

COUNCIL RESPONSE TO PROPOSED CHANGES IN PERFORMANCE INDICATORS FOR 2004/05

Note: The Council's responses to the proposed new indicators are set out in italic type.

## Amended PIs

- BV 166 - Score against checklist of enforcement best practice for environmental health/trading standards  
*Various changes were outlined in the consultation paper at: <http://www.dti.gov.uk/ccp/consultpdf/performcon.pdf>. The changes highlighted once again make year-on-year comparisons impossible. This renders performance improvement very difficult for the local authority.*
- BV 82(b) - Percentage of the total tonnage of household waste arising which have been sent for composting  
*The Department for the Environment, Food and Rural Affairs is consulting on changes for authorities to treat anaerobic digestion as towards composting and energy recovery (the paper is outlined at: <http://www.defra.gov.uk/corporate/consult/anaerobic-digestion/consultation.pdf>). Further changes to this PI are not welcomed and again make like-for-like comparison impossible.*

## Deleted PIs

- BV 78c - The percentage of benefit renewal claims processed on time  
*It is welcomed that this will no longer apply from 1 April 2004.*
- BV107 - Planning cost per head of population.  
*It is agreed that this figure can be distorted through expenditure of planning delivery grant. It also contains a number of elements not expected of planning services and its deletion is supported.*
- BV188- % of delegated decisions.  
*The deletion of this is also supported.*

## New PIs

- BV (x1) - % of appeals allowed against the authority's decision to refuse.  
*This is seen as a clear and worthwhile indicator and is supported.*
- BV (x2) - Quality of Service Checklist.  
*This is similar to a previous planning quality checklist. The concern is that to achieve a "yes" score, Councils have to comply with a number of elements - in fact to achieve a 100% score, (6 out of 6), 23 criteria have to be satisfied. If the Council fails one of these criteria, it cannot answer "yes" to that section. So, for example, it is possible to satisfy 17 out of 23 criteria but still register a zero percent return.*
- For example, under section 6, Runnymede is far more advanced than other authorities in relation to an electronic planning service, but does not satisfy the last bullet point, so receives no credit for what has been done. It is considered to be better to have a fewer number of criteria, and give credit to the achievement of each.*
- Number 5 needs greater clarification. This relates to "a development team approach to major planning applications". What is meant by a team - does it mean a formally set up separate team which deals only with this proposal? How is a major planning application defined?*

*In reality, such teams would only be set up to deal with exceptional schemes such as a complete town centre redevelopment, which may happen every ten or twenty years. Many authorities would never have a planning application of such scale to ever justify setting up such a team.*

*Does the criteria mean that the Council has such a team in place, or that an authority would set one up if a sufficiently large planning application was submitted? If the latter, then the Council could say "yes". As demonstrated by these questions there are a number of unresolved issues remaining.*

#### General Comment

1. *It is generally welcomed that a full review of the Best Value Performance Indicators is being undertaken in the near future. However, once again, this Council does not welcome the constant changes in the prescribed set of PIs. It does not aid medium-term planning or performance management, both of which are assessed in the CPA. It also does not aid year-on-year comparisons and makes some PIs meaningless.*
2. *The 2004/05 PIs have been made even more confusing by the fact that some of the proposed changes will not take statutory effect until 1 October 2004. This convoluted process inevitably causes confusion among staff and makes effective corporate planning (through the Best Value Performance Plan (BVPP)) very difficult. It would have been better to delay all proposed changes until the review of Best Value Performance Indicators had been completed and fed into the CPA process. This is now the basis on which the BVPPs are being linked, so it would have made more sense to have absorbed the PIs consultation into that process.*

# ANNUAL INVESTMENT STRATEGY

## FOR THE 2004/05 FINANCIAL YEAR

APPENDIX 'B'

### Introduction

1. This strategy is made in accordance with the Guidance on Local Government Investments issued by the government.
2. The Council approved this strategy on 9 March 2004 and this strategy is consistent with the Council's overall treasury management strategy for 2004/05.
3. This strategy applies to both in-house and externally managed funds.

### Policy for specified investments:

#### General

4. All investments must be made in sterling.
5. The credit ratings used are produced by Fitch Ratings Ltd and provided to the Council through our treasury management consultants (Sterling Consultancy Services) on a monthly basis. Any changes required on an urgent basis are notified to the Council by Sterling Consultancy Services. The Council's fund managers are required to use these ratings or ratings of a higher quality.

#### Specific Ratings Used

6. UK Banks  
Investments with UK Banks for periods up to 364 days requires a minimum short term credit rating of F1 and a combined individual and legal rating of no less than B/C 4. Investment in any bank and its wholly owned subsidiaries are to be aggregated for the purpose of calculating the limit of investment to that bank or its subsidiaries.
7. Subsidiaries of U.K. Banks  
An investment will only be made in a wholly owned subsidiary of a bank if the parent bank satisfies the credit rating criteria. The maximum term of such investments is 3 months. This will provide the Council with protection against a possible sale to a new owner which has a lower credit standing, as the sale would be unlikely to be completed within that time-scale.
8. Foreign Banks  
Investments with Foreign Banks for periods up to 364 days requires a minimum short term credit rating of F1+, or F1 and a combined individual and legal rating of no less than B/C 3.
9. Japanese and Far East Banks  
There has been a level of uncertainty over the stability of Japanese and Far East banks for some time. In view of the continuing uncertainty caused by difficult market conditions, no new investments will be made with Japanese or Far East institutions until such time as the credit rating agencies have determined an appreciable stabilisation in the banking system's environment.
10. U.K. Building Societies  
For Building Societies with credit ratings: Investments for periods up to 364 days require a minimum short term credit rating of F1 and a combined individual and legal rating of no less than B/C 4.
11. Local and Other Authorities  
All Local, Police, Fire, Civil Defence and Transport Authorities are suitable counter parties.
12. Secured Deposit Scheme  
Investments may be made through a Secured Deposit Scheme arranged with a suitable partner. Investments are subject to the criteria set out in this statement and must not exceed in total £3 million.

## Policy for non-specified investments:

13. Sovereign Banks  
Investments with Sovereign banks may be made for periods up to 364 days. Sovereign banks do not have credit ratings but are approved institutions and offer a high degree of security e.g. Bank of England / C.R.N.D. (Commissioners for Repayment of the National Debt).
14. U.K. Building Societies  
For Building Societies which do not have credit ratings: Short term ratings for the Building Society sector are not necessarily that relevant, as many do not yet have ratings. The industry is highly regulated and well supervised by the Building Societies Commission. Consideration can therefore be given to lending up to 364 days to any society in the top thirty with assets over say £300m. Such counter parties are useful for authorities with small sums to invest. The following lending limits are appropriate for Societies using a sliding scale relative to asset size: -

Building Societies by total assets	Investment Limit	Maximum
Assets over £500m	3,000,000	364 days
Assets from £400 to £499m	2,000,000	364 days
Assets from £300m to £399m	1,000,000	364 days

## Policy for liquidity of investments:

15. This policy applies to long-term investments, i.e. investments for periods over 364 days.
16. Long term investments include investments in government stocks (gilts) and certain other securities made by the Council's fund managers. The limits applying are set out in the agreements with the fund managers and are reproduced at Annex '1' for Investec and Annex '2' for Invesco.
17. Any long term investments managed in-house can only be made with other local authorities or institutions of a high credit standing as agreed between the Borough Treasurer and the Council's treasury management consultants.

## General Policy applicable to all investments:

18. Sector Limits  
No more than 60% of the portfolio is to be lent to Building Societies at any one time. Where possible, some investments outside of the banking sector will form part of the portfolio held.
19. Country Limits  
No more than 30% is to be invested in any one country, except in the UK.
20. Counter party Maximum Limit  
Investments made must avoid an over concentration with one or two counter parties. A maximum limit is therefore appropriate for investments relative to the level of daily cash balances to be invested. The limit of investment with any one authorised institution is to be £3.0m for short-term deposits i.e. investment period of fewer than 365 days.
21. Investments in any parent and its wholly owned subsidiaries  
Investments in any parent and its wholly owned subsidiaries are to be aggregated for the purpose of calculating the limit of investment to that parent or its subsidiaries.

Investec Fund - Maturity Limits for Long Term Investment

General

1. The Fund will normally be invested in instruments or deposits carrying rates of interest fixed for up to one year from the date of purchase.

Long Term Maturity Limits

2. At any one time a maximum of 75% of the Fund may be invested in securities carrying interest rates fixed for periods between 1 and 10 years. Within this 75% limit, 20 % of the Fund may be invested in securities carrying interest rates fixed for periods over 10 years.

Counter Party Limit for Long Term Investments

3. For securities other than Government stock, up to 30% of the fund may be held in long term investments maturing between 1 and 10 years from the date of purchase.

Invesco Fund - Maturity Limits for Long Term InvestmentLong Term Maturity Limit

1. A maximum of 50% of the fund may be invested in securities with a maturity over 364 days.

Counter Party Limits

2. Investments over 364 days are limited to securities issued by the Government (gilts). Investments can also be made in bonds issued by bodies listed in Schedules 1 and 2 of the Local Authorities (Capital Finance) (Approved Investment) Regulations 1990. Schedule 1 comprises bonds issued by an organisation of which the UK is a member (e.g. the EU). Schedule 2 comprises local authorities and other public bodies.

Overall Duration Limit

3. The maximum average duration of the fund must not exceed 3 years.

# PRUDENTIAL INDICATORS FOR THE 2004/05 BUDGET

## Prudential Indicators related to Affordability

### 1. Estimates of financing costs to net revenue stream.

This is a ratio (expressed as a percentage) of estimated financing costs compared to an estimate of the "net revenue stream". This ratio must be prepared for the General Fund and HRA, and also a combined ratio.

For Runnymede, financing costs comprise mainly investment income, offset by a small amount of borrowing costs.

The "net revenue stream" is a term used to describe the amount in the General Fund to be met from government grant and local taxpayers. For the HRA it is a calculation set down in (proposed) Regulations and is equivalent to gross HRA expenditure including capital charges.

The ratios are set down in Table 1:

<b>Table 1 - Ratio of financing costs to net revenue stream</b>			
	General Fund	HRA	Overall
	Ratio	Ratio	Ratio
2002/03 Actual	-19.01%	8.91%	0.96%
2003/04 Estimate	-8.30%	8.70%	3.28%
2004/05 Estimate	-8.76%	9.15%	3.56%
2005/06 Estimate	-6.43%	8.55%	3.81%
2006/07 Estimate	-5.41%	8.40%	4.09%

The ratio for the General Fund is expressed as a negative percentage because General Fund investment income significantly exceeds any marginal borrowing costs. The HRA ratio is a positive percentage. This is because the government have required the depreciation charge in the HRA to be included in the calculation.

The trend illustrated by these ratios is of most interest. The decline in the General Fund ratio follows the reduction in the proportion of investment income received compared to Council Tax and government grant. Investment income is falling as a result of revenue reserves being used to support the level of spending whilst Council Tax increases are being phased in, and as capital reserves are also used to finance the capital programme (in particular the re-provision of the Civic Offices).

### 2. Actual financing costs to net revenue stream

This figure is calculated in the same way as for the estimates. The actual for 2002/03 is shown in Table 1 for illustrative purposes.

### 3. Estimates of the incremental impact of capital investment decision on the Council Tax & Rents

This is a measure of affordability i.e. the impact of changes to the capital programme on Council Tax and housing rents. This indicator looks at CHANGES to the capital programme and is in the nature of a "before and after" exercise. It looks at the revenue costs (including capital financing charges) and any savings or incomes arising from the proposed changes.

Of all the performance indicators, this is the most difficult to interpret. The indicator does not distinguish between capital schemes that have an element of choice, or those that are critical to service provision (or statutory in nature). This indicator will undoubtedly be refined as experience of the new capital system is gained and guidance from CIPFA and the government reflects feedback from authorities.

The calculation is required separately for General Fund and HRA capital investment decisions. Table 2 sets out these indicators.

<b>Table 2 - Impact on Council Tax and Rents of Capital Spending Decisions</b>		
	<b>Council Tax (At Band D)</b>	<b>Average Weekly HRA Rents</b>
	<b>£</b>	<b>£</b>
2004/05 Estimate	0.97	0.00
2005/06 Estimate	5.87	0.00
2006/07 Estimate	13.53	0.00

#### Impact on Council Tax

The starting point in calculating this indicator is establishing a base position. For this purpose the 2003/04 capital programme has been used. New schemes that are in the programme for 2004/05 are included in the indicator. Schemes that follow on from 2004/05, either as a result of slippage (e.g. Tulk Field) or planned completion (e.g. Action Addlestone) are not taken into the calculation. Capital budgets that form an established part of the capital programme (e.g. grant aid, computer hardware replacement programme) are also not taken into the calculation as these do not represent incremental changes to the programme.

So that Members can further understand the way the indicator for General Fund schemes calculation has been calculated, a copy of the working paper used is produced at the end of this Appendix.

The impact of the capital programme has always formed part of the financial planning process in Runnymede. The relevant costs and savings of changes already form part of the Financial Strategy approved by the Council. At a detailed level, the Council's capital project appraisal rules require the estimated costs and benefits of individual schemes to be considered by the relevant Committees before any approvals are granted.

#### Impact on Housing Rents

The capital programme for the HRA comprises the ongoing planned major repair and improvement programmes, and a modest provision of £40,000 for the assisted private purchase schemes. The Council's forward HRA capital programme is based on no changes other than those included in the HRA Business Plan (based on need to spend and the profile of that spending), hence the impact of incremental changes on rents is nil.

The indicator is rather a misnomer for the HRA in any case. Rents are not set according to the government rent restructuring formula. Expenditure on housing stock (capital and revenue) is based on allowances made in the HRA Subsidy system, plus any locally generated incomes (e.g. garage rents) and savings. The link between rent and expenditure is therefore rather tenuous.

## Prudential Indicators related to Prudence

### **4. Net Borrowing & the capital financing requirement**

By law local authorities can only borrow to finance capital expenditure. Other than for short-term cash flow requirements, an authority cannot plan to borrow to finance revenue deficits. This indicator is intended to be the key indicator for prudence, i.e. to illustrate that any borrowing is only for capital purposes.

Runnymede does not have net external borrowing, but net investments. This is because all debt has been repaid and the accumulation of revenue and capital reserves has generated equivalent cash balances.

The "Capital Financing Requirement" is the term used in the new system to show underlying need to borrow for a capital purpose. The underlying need is different from the actual need because of the presence of revenue balances and associated cash flows that enable treasury activities to be undertaken in a holistic manner.

The Capital Financing Requirement will increase where existing resources (e.g. capital receipts, or government grant or other contributions) are not sufficient to finance capital expenditure. In this instance the authority's underlying need to borrow will increase (irrespective of immediate cash requirements).

The Capital Financing Requirement for Runnymede as at 1 April 2004 will be a negative figure (minus £95,000). This is because the Council has set aside £95,000 more than is strictly necessary to finance past capital expenditure.

<b>Table 3 - Net borrowing &amp; the capital financing requirement</b>			
	Net external borrowing (investments)	Capital Financing Requirement	Headroom
	£000	£000	£000
2004/05 Estimate	(22,250)	(95)	(22,155)
2005/06 Estimate	(17,393)	(95)	(17,298)
2006/07 Estimate	(11,782)	(95)	(11,687)

For Runnymede this is a particularly difficult indicator to interpret. The key point is that the Council does not currently plan to use debt to finance its capital programme, i.e. the current programme will be financed by capital receipts, and grants and contributions.

It is possible that the Council may need to borrow for capital purposes in the future, particularly for large schemes and/or where capital receipts are delayed or otherwise expected in future years. For instance, the Civic Offices project is large and may consume all available capital resources if capital receipts are delayed. If this were the case the capital financing requirement would become a positive figure and depending on the overall cash position, borrowing may be required. In this instance the purpose behind this prudential indicator is that relevant borrowing should not exceed the capital financing requirement.

## Prudential Indicators related to Capital Expenditure

### 5. Estimates of Capital Expenditure

This indicator is simply an extract from the Council's capital programmes. Table 4 summarises the estimates by service area:

<b>Table 4 - Estimates of capital expenditure by service area</b>					
	2002/03 Actual	2003/04 Estimate	2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
	£000	£000	£000	£000	£000
Housing First	3,358	0	2,856	4,161	1,124
Housing Renewal	326	650	1,252	478	478
Community Services	84	53	93	133	53
Leisure Services	1,237	1,237	1,615	250	62
Environmental Services	476	178	139	139	139
Economic Development	1,286	679	1,117	908	136
Civic Offices Re-provision	0	241	1,800	6,010	5,810
IT	648	544	446	503	345
Other Equipment	18	69	-	-	-
Pension Fund Deficit	5,729	-	-	-	-
<b>Total – General Fund</b>	<b>13,161</b>	<b>3,651</b>	<b>9,318</b>	<b>12,581</b>	<b>8,146</b>
HRA	2,661	3,673	2,659	2,689	2,689
<b>Grand Total</b>	<b>15,823</b>	<b>7,324</b>	<b>11,977</b>	<b>15,271</b>	<b>10,836</b>

The Prudential Code requires the capital programme to be approved when the indicators are produced. The capital programme forms part of the Budget and therefore this requirement is satisfied. Capital expenditure is a significant source of risk and uncertainty since cost variations, slippage or acceleration of major projects and changing specifications are often a feature of capital schemes. Capital expenditure also carries risk in relation to the availability of capital finance from capital receipts, grants and external contributions. For Runnymede, planned capital spending is often heavily dependent on achieving capital receipt targets. Examples of this uncertainty are the dependency of the affordable housing provision (Homes First) on sale of housing assets, and the assumption that the sale of the Civic Offices site will significantly finance the re-provision project.

#### Note

The figures for the "Housing First" service area (provision of affordable housing) are those elements of the Council's overall housing capital programme that is financed from Runnymede capital resources. Therefore, the figures exclude new affordable housing schemes financed directly by the government and the Housing Corporation.

### 6. Actual Capital Expenditure

This figure is calculated as for the estimates. The actual for 2002/03 is shown in Table 4 for illustrative purposes.

### 7. Estimates of Capital Financing Requirement

The Capital Financing Requirement is also used in the preparation of prudential indicator 4.

The Capital Financing Requirement is designed to show underlying need to borrow for a capital purpose. The underlying need is different from the actual need because of the presence of revenue balances and

associated cash flows that enable treasury activities to be undertaken in a holistic manner. The Capital Financing Requirement is a similar calculation to the "credit ceiling" that forms part of the outgoing capital finance system.

The Capital Financing Requirement will not increase where capital expenditure is financed from capital receipts, or government grant or other contributions. Where existing resources are not sufficient to finance capital expenditure, this will increase the authority's underlying need to borrow (irrespective of immediate cash requirements).

In the medium term net borrowing can only be for a capital purpose. This is because local authorities cannot borrow for revenue purposes (except for short-term cash flow needs). Therefore, net external borrowing must not exceed the total of the capital financing requirement for the preceding year plus the estimates for the following three years. Runnymede has no difficulty in meeting this requirement.

This indicator requires separate estimates for the HRA capital financing requirement (as determined under legislation), and for the General Fund. These estimates are set out in Table 5.

<b>Table 5 - Estimates of Capital Financing Requirement</b>			
	General Fund	HRA	Total
	£000	£000	£000
2002/03 Actual	(95)	0	(95)
2003/04 Estimate	(95)	0	(95)
2004/05 Estimate	(95)	0	(95)
2005/06 Estimate	(95)	0	(95)
2006/07 Estimate	(95)	0	(95)

There is no change in the capital financing requirement for the foreseeable future. This is because the Council's capital programme will be fully met from capital receipts, and grants and contributions. No borrowing is planned.

These estimates do not commit the Council to particular methods of financing. The Council will continue to determine the actual financing of capital expenditure incurred after the end of the particular financial year.

## **8. Actual Capital Financing Requirement**

This figure is calculated as for the estimates except that it is an extract from the Council's Statement of Accounts. The actual for 2002/03 is shown in Table 5 for illustrative purposes.

## Prudential Indicators related to External Debt

### 9. Authorised Limit

The "Authorised Limit" is simply a limit on the maximum amount the authority expects to borrow at any one point in time. It is the same as the overall borrowing limit in the old regime. The limit includes short-term borrowing. The Council now has no external long term debt and is unlikely to borrow long term in the foreseeable future. However, there may be cause to borrow short term.

The Council currently has large cash balances. These are presently invested primarily with the Council's fund managers – Investec and Invesco – who currently hold approximately £11m each. The remainder of cash balances are held in house and are invested to meet cash flow requirements. The Council has strong cash flows in the first 9 months of the financial year as Council Tax and Business Rates instalments are collected. In the last three months of the year the need to make payments of Precepts, contributions to the Business Rates pool and general revenue and capital obligations significantly reduces cash balances. In early April the cash balances are replenished as Council Tax and Business Rate instalments become receivable again.

Cash flow projections for 2003/04 indicate that temporary borrowing will not be required in March 2004. Therefore there will be no need to use the current overall borrowing limit of £2m.

In 2004/05 the Council's forecasts assume further net reductions in the amount invested. This is because revenue reserves will be used to support the General Fund, and the net use of capital receipts needed to finance the planned capital programme. Cash flow estimates show that there will be a need to temporarily borrow around £2.75m in March 2005. It is possible that it will be necessary to draw some funds from the Fund Managers during the latter part of 2004/05.

Should the timing of cash flows from capital receipts or expenditure be different from the forecast, then it may be necessary to further borrow temporarily to cover the shortfall. Short-term borrowing may also arise from two specific areas:

- Day to day cash management of the authority's bank account which will on occasion be in overdraft; and
- The need to meet unexpected payments prior to the availability of monies previously invested.

Given this range of variables, it is suggested that the Council's authorised limit for 2004/05 be set at £3,000,000 which will be sufficient to accommodate any short term borrowing undertaken. This limit should also be sufficient for the following three years.

The authorised limit for 2004/05 is also the statutory limit determined under Section 3(1) of the Local Government Act 2003

<b>Table 6 - Authorised Limit</b>	
Financial Year	£
2003/04	3,000,000
2004/05	3,000,000
2005/06	3,000,000
2006/07	3,000,000

### 10. Operational Boundary

The operational boundary is the term used to describe the most likely scenario of cash flow movements and equates to the maximum level of external debt projected by the authorities estimates. The Authorised Limit differs in that it provides over and above the operational boundary for unusual cash movements (hence, one is a **limit**, the other a **boundary**).

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For Runnymede, the operational limit will not be significantly different from the Authorised Limit. This is because any borrowing is specifically for short-term reasons at the end of the financial year and not for any structural purpose.

Financial Year	£
2003/04	3,000,000
2004/05	3,000,000
2005/06	3,000,000
2006/07	3,000,000

## **11. Actual External Debt**

This is a simple year-end figure taken from the Statement of Accounts. In comparison with the Authorised Limit and Operational Boundary this is just the debt at a point in time (i.e. 31 March).

	Borrowing	Long Term Liabilities	Total
	£	£	£
Short Term Borrowing	72,544	0	72,544

This is mainly a small sum that the Cabrera Trust has invested with the Council. The investment gives the Trust certainty of return with quick access if needed.

## Prudential Indicators related to Treasury Management

### **12. Code of Practice for Treasury Management**

The first prudential indicator in respect of treasury management is that the Council has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*.

The Council adopted the Code in October 2002.

### **13. Interest Rate Exposures**

This indicator is similar to the "Interest Payable at Variable Rates" limit under the old scheme, except that it includes both borrowing and investments.

The Council's policies for investment exposures are contained in detail in the Treasury Management Strategy. There is currently no benefit to arbitrarily limiting exposure to either fixed or variable rates. Therefore 100% limits are prudent in these circumstances.

Given no long-term borrowings is planned, interest payable on any short-term borrowings will equal the total interest paid. Short term borrowing either by way of overdraft or from money markets is often made at variable interest rates. Therefore, it is recommended that a limit of 100% of the Council's total interest payable to be at variable rates would be an appropriate level to enable efficient operation of the Council's borrowing requirements.

For investments, similar rules apply. Most of the Council's investment portfolio is held by Fund Managers. They principally use the investment instruments of government stock (gilts) and certificates of deposit. Both these investment instruments are at fixed rates of interest, although the periods they are held for are often short term. Again there is no benefit from distinguishing between fixed and variable rates.

<b>Table 9 - Limits to Interest Rate Exposures</b>		
	Fixed	Variable
	%	%
2004/05 Estimate	100	100
2005/06 Estimate	100	100
2006/07 Estimate	100	100

It should be noted that there are other important controls on the interest rate and other market risks that the Fund Managers can expose the Council to. These are set down in the agreements with the Fund Managers.

## **14. Maturity Structure of Borrowing**

This is an indicator that has relevance to authorities with significant debt portfolios. Runnymede has need for only short-term borrowing. The proposed structure is therefore:

	Upper	Lower
	%	%
Under 12 months	100	0
12 -24 months	0	0
24 months to 5 years	0	0
5 to 10 years	0	0
Over 10 years	0	0

## **15. Total sums invested for periods longer than 364 days**

Where the Council invests, or plans to invest, for periods longer than 364 days, an upper limit for the amount of investments maturing in future years must be set.

The purpose of this limit is for the Council to be aware of (and contain) its exposure to the possibility of loss that may arise as a result of having to seek early repayment or redemption of sums invested.

This is another limit that forms part of the Council's overall Treasury Strategy. Long term investments include investment in government stocks (gilts) and certain other securities made by the Council's external fund managers. The limits that the Council has set for use of these investments are set out in the agreements with the Fund managers.

Each of the two fund managers has different limits for long term investments. For the Investec Fund, up to 75% of the value of the fund could be invested in gilts. In 2004/05 this means that at any one time around £8.5m could be invested by Investec in government stock. For the Invesco Fund the limit is 50% of the fund, equating to around £5.8m. For both Fund Managers it is likely that such a large exposure to the gilt market will only be for relatively short periods. At the time of preparing this report (23 January 2004) neither Fund Manager had funds invested in gilts or any other long-term instruments.

The total principal sums invested for periods longer than 364 days is therefore £14.3m in 2004/05.

Prudential Indicator - Incremental Impact of Capital Investment decisions												
Scheme	Capital Budgets		Financing Costs			Running Costs			Total			
	04/05 £000	05/06 £000	04/05 £000	05/06 £000	06/07 £000	04/05 £000	05/06 £000	06/07 £000	04/05 £000	05/06 £000	06/07 £000	
Financing Cost interest rate assumption				4%								
<u>Community Services</u>												
Day Centre Transport	40	80	1	3	5	0	0	0	1	3	5	Running costs assumed neutral
<u>Leisure Schemes</u>												
Museum Extension	50		1	2	2	2	2	2	3	4	4	
Thorpe Village Hall	40		1	2	2	1	1	1	2	3	3	
Abbeyfit	1,100	70	22	47	47	-40	-77	-77	-18	-30	-30	
Pooley Green Town Park	100	130	0	0	0	5	10	15	5	10	15	Capital from sales & grants
<u>Economic</u>												
147/149 Station Road		386	0	0	0	0	0	0	0	0	0	Neutral - rents equals costs
152 Station Road		316	0	0	0	0	0	0	0	0	0	Neutral - rents equals costs
<u>Civic Offices</u>												
Community Centre	1,800	200	36	76	80	0	0	0	36	76	80	
Civic Offices		5,810	0	116	349	0	0	0	0	116	349	Capital Receipt in late 2007.
IT Equipment												Running costs assumed neutral
IT System Upgrades	150	150	3	9	15	0	0	0	3	9	15	Running costs assumed neutral
Total			64	255	499	-32	-64	-59	32	191	440	
Council Tax Base	32,500								0.97	5.87	13.53	

**Runnymede Borough Council**  
**Consultation Protocol regarding Proposals having Staffing Implications**

Runnymede Borough Council recognises the importance and value of open communications and the involvement of staff and the Trade Union in decisions that potentially affect the staff. To this end, the following protocol has been agreed and will be applied in all cases except when alternative arrangements have been mutually agreed by the Council and the Trade Union.

**Stage 1**

When proposals are being formulated by the Council which may have implications for staff or their terms of employment, the appropriate Director (or nominated Senior Manager) will, following consultation with the Personnel Officer (or his representative) forward such proposals in confidence to the Trade Union Branch Secretary (or nominated representative) at an early stage. The purpose of this is to apprise the Trade Union that proposals are being considered and to provide an opportunity for the Trade Union to make any initial comments or observations. Information disclosed will be treated in strict confidence by all parties at this stage. However, the Trade Union may discuss the proposals in confidence with appropriate Branch Officers. This initial consultation is not intended to secure any endorsement or otherwise from the Trade Union. The Trade Union will indicate how they would wish to be involved in further consultations on the proposals.

**Stage 2**

The Director (or nominated Senior Manager) will meet with the staff potentially affected by the proposals, and the Trade Union will be invited to attend.

The proposals will be outlined to the staff and comments, observations and questions will be invited. Arrangements for further consultations and for the nomination of representatives (if appropriate) will be agreed.

**Stage 3**

Future consultations will take place with the staff and/or their representatives and the Trade Union as agreed. The Council will take into account any responses received from the Trade Union and affected staff and incorporate them into any report to the relevant Committee. This will ensure that Elected Members when considering this matter are fully aware of any reservations by staff or Trade Union before reaching a decision.