2.50% | 3.00% | 3.75% | 4.25% | 4.50% | 4.75% |
| 5yr PWLB rate | 2.70% | 2.75% | 2.85% | 3.10% | 3.30% | 3.45% | 3.75% | 4.00% | 4.40% | 4.70% | 4.85% | 5.00% |
| 10yr PWLB rate | 3.65% | 3.70% | 3.70% | 3.80% | 3.95% | 4.15% | 4.40% | 4.65% | 4.85% | 5.00% | 5.05% | 5.20% |
| 25yr PWLB rate | 4.40% | 4.40% | 4.50% | 4.50% | 4.55% | 4.70% | 4.80% | 4.95% | 4.95% | 5.10% | 5.20% | 5.30% |
| 50yr PWLB rate | 4.55% | 4.55% | 4.60% | 4.65% | 4.75% | 4.85% | 4.95% | 5.05% | 5.10% | 5.25% | 5.25% | 5.35% |

This indicates that the Bank Rate will remain at an historical low level until mid-way through 2010, by which time the economy is expected to have improved. For the same reason, PWLB rates are expected to increase over time.

3.3 Short Term Rates

The bank base rate remained at 0.5% throughout the quarter.

| | | April | | May | | June | |
|---|---|---|---|---|---|---|---|
| | Start | Mid | End | Mid | End | Mid | End |
| | % | % | % | % | % | % | % |
| Call Money (Market) | 0.65 | 0.50 | 0.50 | 0.50 | 0.50 | 0.45 | 0.45 |
| 1 Month (Market) | 1.10 | 0.90 | 0.80 | 0.70 | 0.65 | 0.65 | 0.65 |
| 3 Month (Market) | 1.70 | 1.50 | 1.40 | 1.35 | 1.25 | 1.25 | 1.25 |

3.4 Longer Term Rates

| | | April | | May | | June | |
|---|---|---|---|---|---|---|---|
| | Start | Mid | End | Mid | End | Mid | End |
| | % | % | % | % | % | % | % |
| 1 Year (Market) | 2.15 | 2.15 | 2.00 | 2.00 | 1.95 | 1.95 | 1.95 |
| 10 Year (PWLB) | 3.38 | 3.38 | 3.61 | 3.61 | 3.87 | 3.89 | 3.68 |
| 25 Year (PWLB) | 4.28 | 4.39 | 4.46 | 4.47 | 4.68 | 4.72 | 4.47 |

The PWLB rates are for new loans in the "lower quota" entitlements.

3.5 Temporary Borrowing/Investments

Turnover during period

| | No. Of Deals Struck | Turnover £m |
|---|---|---|
| Short Term Borrowing | 2 | 2.10 |
| Short Term Investments | 35 | 57.20 |

Position at Month End

| | April £m | May £m | June £m |
|---|---|---|---|
| Short Term Borrowing | 3.50 | 3.50 | 1.50 |
| Short Term Investments | 42.45 | 48.10 | 44.65 |

Investment Income Forecast

The forecast income and outturn for the quarter is as follows:

| | Cumulative Budget £'000 | Cumulative Actual £'000 | Cumulative Target Rate % | Cumulative Actual Rate % |
|---|---|---|---|---|
| Quarter 1 | 500 | 578 | 0.49 | 5.56 |
| Quarter 2 | 940 | | | |
| Quarter 3 | 1,180 | | | |
| Quarter 4 | 1,335 | | | |

The investment income return for the first quarter exceeds the target by a considerable margin. This reflects the action taken last year to lock a large proportion of the investment portfolio into longer dated fixed rate investments. However as these deals unwind and current advice and practice is to keep investments of a much shorter duration, the lower replacement rates will see the average rate of return decrease dramatically during the rest of this financial year. Since short term rates are forecast to remain at historic lows for some time the investment income next year will be considerably lower.
The target rate is based on the 7 day libid rate. For comparison purposes the 1 month average rate was 0.65%, 3 month rate 1.25% and 6 months averaging 1.47%.

3.6 Longer Term Borrowing/Investments

The authority did not borrow any new long term money. Due to the economic climate and poor interest rates the authority did not enter into any long term investments.

3.7 Policy Guidelines

Interest Rate Exposure – complied with.

Approved Counterparty List – complied with. During the quarter the authority exceeded the limit with the National Westminster Bank by a small amount over a weekend rather than place the cash with counterparty. The last formal review of the counterparty list was in January 2009, with the next review scheduled for January 2010. However since January there have been numerous downgradings to the credit ratings of many organisations in both the bank and building society sectors, which has changed the exposure limits of organisations within the list. To consolidate the changes and keep members informed of the current position a list of the approved counterparties and their long term rating (as at the 10th July) is attached as an appendix.
Borrowing Instruments – complied with.
Prudential Indicators – complied with:

- Operational Boundary for external debt;
- Upper limit on interest rate exposure on fixed rate debt;
- Upper limit on interest rate exposure on variable rate debt;
- Maturity structure of borrowing as a percentage of fixed rate borrowing;
- Total principal sums invested for periods longer than 364 days;
- Maturity structure of new fixed rate borrowing

**4.0 POLICY IMPLICATIONS**

4.1 None.

**5.0 OTHER IMPLICATIONS**

5.1 None.

**6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children and Young People in Halton**

None.

6.2 **Employment, Learning and Skills in Halton**

None.

6.3 **A Healthy Halton**

None.

6.4 **A Safer Halton**

None.

6.5 **Halton's Urban Renewal**

None.

**7.0 RISK ANALYSIS**

7.1 The main risks associated with Treasury Management are security of investment and volatility of return. To combat this, the Authority operated within a clearly defined Treasury Management Policy and an annual borrowing and investment strategy, which set out the control framework.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no issues under this heading.

## 9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

There are no background papers under the meaning of the Act.

## Appendix

| Last approved EBS 29th January 2009 (as part of quarter3 treasury management report) | Limit <3months >3 months | Ratings as at 10/07/2009 Fitch Long Term Rating | Moody's Long Term Rating |
|---|---|---|---|
| ***Building Society*** | | | |
| **Group A (assets >£10bn)** | | | |
| Nationwide BS | 10/7.5 | AA- | Aa3 |
| Britannia BS | 10/7.5 | A- | A2 |
| Yorkshire BS | 10/7.5 | A- | Baa1 |
| **Group B (assets >£5bn <£10bn)** | | | |
| Coventry BS | 7.5/5 | A | A3 |
| Chelsea BS | 7.5/5 | BBB+ | Baa3 |
| Skipton BS | 7.5/5 | A- | Baa1 |
| Leeds BS | 7.5/5 | A | A2 |
| West Bromwich BS | 7.5/5 | BBB- | Baa3 |
| **Group C (assets >£1bn <£5bn)** | | | |
| Principality BS | 5/2.5 | BBB+ | Baa2 |
| Newcastle BS | 5/2.5 | BBB- | Baa2 |
| Norwich & Peterborough BS | 5/2.5 | A- | Baa2 |
| Stroud & Swindon BS | 5/2.5 | N/R | N/R |
| Nottingham BS | 5/2.5 | N/R | A3 |
| Progressive BS | 5/2.5 | N/R | N/R |
| Cumberland BS | 5/2.5 | N/R | N/R |
| Kent Reliance BS | 5/2.5 | N/R | N/R |
| National Counties | 5/2.5 | N/R | N/R |
| | | | |
| ***Bank*** | | | |
| ***(rating AA or better)*** | | | |
| HSBC Plc | 10/7.5 | AA | Aa2 |
| Banco Santander | 10/7.5 | AA | Aa1 |
| ***(rating less than AA)*** | | | |
| Allied Irish Banks Plc (Ireland) | 7.5/5 | A- | A1 |
| Anglo Irish Banks Plc (Ireland) | 7.5/5 | A- | A3 |
| Bank of Ireland Plc (Ireland) | 7.5/5 | A- | A1 |
| Barclays Plc | 7.5/5 | AA- | Aa3 |
| Cooperative Plc | 7.5/5 | AA- | A2 |
| Depfa Bank Plc (Ireland) | 7.5/5 | A- | Aa3 |
| Dexia Bank Plc (Belgium) | 7.5/5 | A+ | A1 |
| LloydsTSB/HBOS Plc | 7.5/5 | AA- | Aa3 |
| National Westminster Plc (Liq A/c) | 7.5/5 | AA- | Aa3 |
| Northern Rock Plc | 7.5/5 | A- | A2 |
| Standard Chartered Bank Plc | 7.5/5 | A+ | A2 |
| Royal Bank of Scotland Plc | 7.5/5 | AA- | Aa3 |
| Ulster Bank Plc (Ireland) | 7.5/5 | A+ | A2 |
| | | | |
| ***DMADF (Sovereign Rating)*** | 10/7.5 | AAA | AAA |

Health & Community Directorate

HALTON BOROUGH COUNCIL

# Fairer Charging for Non-Residential Services

September 2009

www.halton.gov.uk

## 1.1 Introduction

Halton Borough Council receives funding from Central Government to provide a range of services for vulnerable adults, but is reliant on income from charges for those services to help pay for them. Without this income, service levels could not be maintained.

The Department of Health issued statutory guidance to Councils in 2001 which required all Councils to develop and implement a Fairer Charging Policy, setting out how it would assess and charge service users for non-residential services.

Residential services, including the provision of respite services are dealt with under the Charging for Residential Accommodation Guide and are therefore not covered by this policy.

Halton Borough Council has reviewed the way it assesses charges for non-residential community care services. The Department of Health publication 'Fairer Contributions Guidance – Calculating an Individual's Contribution to their Personal Budget' was issued in July 2009 to support Councils with Social Services Responsibilities in adapting their Fairer Charging Policy to take into account Personal Budgets.

A Personal Budget is an upfront allocation of social care resources to a person who is eligible for support. A service user may choose to ask the Council to arrange all the care and support they need, they may choose to receive the whole amount of the personal budget paid to them as a Direct Payment so they can organise their care and support themselves, they may choose to have their personal budget paid to a third party, or they may choose to have a mix of the options available.

This policy has been devised using guidance from the following legislation and publications:

- Fairer Charging Policies for Home Care and other non-residential Social Services (September 2003)
- The Health and Social Services and Social Security Adjudications Act 1983
- Local Authority Circular (2001) 1 Intermediate Care
- Fairer Contributions Guidance - Calculating an Individual's Contribution to their Personal Budget (July 2009)
- Charging for Residential Accommodation Guide in support of the National Assistance (Assessment of Resources) Regulations 1992 (S.I.1992/2977) (April 2009)

## 1.2 Aim of the Policy

To ensure that charges for non-residential community care services are calculated in an open and transparent manner and that all service users are treated fairly and consistently. Halton Borough Council needs to collect and maintain reasonable levels of income to maintain our services to people who need them most. It should be noted that 'service' covers traditional services commissioned by the Council and direct payments made to either the service user or third party.

There are several basic principles that Halton Borough Council promotes:

- That service users will be asked to make a financial contribution towards the cost of their care package based on a financial assessment.
- That service users will be offered assistance in the completion of the financial assessment.
- That new service users will automatically be offered a welfare benefits check to ensure they are receiving all the income they are entitled to. This service is also available on request.
- That service users will only be asked to pay what they can reasonably afford.
- That service users will keep at least the basic level of Income Support or Pension Guarantee Credit, plus 25% after any charge for service is made.
- That additional costs due to a service users' disability will be considered before the level of charge is set.
- That service users will have the option to not divulge financial information on the understanding that they will consequently be charged full cost for the services they receive.
- That service users can request a review of their financial assessment at any time and can access the Council's appeals or complaints processes if they believe they are being treated unfairly.
- Information collected by Halton Borough Council for the purpose of financial assessment can only be seen by authorised staff. This information will only be shared with other relevant people and agencies in accordance with the Data Protection Act 1998 or with the written consent of the service user or their legally appointed representative.

**1.3 Exemptions from Charges**

The Council does not charge the following groups of service users for community care services that they receive:

- People that access services provided under Section 117 of the Mental Health Act 1983 that are not provided as part of the Supporting People Programme.
- People who have any form of Creuzfeldt Jacob Disease.
- Service users who access Intermediate Care Services to help them live in their own homes either on discharge from hospital or to prevent hospitalisation for a period of no more than six weeks. The actual duration of Intermediate Care Services will be at the discretion of the Care Manager.

**1.4 Non-residential Community Care Service Charges**

<u>Services provided free of charge</u>:
Halton Borough Council provides Community Equipment free of charge.

<u>Flat rate charges</u>: (These are charged for where received in addition to any services which are subject to an assessed charge)
Halton Borough Council charges a flat rate for the following services:

- Meals received at home or in a day care setting

- Community Transport
- Lifeline (where not provided as part of the Supporting People Programme)
- Keysafes
- Night time services

Assessed charges:
Halton Borough Council will charge for the following services based on the service users' financial assessment:

- Home Care Services
- Home Care Services in an Extra Care setting
- Day Care Services (except for Community Day Care)
- Direct Payments
- Supported Living Services
- Adult Placement Services (except for respite provision, charged for under CRAG)
- Supporting People Services (where not in receipt of the Supporting People Programme subsidy)
- Any other method of delivering a Personalised Budget

A list of the current year's standard charges for the above can be found at Appendix 1.

The Council reviews charges made for all non-residential services on an annual basis at least.

**2.1 Financial Assessments**

For services that have an assessed charge, Halton Borough Council will carry out a financial assessment to work out how much a service user will be charged. This looks at income and savings, allowable expenditure (such as housing costs) and extra expenditure they have due to a disability.

The following income is not taken into account when your charge is being worked out:

- Council Tax benefit
- Housing benefit
- Any amount paid in Income Tax or National Insurance Contributions
- The first £10.00 of a War Disability or War Widows Pension
- War Pensions Mobility Supplement
- Mobility component of the Disability Living Allowance
- Earnings from current employment
- Earnings received by a partner
- Independent Living Fund Payments
- Pension Savings Credit
- Child Tax Credit
- Working Tax Credit

The financial assessment will make sure that all service users keep a basic living cost allowance. This figure is called the **Disregard Figure** and is never lower than the applicable basic Income Support level plus 25%.

The financial assessment will allow **housing costs** such as rent, mortgage payments and Council Tax, less any Housing benefit/Council Tax benefit. These amounts will be deducted from your total income before we calculate your charge. Where a service user requests housing costs be taken into account, the Council will refer to the latest Housing Benefit Regulations to ensure a fair and equitable approach is taken to these requests.

If a service user has additional costs due to their disability, Halton Borough Council allows a standard £14.61 per week from their disability related benefit to meet these costs. Where a service user feels their additional costs are higher than £14.61 per week, a Fairer Charging Assessment will look at those additional costs and they will be considered in line with national guidance. If we do not allow additional costs we will tell you how we have reached our decision. Further details of these allowances, called **Disability Related Expenditure** can be found in Appendix 2. Evidence of the additional expenditure will normally be required.

## 2.2 Financial Assessment Summary

The financial assessment can be summarised as follows:

Total income (excluding income listed in 2.1 above)
Less the applicable **Disregard Figure**
Less any allowable **Housing costs**
Less any agreed **Disability Related Expenditure**

This will give a figure called the **Disposable Income**. We ask service users to pay 34 pence for every one pound of their Disposable Income figure.

The actual charge made will be the lower of their assessed charge or the standard cost of their service plus any flat rate charges.

With the introduction of Personalised Budgets, the Council will count 100% of a service user's personal budget to be assessed for charges. Where a service user decides to spend some of their personal budget received as a direct payment on a service or equivalent service that has a subsidised charge, we will take into account the level of subsidy to ensure a fair and consistent approach to charging.

In line with the Fairer Contributions Guidance – Calculating an Individual's Contribution to their Personal Budget, we will work out the charge against the element of the personal budget that has no subsidy and add this to the charge worked out against the element with a subsidy. This will give the amount a service user would be asked to pay.

## 2.3 Assessing Couples

Where a service user is part of a couple, the service user can choose to be assessed as an individual or as a couple. If the service user chooses to be assessed as an individual we will not ask for, or take into account, any of the income or savings belonging solely to their partner.

Benefits that are paid to a couple are not automatically halved. When the charge for non-residential services is calculated the Council will ensure that the charge does not reduce a couples' income below the applicable basic Income Support level plus 25%.

Where we think the service user has a legal right to a share of an asset, such as a joint bank account, the service user or their partner or shared asset holder will be asked to disclose details of the value of the asset and the service users share.

If the service user chooses to be assessed as part of a couple, we will need to have details of the service user partner's income and savings etc, and we will then work out how much the service user would pay as part of a couple.

A service user can also choose to have two assessments done, one as an individual and one as part of a couple. The service user can then choose which assessment they would prefer to be used for their charge.

If the service user's partner is not willing to disclose their income and savings, we will assess the service user as a single person.

### 2.4 Savings, investments and other assets

The treatment of savings, investments and other capital is in line with the treatment of such items in Section 6 of the Charging for Residential Accommodation Guide. For non-residential services we do not take into account the value of your main home at any time. The value of any property that is owned or part owned by the service user that is not used as their main residence will be taken into account in the calculation of charges.

If a service user has total savings, investments and other assets of more than £23,000 then they will be asked to pay the standard costs for non-residential services provided to them. If service users have savings of between £14,000 and £23,000 they will be treated as having a 'tariff income' of £1.00 per week for every £250 or part thereof that they have in excess of £14,000. If a service user has less than £14,000 in savings, investments and other assets, it is excluded from the financial assessment.

Savings limits are reviewed annually and are consistent with the limits set out by Central Government in the Charging for Residential Accommodation Guide.

### 2.5 Benefits advice

As part of the initial financial assessment, service users will be offered a full benefits check, advice and support to apply for any benefits they might be entitled to claim. Where a claim is rejected, the Fairer Charging Officers can also offer advice and support to appeal the decision, including where needed, attendance at tribunals.

A service user may, at any time, contact the Council to request a benefits check from the Welfare Benefits Team.

Fairer Charging Officers will provide advice to both the service user and carer to help them make decisions where there are potential areas of conflict, for example where Carers Allowance and Severe Disability Premium are options and only one can be claimed.

The Financial Services Team, Fairer Charging Officers and The Pension Service have complementary roles and, with service users' consent, will share information to streamline assessment and benefit processes. Service users can withdraw consent to have information shared, at any time.

### 2.6 Disability Related Benefits

Halton Borough Council classes the following as disability related benefits:

- Disability Living Allowance – Care component only
- Attendance Allowance
- Constant Attendance Allowance
- Exceptionally Severe Disablement Allowance
- Severe Disability Premium of Income Support

The Council does not count Constant Attendance Allowance, Exceptionally Severe Disablement Allowance or the Severe Disability Premium of Income Support as income when working out a service users' charge. It is therefore very important that if a service user receives the Severe Disability Premium of Income Support that we are informed of this amount so we can exclude it.

The night care element of any disability related benefit is ignored unless the Council is providing day and night time services.
Night time services are: Waking Night Service (live in or visit)
Sleep-in Service
Where such service is provided, the Council will charge one seventh of the night care element per night. The night care element is defined as the difference between the middle and higher rate of Disability Living Allowance.

### 2.7 Changes to benefits

If a service user's benefits or other relevant circumstances change then they MUST contact the Financial Services Team, as this may affect the amount the service user is asked to pay for their care services. Halton Borough Council reserves the right to backdate any increase or decrease in charges to the date from which your benefits or other relevant circumstances change. Changes include:

- Receipt of a new benefit or having a benefit withdrawn
- An increase or decrease in the level of benefit received
- Changes to income or allowable expenditure
- If the service user's capital or savings crosses one of the capital thresholds
- Changes to living arrangements including the number of adults in the household, such as the service user's partner moving to a care home.

The above are examples only and is not an exhaustive list. If a service user is unsure if a change will affect their charge, they are advised to contact the Financial Services Team for advice.

Halton Borough Council reviews its charges annually, usually timed to coincide with the Department for Work & Pensions annual increase in benefits.

**2.8 Supporting People Services**

Where a service user receives support services they may be entitled to claim Supporting People Grant. If the service user receives Housing Benefit and/or Council Tax Benefit they should be able to claim the full payment of their support services. If the service user is not entitled to Housing Benefit or Council Tax Benefit they may still be entitled to Supporting People grant by making an application for their charges to be worked out under the Fairer Charging Policy.

Services users who receive services under the Supporting People programme are not charged for such services that are intended to last for less than two years.

**2.9 Declining to provide financial details**

A service user has the right to decline to disclose their financial details. In such cases, the service user will be asked to pay the standard costs for services received. These standard costs for 2009-10 can be found in Appendix 1.

The Council will always advise a service user to complete a financial assessment to take advantage of possible increased income and lower charges. Where a service user declines a financial assessment and is then unable to pay their charges they should contact the Financial Services Team immediately so a solution may be found. If a service user refuses to pay their charges their debts may be pursued through the civil courts.

**3.1 How we charge for services**

Charges to services users will be raised for each four-week period. The billing periods for each financial year are set at the start of the year. The billing periods for 2009-10 can be found in Appendix 3.

**Service users will be charged from the date service commences.**

Commissioned Services
Where a service user receives services commissioned by the Council, invoices are raised after each billing period. The estimated dates of when the invoices for each billing period will be raised can also be found in Appendix 3.

Direct Payments either to a service user or third party
Where a services user receives a direct payment, the direct payment is paid four-weekly in advance and has the service user's charge deducted. Further details of how a direct payment is paid can be found in the 'Direct Payments from Social Services' information sheet.

The service user's charge will be worked out as the total charge for the financial year and will be payable unless the level of their personal budget changes during that financial year. If possible, the Council will offer service users a choice of how often they receive their invoices. We would like to offer four-weekly, three-monthly and six-monthly invoices or statements where payments are made by Direct Debit. The Financial Services Team will review the service user's contribution to the level of their personal budget annually in line with pension/benefit increases, or when requested, to adjust the amount charged in line with any changes to their personal budget.

**3.2 Methods of payment**

The Council offers service users a range of methods to pay their charge for non-residential services. Details can be found on the back of each invoice and include:

- Debit and credit card payments over the phone, calling 0300 333 4300.
- By cheque posted to Financial Services Team, Town Hall, Heath Road, Runcorn WA7 5TD. A receipt will be posted back to service users within five working days.
- By visiting any of the Councils' Direct Link offices. These can be found at Halton Lea shopping centre, near to the library, on Church Street, Runcorn, on Brook Street, Widnes, near to the market. Payment can be by cash, cheque or debit/credit card. Staff at the Direct Link Offices will be happy to help service users make their payment.
- By setting up a direct debit.
- By setting up a standing order
- Payment over the Internet using a debit or credit card by visiting the Council's website at www.halton.gov.uk under "Pay it on-line", selecting "Council Invoices".

**3.3 Asking for your charge to be reviewed**

If a service user believes that they cannot reasonably afford to pay the full amount of their assessed charge, they have the right to ask that the amount they have been asked to pay for non-residential care services is reviewed. The service user will be asked why they think their charge should be changed.

The financial assessment will be reviewed by either the Principal Finance Manager or Senior Financial Services Officer to ensure it is correct and the Fairer Charging Policy has been consistently applied. We will then write to you explaining our decision and reasons.

If the service user is dissatisfied with the outcome, they can request the matter be referred to an Appeal Panel. Whilst your request is being considered by the Appeal Panel, we will continue to send invoices for care services to service users. If the charge is changed, this change will be backdated to the date of the service user's request to review the charge. Any overpayment made by the service user will be refunded.

An Appeal Panel consists of Elected Members and the Review Team. The Appeal Panel will review the charge in accordance with Section 17 (3) of the Health and Social Services and Social Security Adjudications Act 1983. The service user will be invited to attend the Appeal Panel and bring a representative of their choice with them. The service user will be able to tell the Appeal Panel why their charge should be reviewed. The Appeal Panel will consider the information given and will write to the service user with their decision.

### 3.4 Delays in completing the financial assessment

If a service user unreasonably delays completing the financial assessment they will be required to pay the standard charge for services provided until a financial assessment is completed. 'Unreasonable delay' will be decided on an individual basis. However, the Council would expect a service user or their representative to be available for a financial assessment within three weeks of contact from the Fairer Charging Officers.

If a service user's financial assessment can be completed within two months of commencement of service, the Council will refund any overpayments made by the service user. Refunds following an overpayment on completion of a service user's financial assessment later than this will be at the discretion of the Council, taking into account the service user's circumstances.

### 3.5 Non-payment of charges

Halton Borough Council has a policy of pursuing and recovering money owed to it by people who are assessed to pay a charge for their services and who do not make payments. Where payment is not received, we will try to find out what the problem is and work with you to help you to pay, which may include making an arrangement to repay your debt over a longer time period. All cases of non-payment will be treated individually according to their circumstances.

Continued non-payment of invoices will result in the Council taking recovery action through the Courts. The cost of the Council taking such legal action will be added to the service user's debt. Legal action may include obtaining permission to obtain money from a service user's bank account through the courts, retrieval of goods to the value of the debt, determination of a payment schedule, a charge being placed on a person's property or a Garnishee order by third party attachment.

### 4.1 Compliments, Comments, suggestions, complaints

Compliments, comments, suggestions and complaints are important as they help us to improve and develop the services that we provide. Service users have the right to complain if they are not happy about the services that they receive. Service users can write with details of their compliments, comments, suggestions or complaint to:

The Customer Care Officer
Freepost CS/3
Health & Community Directorate
Halton Borough Council
Town Hall
Heath Road
Runcorn
WA7 5TD

Or e-mail: ssdcomplaints@halton.gov.uk

Service users can also ring us on 01928-704411 to outline why they are not happy with the services they receive. Alternatively, service users can ask for a Complaint Form, fill it in and send it to the above address.

A service users complaint will be investigated and we will write to them to tell them what action we will take.

We also welcome compliments, comments and suggestions. If you think we have done a good job, please tell us.

Service users should have received a copy of our complaints leaflet 'Do you have a compliment or complaint' when we arranged to visit them to collect their financial details. If a service user needs another copy of this leaflet please contact the Customer Care Officer on 01928-704411.

If a service user wishes to contact the Council or another agency regarding charges for non-residential services, contact details for a selection of agencies can be found in Appendix 4.

**4.2 Standards (including Performance and Consultation)**

The Council will consult the Charging Review Panel with any proposals to change the charging policy. The Charging Review Panel consists of officers, elected members, service user and carer representatives and representatives from voluntary organisations.

The Council will monitor its performance on the charging process to ensure that value for money is obtained and that service users are in receipt of a quality charging assessment service. The Council will monitor the following quality standards.

- 85% of service users visited will be told how much they will be initially asked to pay at the time that they provide their financial information.
- All service users who agree to receive a home-based financial assessment will be visited within 10 working days of their application for services being received, unless the service user cannot agree to a visit during the first 10 days.

- All service users will be told in writing how much they will be asked to pay for their care services.
- All service users who receive a home-based financial assessment visit will receive their invoice within 6 weeks of the charge being set.
- Service users will be asked to comment on the quality of the financial assessment visit that they received and will be given a choice of filling in a survey form or contacting the Welfare Rights Service direct to record their views.
- The Council will monitor how much it costs to collect income from service users against the amount of income that is raised.
- The Council will monitor:
  - The number of home finance assessment visits made
  - The number of benefits claims made and their type
  - The number of successful benefits claims and the amount of income that this produces, both for the Council and Service Users.
  - The number of service users who decline to receive a service because of the charges they would have to pay.

**Appendix 1: 2009-10 standard charges**

| Maximum Charges for Community Care | 2009/10 £ |
|---|---|
| Domiciliary Care (per hour) | 11.35 |
| Day Care (per session) | 14.86 |
| Family Placement (per session) | 14.86 |
| **Meals – Day Centre users** | |
| Light Breakfast | 1.16 |
| Cooked Breakfast | 1.78 |
| Light Meal | 1.65 |
| Cooked Meal | 2.20 |
| Meals – Community Day Care Meals (per meal) | 3.00 |
| **Meals – Family Placement users** | |
| Family Placement Breakfast (per meal) | 1.72 |
| Family Placement Lunch (per meal) | 2.14 |
| Family Placement Tea (per meal) | 1.99 |
| **Meals – Delivered to users** | |
| Meals – Delivered to people in their own homes (per meal) | 2.82 |
| Meals –Tea Time Pack delivered to people in their own homes (per meal) | 1.96 |
| **Charges for Transport**<br>£1.03/trip to maximum charge per week of £10.30, except for service users on a higher rate mobility component of Disability Living Allowance, for whom it should be up to a maximum of 50% of the higher rate mobility component £49.10/week: for 2009/10 this is £23.69 per week. Trips beyond 10 miles of Halton's boundary to be charged separately. | 1.03 |
| **Community Wardens/Lifeline** | |
| Level 1: Call centre monitoring plus community warden reactive response. (Per week) | 5.42 |
| Level 2: Call centre monitoring plus reactive call out. Community warden visits, up to two per week according to assessed need and support planning. (Per week) | 6.49 |
| Level 3: Call centre monitoring plus reactive call out. Community warden daily visits according to assessed need and support planning. Assistive technology is provided according to assessed need. (Per week) | 8.65 |
| **Night Time Services** | |

| Maximum Charges for Community Care | 2009/10 £ |
|---|---|
| Charge those who receive High Rate DLA Care/AA the amount of Benefit they receive to pay for night care services in proportion to the amount of night care service that the Council pay to provide them with. (Per week) | To 23.24 maximum |

**Appendix 2: Disability Related Expenditure**

| **Item of Spending** | **Weekly Allowance** | **Notes/Evidence required** |
|---|---|---|
| Community Alarms | Actual cost | Invoices from provider, such as HBC Lifeline |
| Privately arranged care including day care activities (excluding ILF monies) | Actual cost | Actual cost allowed if not provided by Halton Borough Council. The need must be identified in the care plan/support plan. Care purchased by a service user above our weekly residential contract prices will not be allowed. Evidence: receipts (using a proper receipt book) or invoices for at least four weeks. |
| Private domestic help | £7.00 per hour | Allow up to £7.00 per hour if single person household, or proportionately divided by other household members. Evidence: signed receipts using a proper receipt book or invoices for at least four weeks. |
| Respite care | Actual cost up to a maximum | If agreed as part of care plan/support plan and no other respite is provided by Halton Borough Council. |
| Additional Fuel allowance | £10.00 maximum | Actual gas and electricity paid, averaged over one year minus the annual average. Evidence: invoices for one year. See below for guide costs. |
| Additional Water allowance | £5.00 maximum | Metered water costs only, proportionately divided by number in household minus the annual average. Reason for additional water usage must be identified. Evidence: invoices for one year. |
| Basic Garden Maintenance | £7.50 maximum | Actual cost proportionately divided by number in household, up to maximum amount with seasonal fluctuation taken into account. Evidence: receipts (using a proper receipt book) or invoices for at least four weeks. |
| Window Cleaning | £1.50 maximum | Actual cost proportionately divided by number in household, up to maximum amount. Evidence: receipts (using a proper receipt book) or invoices for at least four weeks. |
| Laundry costs | £3.50 for extra soap powder £5.00 | Allowed where incontinence is identified, or other illness, which may cause additional need for laundry in excess of normal needs. Evidence: receipts for laundry/service |

| | | |
|---|---|---|
| | laundry /service wash | wash. |
| Special Dietary Needs | Discretionary | Special dietary needs may not be more expensive than normal. Must have evidence of specific dietary need due to illness or disability. Evidence: receipts of purchases required over a four-week period. |
| Clothing – extra wear and tear | £5.00 maximum | Cause of extra wear and tear identified. Evidence: receipts of purchases at reasonable cost. |
| Specialist clothing or footwear | £5.00 maximum | Reason for specialist clothing/footwear identified. Reasonable standard cost of item would be deducted from actual cost. Evidence: receipts of purchases. |
| **Item of Spending** | **Weekly Allowance** | **Notes/Evidence required** |
| Additional Bedding | £1.50 maximum | Cause of additional bedding identified. Evidence: receipts of purchases at reasonable cost. |
| Additional Mobility/Transport costs | Actual cost where exceeds DLA Mobility component | Includes cost of manual or powered wheelchair divided by 500 weeks (10 year lifespan). Not allowed if equipment provided free of charge. Also includes on-going insurance/maintenance costs. Evidence: receipt of purchase. |
| Prescription charges | £2.00 maximum | Pre-payment certificate at £104.00. No allowance if provided free of charge. Evidence: receipt for current year. |
| Special equipment hire, purchase and maintenance | Actual cost | Equipment divided by 500 weeks (10 year lifespan). Not allowed if equipment provided by NHS or free of charge.<br>Internet access up to a maximum of £15 per month.<br>If there is doubt regarding a piece of equipment being appropriate, confirmation to be sought by OT that the piece of equipment is an essential requirement. |
| Personal Assistant | Actual cost | Where this is assessed as a need and is not part of the care package provided by Halton Borough Council. |
| Other | Discretiona | Details required. Halton Borough Council |

| | | |
|---|---|---|
| | ry | will not fund items that should be provided by Health Services, such as latex gloves, wipes, incontinence products etc. |

**Additional fuel allowance**

An allowance is made for excessive fuel costs (gas and electricity etc,) incurred by a service user. The Government has identified typical annual fuel figures. Any fuel costs above these amounts may be allowed as an expense. Where there are more than two members in the household the allowance will be proportionate to the size of the household.

| | Per year | Per week |
|---|---|---|
| Single person – Flat or terraced house | £1,067 | £20.52 |
| Couple – Flat or terraced house | £1,405 | £27.02 |
| Single person – Semi detached | £1,132 | £21.77 |
| Couple – Semi detached | £1,492 | £28.69 |
| Single person – Detached | £1,377 | £26.48 |
| Couple – Detached | £1,815 | £34.90 |

**Appendix 3: Four-week billing periods and estimated invoice dates for 2009-10**

| Period | 4-week billing periods: Start Date | 4-week billing periods: End Date | Estimated invoice dates |
|---|---|---|---|
| 1 | 30 Mar 09 | 26 Apr 09 | 18 May 09 |
| 2 | 27 Apr 09 | 24 May 09 | 15 Jun 09 |
| 3 | 25 May 09 | 21 Jun 09 | 13 Jul 09 |
| 4 | 22 Jun 09 | 19 Jul 09 | 10 Aug 09 |
| 5 | 20 Jul 09 | 16 Aug 09 | 07 Sep 09 |
| 6 | 17 Aug 09 | 13 Sep 09 | 05 Oct 09 |
| 7 | 14 Sep 09 | 11 Oct 09 | 02 Nov 09 |
| 8 | 12 Oct 09 | 08 Nov 09 | 30 Nov 09 |
| 9 | 09 Nov 09 | 06 Dec 09 | 28 Dec 09 |
| 10 | 07 Dec 09 | 03 Jan 10 | 25 Jan 10 |
| 11 | 04 Jan 10 | 31 Jan 10 | 22 Feb 10 |
| 12 | 01 Feb 10 | 28 Feb 10 | 22 Mar 10 |
| 13 | 01 Mar 10 | 28 Mar 10 | 19 Apr 10 |

**Appendix 4: Where to get further information, help or advice about charges**

If service users need further advice or information about charges for non-residential services they can contact:

**Advocacy Services**
SHAP Ltd
Lakeside Buildings
Prescot Road
St Helens
WA10 3TT
Tel: 01744-454056

**Age Concern – Mid Mersey**
44 Church Street
Runcorn
WA7 1LR
Tel: 01928-590600

**Citizens Advice Bureau**

| | | |
|---|---|---|
| Unit 3 | or | Grosvenor House |
| Victoria Buillding | | Halton Lea |
| Lugsdale Road | | Runcorn |
| Widnes | | |

Advice Line: 08451-304055

**Halton Carers Centre**
62 Church Street
Runcorn
WA7 1LD
Tel: 01928-580182

**Halton Voluntary Action**
Sefton House
Public Hall Street
Runcorn
WA7 1NG
Tel: 01928-577626

**Halton Borough Council Welfare Rights Service**: 0151-471-7448

**Halton Borough Council Direct Link Offices** can be found at:

| | | | |
|---|---|---|---|
| Halton Lea | Church Street | Brook Street | Queens Avenue |
| Runcorn | Runcorn | Widnes | Ditton, Widnes |

**Halton Borough Council can be contacted on: 0300-333-4300**

| | |
|---|---|
| **REPORT TO:** | Executive Board Sub Committee |
| **DATE:** | 10th September 2009 |
| **REPORTING OFFICER:** | Strategic Director – Health & Community |
| **SUBJECT:** | Review of the Fairer Charging Policy 2009-10 |
| **WARD(S)** | Borough-wide |

1.0 **PURPOSE OF THE REPORT**

1.1 To present to the Executive Board Sub Committee the revised Fairer Charging Policy for 2009-10.

2.0 **RECOMMENDATION:**

**That the Executive Board Sub Committee :**

**i) approve the Fairer Charging Policy.**

3.0 **BACKGROUND**

3.1 The Fairer Charging Policies for Home Care and other non-residential Social Services guidance issued in September 2003 was designed for an era of traditional local authority social care provision where people received services arranged by a local authority. However, with the increasing numbers of people receiving Direct Payments and the introduction of Personal Budgets to support greater choice and control comes the need to consider how an individual's contribution, if any, towards the cost of non-residential services might be worked out in the context of Personal Budgets.

3.2 The Department of Health have published the 'Fairer Contributions Guidance – Calculating an Individual's Contribution to their Personal Budget' in July 2009. Within this guidance all councils with social services responsibilities are required to introduce a revised Fairer Charging Policy to take into account Personalised Budgets.

3.3 A Personal Budget is an upfront allocation of social care resources to a person who is eligible for support. A service user may choose to ask the Council to arrange all the care and support they need, they may choose to receive the whole amount of their Personal Budget as a Direct Payment so they can organise their care and support themselves, they may choose to have their Personal Budget paid to a third party, or they may choose to have a mix of the options available.

## 4.0 MAJOR AMENDMENTS

4.1 The current charging system is based upon the amount of care services received compared to the maximum weekly charge the service user is assessed as being able to afford. With a Personal Budget, the charging system must compare the amount of a service user's Personal Budget for the financial year with the maximum weekly charge they are assessed as being able to afford. This is a fundamental change as it affects the issue of charging a service user for a week when they do not receive service, either through choice or circumstance.

4.2 In the proposed policy, Section 3.1 'How we charge for services' states that a service users charge will be worked out for the financial year and will be payable unless the amount of their Personal Budget for that financial year changes.

4.3 Currently, if a service user has their care commissioned by the Council and does not have service for one week; no charge is made for that week. The essence of this change is to bring services that have been commissioned by the Council into line with Direct Payments. This is to allow all service users irrespective of how they choose to meet their care needs, to have the ability to 'bank' services, to use at a later point within the financial year, for example to purchase additional services while taking a holiday.

4.4 Example A: If a service user receives their Personal Budget as a Direct Payment, they may choose to not purchase service for one week so they can use the money to purchase additional services in another week.

4.5 Example B: If a service user asks the Council to commission care services on their behalf, there is still the option for the service user to 'bank' some care hours from one week to purchase additional hours in another week.

4.6 In both of the above examples, the service user is getting the full amount of their Personal Budget and so should be required to pay the full amount of their assessed contribution. Should a service user decide not to use their full Personal Budget, for example they go into hospital for a period of time; their contribution would be reduced in proportion to the unused element of their Personal Budget.

4.7 A summary of this change can be found in Appendix 1.

4.8 On the whole, the policy has been written with a view to ensuring any service user currently receiving care services will not be required to contribute an increased amount.

## 5.0 POLICY IMPLICATIONS

5.1 None identified.

## 6.0 FINANCIAL IMPLICATIONS

6.1 It is expected that the revised Fairer Charging Policy will neither increase nor decrease income from service users.

## 7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

### 7.1 Children & Young People in Halton

None identified.

### 7.2 Employment, Learning & Skills in Halton

None identified.

### 7.3 A Healthy Halton

The provision of care services that meet people's needs improves their health and wellbeing.

### 7.4 A Safer Halton

The provision of care services that meet people's needs increases their safety and mitigates risks.

### 7.5 Halton's Urban Renewal

None identified.

## 8.0 RISK ANALYSIS

8.1 Legally, increases to charges can be justified if we can demonstrate the future provision needs to be more cost effective. The Local Government Act 2003 includes a general power for best value to charge for discretionary services i.e. those services that the authority has the power, but is not obliged, to provide. Guidance is issued under the power in section 93, which states charges are limited to cost recovery. The Department of Health's fairer Charging Policies for Home care and other Non-Residential Social Services Guidance, Sept 2003, states that where Councils charge for non-residential services, flat rate charges are acceptable.

8.2 Failure to achieve income targets places the Council under financial risk.

9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act.

Appendix 1

**Summary of the proposed change on how we charge for services**.

| | Ability to 'bank' services | Charged for full week of services not received |
|---|---|---|
| **Current situation** | | |
| Services commissioned by Council | **No** | **No** |
| Services purchased by a Direct Payment | **Yes** | **Yes, if services banked for future use,**<br>**No if Direct Payment is reduced.** |
| | | |
| **Proposed situation** | | |
| Services commissioned by Council | **Yes** | **Yes, if banked for future use,**<br>**No, if Personal Budget reduced.** |
| Services purchased by a Direct Payment | **Yes** | **Yes, if banked for future use,**<br>**No, if Personal Budget reduced.** |

# Agenda Item 5a

**REPORT TO:** Executive Board Sub

**DATE:** 16th July 2009

**REPORTING OFFICER:** Strategic Director Health and Community

**SUBJECT:** Review of Warrington Road Transit Site

**WARD(S):** Daresbury

## 1.0 PURPOSE OF REPORT

1.1 In approving the pitch charges for the new Traveller transit site on the 16th October 2008, the Exec Board Sub resolved that a report be submitted after six months to review income against costs.

1.2 In order to consider the effectiveness of the facility and its financial and operational impact in the widest sense, a report (see Appendix) was presented to the Urban Renewal Policy and Performance Board (UR PPB) on the 17th June 2009, and that Board was invited to submit recommendations to Executive Board Sub.

## 2.0 RECOMMENDATION

**i) That the Board review the current arrangements in respect of the transit Site.**

## 3.0 SUPPORTING INFORMATION

3.1 After debating the contents of the appended report, the resolution of the UR PPB was as follows –

*The Urban Renewal Policy and Performance Board at its meeting held on 17th June 2009 having reviewed the performance of the Gypsy and Traveller Transit Site operating in Runcorn are of the view that since opening the site has not been cost efficient in terms of its operating costs (rental revenue vs expenditure) with evidence that operational financial losses have occurred on almost every week the Site has been in operation. The Urban Renewal PPB therefore makes the following recommendations to the Executive Board Sub.*

1. *The site should be operated on a "stand alone" financial basis namely; ensuring that the site annual income covers the site's annual operating expenditure with all opportunities to maximise income being adopted namely; the rental criteria should be levied (with the exception of the Site Manager) against all caravans/mobile homes that occupy the site and not merely some caravans/mobile homes. All other forms of determining who should or should not be charged for a pitch should cease.*

2. *Caravan pitch charges should be reviewed and increased to ensure that the objective of item 1 (above) can be realised. In determining income levels, charges should be set to reflect the need to keep several pitches vacant at any one time in order not to eliminate the legal opportunities the Transit site offers the Police to move on illegal encampments.*

3. *The site should not be subsidised financially be residents of the Borough either directly or indirectly.*

4. *The practise of using cost savings made by reducing the amount of instances HBC would have dealt with unauthorised encampments had the Transit site not been in operation to offset operational losses the site makes should cease.*

5. *The UR PPB does not accept that raising rental charges on the site would potentially lead to unauthorised encampments. This is based upon legal opinion that Gypsies and Travellers who claim limited financial means may in fact be able to claim benefits to offset the fee paid for the pitch.*

6. *There should be a contingency plan to accommodate increased demand at certain times by Gypsies and Travellers wishing to use this site and thereby minimising the risk that the Police would be unable to use their extended powers to move illegally camped Gypsies and travellers.*

*The Urban Renewal PPB also makes the following observations.*

*The PPB is of the view that supporting information provided to them to review at this meeting was in part inaccurate and that a better management of information and data by Officers in relation to this Site is required in the future to enable Councillors to arrive at a balanced conclusion.*

*It is noted that in the past comment has been expressed by some Councillors at full Council that Officers have been repeatedly asked for information on this Site with the perception being that such requests were in some ways unreasonable. This PPB wishes to point out that the role of Councillors is to scrutinise and the request for information from Officers to enable Councillors to do this is clearly a reasonable one irrespective of the number of times requests need to be made.*

3.2 The following comments in relation to the 6 points in the UR PPB recommendations may assist the Board in coming to a view on the future arrangements for the Transit Site

3.3 Point 1 – It is suggested that it would not be appropriate to charge for each caravan occupying the site. Traveller households typically have 2 caravans each, one for daily living and one for sleeping in. Any charge should be based on the number of households occupying the pitch, and current practise already permits for double charging where there are two households occupying one pitch.

3.4 Point 2 - Based on the forecast deficit of £9,479 (subject to the caveats contained in the appended report) it is calculated that an increase of £4.96 on the current £11 daily charge would be necessary to balance the scheme account by year end if implemented in August. This is based on an assumption of achieving a 60% occupancy rate throughout the year, and would equate to nearly £118 per week.

3.5 Points 3 and 4 – whilst it is the aim for the site to be self financing, occupancy levels are unpredictable and a significant increase in the charge may impact on future levels, further increasing the deficit, although this is uncertain. A balance has to be struck between what is a reasonable charge and minimising the cost to the Council. It is not uncommon for Council charges to be set at what is fair and reasonable level rather than a commercial rate, and it is not unreasonable to look at things in the round and take account of the savings on other cost centres as a result of this scheme, and the reduction in encampments. Indeed this is the basis of 'invest to save'.

3.6 Point 5 – Travellers using the site who are eligible to claim housing benefit may do so. However, many already have permanent pitches elsewhere in the country where they claim benefit, preventing a second claim being made for the transit site. The Council currently requires those using the site to pay cash in advance for their pitch until any benefit claim is processed. And those using the site for short periods may in fact leave before their benefit claim is processed and paid.

3.7 Point 6 – The license agreement allows for Travellers to be required to leave the site with 2 days notice. This has not proved necessary so far, but could be invoked to give the flexibility to manage the site in such a way as to create capacity in times of high demand.

3.8 The site has clearly been a success in terms of greatly reducing the costly and time consuming problem of unauthorised encampments in Halton. By way of illustration the Police Gypsy Traveller Liaison Officer, who attended the UR PPB, commented that there had been 11 encampments in Warrington so far in 2009, compared to 2 in Halton, one of which had been a family camped up over night waiting to move on to the transit site.

3.9 Raising the pitch charge is an option open to the Board, but there can be no certainty as to whether or not this will have a positive or negative impact on occupancy levels and future income. Whatever charge is set, the existence of the site provides powers to the Police and the Council to better manage unauthorised encampments and to achieve consequent reductions in overall expenditure.

## 4.0 POLICY IMPLICATIONS

4.1 There are no policy implications arising from the report.

**5.0 OTHER IMPLICATIONS**

5.1 None.

**6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children and Young People in Halton**

N/A

6.2 **Employment, Learning and Skills in Halton**

N/A

6.3 **A Healthy Halton**

N/A

6.4 **A Safer Halton**

N/A

6.5 **Halton's Urban Renewal**

N/A

**7.0 RISK ANALYSIS**

7.1 N/A

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.0 N/A

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

| Document | Place of inspection | Contact Officer |
| --- | --- | --- |
| Report to Exec Board Sub 16/10/08 | Runcorn Town Hall | S Williams |

**APPENDIX**

| | |
|---|---|
| **REPORT TO:** | Urban Renewal Policy and Performance Board |
| **DATE:** | 17th June 2009 |
| **REPORTING OFFICER:** | Strategic Director, Health and Community |
| **SUBJECT:** | Review of Warrington Road Transit Site |
| **WARD(S):** | Daresbury |

## 1.0 PURPOSE OF REPORT

1.1 In approving the pitch charges for the new Traveller transit site on the 16th October 2008, the Exec Board Sub resolved that a report be submitted after six months to review income against costs.

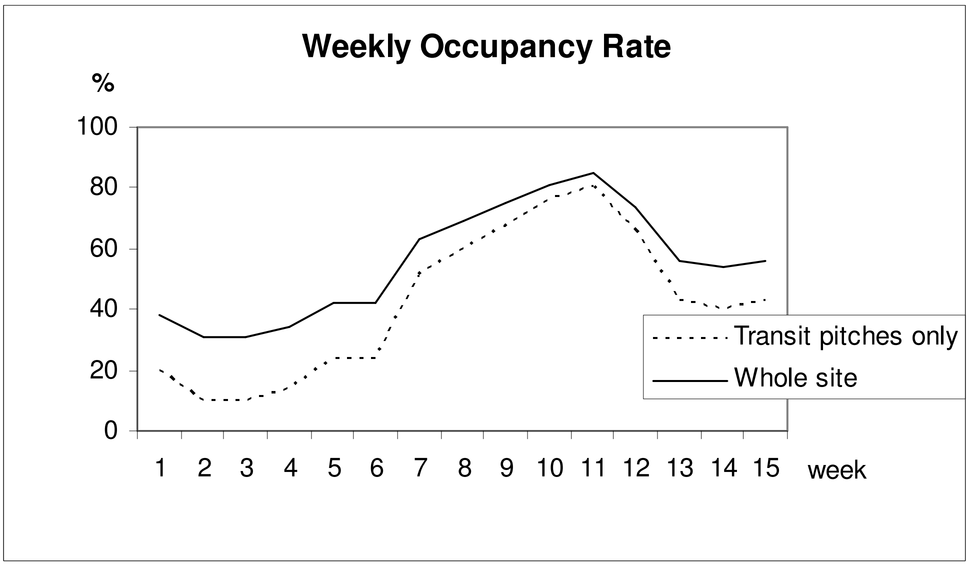
1.2 In order to consider the effectiveness of the facility and its financial impact in the widest sense, it is appropriate that the report be brought for scrutiny to this Board first, with any recommendations or observations being passed on to the Executive Board Sub.

## 3.0 RECOMMENDATIONS

**ii) That the Board considers the contents of the report and forwards any recommendations to the Executive Board Sub for consideration.**

## 3.0 SUPPORTING INFORMATION

3.1 The transit site opened on the 10th February 2009. Appendix 1 shows weekly occupancy levels since then (summarised in the chart below), which overall have averaged 56% of capacity, but this figure is rising due to increased occupancy in recent weeks.



3.2 Anecdotal evidence suggests that the reasons for the initial low level of occupancy were the fact that the early months of the year in particular are periods of reduced Traveller migration, and word had not spread to Traveller groups of the facility's existence.

3.3 Appendix 2 shows the draft budget used for estimating purposes when determining the necessary pitch charge. The second column is an attempt to forecast the full year budget based on known costs, estimates, and income to date, but the figures must still be considered with some caution due to no bills having been received yet for utility costs. True operating costs will not be known until the facility has operated for a year or more.

3.4 Estimated pitch fee income has been revised downwards on the basis that 90% occupancy is unlikely to be achieved in the first year due to the low levels achieved so far, with 60% now being the assumption. This revised budget estimate increases the forecast annual deficit from £619 to £9,479, but in establishing the true financial impact of the facility on Council budgets, regard should also be taken of the previous cost to the Council of managing unlawful encampments.

3.5 Financial provision for dealing with unlawful encampments has never appeared as an explicit item in Directorate budgets, but in May 2007 an exercise was undertaken to try to quantify the cost for the period 2005/06 and 2006/07. The combined results from the relevant sections in each Directorate were as follows –

| | |
|---|---|
| Staff time | £94,053 |
| Facilities (bins, toilets etc.) | £13,490 |
| Clear up costs | £42,600 |
| Private Bailiffs | £69,100 |
| Land protection measures | £38,470 |
| TOTAL | £257,713 |

or £128,856 per year.

This excludes the substantial Police costs involved as well.

3.6 Police records show that during 2005, the year before a managed approach was started with Haddocks Wood, there were 83 encampments in Halton. During 2006, 2007 and 2008, the period of the Haddocks Wood managed encampment, there were 66, 21 and 10 encampments respectively.

3.7 Although it is early days, since the transit site was established there have been only 2 encampments. This may increase over the summer months as migration increases, but it is interesting to note that most of the Travellers now accessing the transit site pre book by phone, rather than just turning up as an unauthorised encampment.

3.8 Of the two encampments referred to in 3.7 above, one group moved to the transit site and the other was moved from the Borough when they declined to move to the transit site following a Police direction under s62 of the CJPOA Act 1994. They had claimed the charge of £11 per night was too much, a view expressed by most Travellers using the site.

3.9 Only 2 complaints have been received about the site, neither of which have been substantiated. This is in part attributable to the Warden who, supported by Council officers, has settled in quickly to his new role and has been instrumental to maintaining an orderly site.

3.10 What the last 3 years has clearly demonstrated is that a managed approach and the provision of an authorised stopping place have led to a marked decrease in unlawful encampments and the associated costs. Whilst the transit site is unlikely to achieve a balanced budget this year due to early losses when the site first opened, there is nevertheless a significant saving in costs when compared to expenditure incurred in previous years when an unmanaged approach was followed.

3.11 Halton's new approach to managing Traveller issues has been applauded by Traveller organisations, the Police and neighbouring Cheshire Councils, and in practical terms is achieving its objective of reducing unauthorised encampments. The reduction in encampments has also been welcomed by local businesses. It also means that Halton has already met its target for the provision of transit site accommodation proposed in recent draft figures set out under the partial review of the Regional Spatial Strategy.

## 4.0 POLICY IMPLICATIONS

4.1 There are no implications arising from the report itself since it is just an information report, but some may arise following debate of the report, depending on the recommendations to be passed to Executive Board Sub.

## 5.0 OTHER IMPLICATIONS

5.1 Should the Board wish to recommend change to reduce the financial deficit there are three options. The first would be to raise the pitch charge to a level that covers the shortfall, but it should be borne in mind that at £77 per week the charge is already higher than the charge set for Riverview which offers increased facilities and permanent residence, and also higher than many Housing Association rents.

5.2 The second would be that the proportion of the site given over to permanent occupation could be increased to minimise the risk of income loss due to under occupation, reserving a smaller number of pitches for transit use. The downside to this approach would be the additional capital cost of increasing facilities to accommodate this, the potential increase in unauthorised encampments that could not be moved quickly using s62 of the CJPOA Act 1994, and a potential increase in associated enforcement/clear up costs.

5.3 The third option would be to actively publicise the site amongst the wider Traveller community to ensure the site is as full as possible at all times, but this would be in contrast to the wider community's expectations.

5.4 Alternatively, given the remaining uncertainty about running costs and occupancy levels, the Board may wish to retain current charge levels and further review costs after a full financial year of operation.

**7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children and Young People in Halton**

Offering Travellers a safe place to stay for a reasonable period should improve access to education services.

6.2 **Employment, Learning and Skills in Halton**

N/A

6.6 **A Healthy Halton**

Travellers have a reduced life expectancy compared to national rates, and this site will afford Travellers the opportunity to access health and social care services more readily, thereby reducing health inequality.

6.7 **A Safer Halton**

Roadside encampments are inherently unsafe, and reducing their occurrence through the provision of this site will reduce those risks.

6.8 **Halton's Urban Renewal**

Proactively managing the problem of unlawful Traveller encampments will lessen the concerns of businesses in the area, particularly those on the industrial estates that historically have seen most encampments, and help to persuade them to remain and develop in Halton

**7.0 RISK ANALYSIS**

7.1 Not applicable

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.0 Not applicable.

**8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

| Document | Place of inspection | Contact Officer |
|---|---|---|
| Report to Exec Board Sub 16/10/08 | Runcorn Town Hall | S Williams |

**APPENDIX 1**

Week ending and number of days occupied

| | Pitch | 15th Feb | 22nd Feb | 1st Mar | 8th Mar | 15th Mar | 22nd Mar | 29-Mar | 05-Apr | 12-Apr | 19-Apr | 26-Apr | 03-May | 10-May | 17-May | 24-May | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Warden's Pitch | 2 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 3 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 4 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 5 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 6 | 0 | 0 | 0 | 3 | 4 | 0 | 7 | 7 | 7 | 6 | 7 | 7 | 1 | 0 | 0 | |
| | 7 | 0 | 0 | 0 | 0 | 3 | 3 | 7 | 7 | 7 | 7 | 7 | 7 | 1 | 0 | 0 | |
| | 8 | 0 | 0 | 0 | 0 | 3 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 7 | 7 | 7 | 7 | 7 | 7 | |
| | 13 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 7 | 0 | 0 | 0 | 1 | |
| | 14 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 4 | 0 | 0 | 1 | |
| **Transit Pitches only** | | | | | | | | | | | | | | | | | **TOTALS** |
| Possible occupancy days | | 60 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | **1110** |
| Actual occupancy days | | 12 | 7 | 7 | 10 | 17 | 17 | 36 | 42 | 47 | 53 | 56 | 46 | 30 | 28 | 30 | **473** |
| Percentage occupancy | | 20% | 10% | 10% | 14% | 24% | 24% | 51% | 60% | 67% | 76% | 80% | 66% | 43% | 40% | 43% | |
| Cumulative | | | | | | | | | | | | | | | | | **43%** |
| **Site Overall (excl. Warden)** | | | | | | | | | | | | | | | | | |
| Possible occupancy days | | 78 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | **1443** |
| Actual occupancy days | | 30 | 28 | 28 | 31 | 38 | 38 | 57 | 63 | 68 | 74 | 77 | 67 | 51 | 49 | 51 | **806** |
| Percentage occupancy | | 38% | 31% | 31% | 34% | 42% | 42% | 63% | 69% | 75% | 81% | 85% | 74% | 56% | 54% | 56% | |
| Cumulative | | | | | | | | | | | | | | | | | **56%** |
| **Potential Income** | | £858 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | £1,001 | **£15,873** |
| **Actual Income** | | £330 | £308 | £308 | £341 | £418 | £418 | £627 | £693 | £748 | £814 | £847 | £737 | £561 | £539 | £561 | **£8,866** |

**APPENDIX 2**

| **Expenditure** | Original budget estimate* | Revised full year forecast** |
| --- | --- | --- |
| Warden (with free pitch) | 13,000 | 13,000 |
| Telephone | 250 | 250 |
| Water | 4,266 | 2,844 |
| Cleaning materials | 450 | 450 |
| Septic Tank Emptying | 9,000 | 6,000 |
| Electricity (individual meters/elec. cards) | 7,362 | 4,908 |
| Landlord elec. supply (lighting/amenity block) | 2,000 | 2,000 |
| Refuse collection | 8,000 | 8,000 |
| Maintenance | 5,000 | 5,000 *** |
| Annual fire/elec. safety check | 500 | 500 |
| Insurance | 500 | 71 |
| None domestic rates | 2,500 | 2,595 |
| Sink fund for cyclical maintenance. | 2,000 | 0 |
| | **54,828** | **45,618** |
| **Income** | | |
| Rent (13 pitches X 52 weeks X £77 (£11 per day) ) | 46,847 | 31,231 |
| Sale of elec. prepayment cards | 7,362 | 4,908 |
| | **54,209** | **36,139** |
| **Net Expenditure** | **619** | **9,479** |

* based on 90% occupancy rate

** based on 60% occupancy rate

*** The site is under a 1 year defects liability period under the building contract, therefore actual spend on repairs may be much less than estimated.