



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 9 December 2008

The following report was received too late to be included on the main agenda for this meeting and was marked 'to follow'. It is now enclosed, as follows:

Agenda Item Number	Page	Title	Reason for Late Report	Officer Responsible For Late Report
10	1 - 32	CORPORATE PERFORMANCE MONITORING SECOND QUARTER CORPORATE REPORT	Received after publication of agenda	Corporate Director (Finance and Performance)

CABINET

CORPORATE PERFORMANCE MONITORING SECOND QUARTER CORPORATE REPORT

9 December 2008

Report of Corporate Director (Finance and Performance)

PURPOSE OF REPORT			
To consider the information provided to the Corporate PRT meeting held on the 26 November 2008.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Referral from Cabinet Member
			X
Date Included in Forward Plan	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR SUSAN CHARLES

- 1 That Cabinet consider the information provided to the Corporate PRT meeting held on the 26 November 2008 and the associated action plan that was developed as a result of consideration of that information.
- 2 That Cabinet consider whether they would wish to take any action as a result of considering the information contained within the PRT report and action plan.

1 INTRODUCTION

- 1.1 As part of the Council's overall Performance Management Framework, Cabinet Members are required to meet quarterly with relevant Service Heads and Corporate Directors to consider performance and finance issues relevant to their portfolio responsibilities. These meetings are referred to as Performance Review Team (PRT) meetings.
- 1.2 The outcome of each PRT meeting is an action plan setting out actions required as a result of consideration of that quarter's finance and performance information.
- 1.3 The following PRT meeting then considers that quarter's performance and the actions agreed from the previous quarter.

- 1.4 In addition to the above arrangements, a quarterly corporate PRT report is prepared which summarises the issues from each individual PRT together with a financial update on the Council's position at that quarter together with significant financial variances information.
- 1.5 All of this information is considered at a Corporate PRT meeting attended by the Cabinet member with portfolio responsibility for Performance, the Corporate Director (Finance and Performance) and the Heads of Financial Services and Corporate Strategy. A corporate action plan is then produced as a result of consideration of this information.
- 1.6 Until recently the Corporate PRT report and action plan were presented to the Budget and Performance Panel by the Cabinet member with responsibility for Performance.
- 1.7 Cabinet, at its meeting on the 2 September 2008, approved the recommendations of a report setting out amendments to the existing framework for Performance Management arrangements within the Council. (Min No 48 refers). One of those amendments was that the Cabinet member with responsibility for Performance would present the report to both Budget & Performance Panel and Cabinet. The intention of this amendment was to ensure that all members of Cabinet are kept up to date with progress on delivering the Council's key strategic priorities.

2 REPORT

- 2.1 In accordance with the recent decision of Cabinet attached to this report are:
 - Corporate PRT report for the second quarter of 2008/09
 - Action plans from individual PRT's for the second quarter of 2008/09
 - Corporate action plan from the first quarter 2008/09
 - Corporate Financial Monitoring Report for the second quarter 2008/09
 - Treasury Management progress report for the second quarter 2008/09
 - Corporate action plan for the second quarter 2008/09

3 DETAILS OF CONSULTATION

None – this reports sets out information on the Council performance during the second quarter of 2008/09

4 OPTIONS AND OPTIONS ANALYSIS (including risk assessment)

- 4.1 There is only one option for this report which is also the officer preferred option. That is :-

To consider whether any action is required by Cabinet as a result of consideration of the information contained within the report.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate PRT report forms part of the Council's overall Performance Management Framework

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None

FINANCIAL IMPLICATIONS

Financial implications are set out within the attachments to the report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no comment to add.

LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None

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Ref: RM/JEB

2008/09 2nd Quarter
CORPORATE PERFORMANCE REVIEW TEAM MEETING
2.00 pm Wednesday 26 November – Roger Muckle's Office

In attendance: **Councillor S Charles**
 Roger Muckle
 Nadine Muschamp
 Richard Tulej

The second round of Performance Review Team (PRT) meetings for 2008/09 took place between 27 October and 7 November.

Each meeting monitored progress against the action sheets drawn up for the previous round of meetings.

Attached are:

- PRT meeting/attendance timetable
- Updated Action from 2008/09 Q1 meeting
- Escendency report showing red indicators
- Q2 Service Action Plans

To follow are:

- Updated Finance Action 2008/09 Q1 meeting
- Q2 Corporate Financial Monitoring Report

JEB/25 November 2008

(SERVICE BASED) PERFORMANCE REVIEW TEAMS for 2008/09

Timetable for 2nd Quarter – 27 October to 7 November

SERVICE	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting.	Action Note received	Additional Info.
LEGAL AND HR	29 October 11.45 am	John Gilbert David Kerr	Mark Cullinan	Sarah Taylor	✓	✓	
DEMOCRATIC	31 October 9.30 am	John Gilbert	Mark Cullinan	Gill Noall	✓	✓	
FINANCE	7 November 11 am CANCELLED	Roger Mace	Roger Muckle	Nadine Muschamp	✓	✓	Reports considered and actions agreed electronically.
CORPORATE STRATEGY Roger Mace (Community Cohesion & LSP) Jon Barry (Climate Change) Jane Fletcher (C&YP) David Kerr (Community Safety) Eileen Blamire (Community Safety) John Gilbert (Community Engagement) Susie Charles (Performance Management)	5 November 3.30 pm 11 November 9.00 am (this didn't take place)	Roger Mace Jon Barry Jane Fletcher David Kerr Eileen Blamire John Gilbert Susie Charles	Roger Muckle Peter Loker	Richard Tulej	✓	✓	Cllrs Mace, Barry and Kerr did not attend either meeting.
INFORMATION AND CUSTOMER SERVICES	3 November 11 am	John Gilbert	Roger Muckle	Jane Alder	✓	✓	
REVENUES	3 November 10 am	John Gilbert	Roger Muckle	Richard Mason	✓	✓	
CITY COUNCIL (DIRECT) SERVICES	28 October 10.00 am	Jon Barry	Peter Loker	Mark Davies	✓	✓	
COUNCIL HOUSING	03 November 10.30 am	John Gilbert David Kerr	Peter Loker	Steven Milce	✓	✓	
HEALTH AND STRATEGIC HOUSING John Gilbert (Homelessness) Eileen Blamire (Civil Contingencies)	04 November -11.30 am - 04 Nov - 9.30	David Kerr John Gilbert Eileen Blamire	Peter Loker	Suzanne Lodge	✓	✓	
H&SH – CIVIL CONTINGENCIES	04 November	Eileen Blamire	Peter Loker	Suzanne Lodge Mark Barlett	✓	✓	
CULTURAL	05 November 12pm, 10 Nov 10am	Susie Charles Jane Fletcher Shirley Burns	Heather McManus	David Owen	✓	No	Meeting still to be arranged with Cllr Charles
PLANNING	05 November 3.00pm	Abbott Bryning Eileen Blamire Eve Archer Susie Charles	Heather McManus	Andrew Dobson	✓	✓	

SERVICE	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting.)	Action Note received	Additional Info.
ECONOMIC DEVELOPMENT AND TOURISM	05 November 1.30pm	Abbott Bryning Eve Archer Shirley Burns Susie Charles	Heather McManus	Peter Sandford	✓	✓	
PROPERTY	29 October 3.30pm	Evelyn Archer Roger Mace	Heather McManus	Graham Cox	✓	No	
NEIGHBOURHOOD MANAGEMENT	29 October 2.00pm	Roger Mace Evelyn Archer David Kerr	Peter Loker Heather McManus	John Deacon	✓	✓	
Corporate PRT	26 November	Susie Charles	Roger Muckle	Richard Tulej Nadine Muschamp	✓	N/A	
PERFORMANCE MANAGEMENT GROUP	5 December						
BUDGET AND PERFORMANCE PANEL Deadline to Mod.Gov 5 pm 14 January	27 January						

ACTION NOTE - 2008/09 Quarter 1 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: PERFORMANCE – ALL SERVICES

DATE: 15 AUGUST 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

Updated showing progress for 08/09 Q2 meeting

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
1	BROUGHT FORWARD FROM 2007/08 Q4 Briefing note required on tendering procedure for disposal of land and assets and the Corporate Property Strategy to form the basis of a meeting with the Leader and relevant portfolio holder to determine whether a review is required. UPDATE Q1 Briefing note can be prepared. Further clarification required as to scope of the note. HCS to liaise with Leader. Outcome of proposed meeting requested.	RT	Medium Term Corporate Property Strategy currently under review for completion by end of financial year 2008/09. No further action.
NEW ACTIONS			
2	Carnforth Market Towns Initiative. Evaluation report prepared by North West Development Agency to be circulated to Leader and appropriate Cabinet member.	PWS	Action completed.

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
3	Economic Development and Tourism to provide action notes and updates for the last two quarters, and for every PRT meeting in future. Explanation why not produced and what was response of Cabinet member to not receiving this paperwork.	PWS	<p>Quarter 3 2007/08 (held 29th January) - An action note was produced and updated for circulation to the Q4 meeting held on 30th April. According to records this was sent out with all the other papers for that meeting.</p> <p>Quarter 4 2007/08 (held 30th April) - This is the only meeting for which no action notes were produced this may be because there were no specific actions arising from the discussion, but PWS will ensure that in future notes are produced, even if it is a "nil" response.</p> <p>PWS was not able to attend the subsequent meeting (Q1 2008/09) due to annual leave but it is understood that portfolio holders did not make any comment on the absence of the Q4 action notes.</p> <p>Action completed.</p>
4	BV09 08/09 % of Council Tax Collected: Request clarity on figures and if failing, what actions in place to address. Need to align with figures in Corporate Financial Monitoring report to provide consistency.	JRM	<p>Completed -- figure will be consistent in financial report for Q2</p> <p>Action completed.</p>
5	BV212 08-09 Average Time to Relet LA Housing. Request outcome from officers' review of failing target.	SM	<p>Briefing note attached.</p> <p>Considered as part of Escendency report.</p>
6	CH11 08/09 Rent Lost Through Vacancies. Request outcome from officers' review of failing target.	SM	<p>Briefing note attached.</p> <p>Considered as part of Escendency report.</p>

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
7	<p>Cult 09a 08/09 Adult Disability. - Development and provision of leisure and recreational sessions for adults with a disability in partnership with the Community Health Team. Indicator is the number of sessions provided during 08/09. Indicator to calculate the cumulative figure from quarterly reporting.</p> <p>This is a cumulative indicator - target 08/09 is 20.</p> <p>Request further update report from officer and Cabinet member on measures taken to address failing target.</p>	DO	<p>No longer in PRT report – however target is no longer failing –</p> <ul style="list-style-type: none"> ▪ Q1 outturn - 3 ▪ Q2 outturn - 6 <p>In Q1, some of the work originally planned had to be postponed because adapted bikes had not been delivered and the agreement with Network Wheels (Local Charity) the owners of the bikes had not been finalised. In Q 2 resources were temporarily re-directed to Carnforth High School to enable delivery of a priority project.</p> <p>However, this target is now back on track – 5 sessions have run already in Q3 and another 4 are booked. We are confident that this target will be achieved by the end of the year.</p> <p>No further action required.</p>
8	<p>N1157a 08/09 Major planning applications determined within 13 weeks.</p> <p>Failing target due to high profile applications needing detailed consideration. In knowledge that these major applications in pipeline why wasn't target set in line with these expectations?</p>	AD	<p>Not failing anymore. Target was 65% and we are currently performing at 66.67%. We have received clarification from CLG on the definition of 'major applications' as defined by the new National Indicator, this means more applications are now classed as major and this has had a positive impact upon performance for this target.</p> <p>No further action required.</p>
9	<p>NM01 Create 200 new homes for shared ownership and outright sale.</p> <p>Request update from officer/Cabinet member (Housing) on action being taken to address failing target.</p>	SL	<p>No further action required.</p> <p>This target relates only to Neighbourhood Task Force activity in Morecambe.</p> <p>The original target for 55 in 2008/09 was set about three years ago and is now seen as over-ambitious in terms of the current funding and work programme. Target has therefore has been adjusted to 35 and is no longer failing.</p> <p>No further action required.</p>

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
10	<p>NM02 Increase the provision of affordable housing throughout the district. Request update from officer/Cabinet member (Housing) on action being taken to address failing target.</p>	SL	<p>This target relates only to Neighbourhood Task Force activity in Morecambe (there is a typing error in the agreed action column)</p> <p>Target reviewed – no longer failing – see comment relating to NM01 above.</p> <p>It is National Indicator 155 (Priority Outcome 15 in the Corporate Plan) which measures affordable housing throughout the district and this information will not be available until the end of the financial year.</p> <p>Information now been supplied. No further action.</p>
11	<p>RS02 08/09 Letter response times. Request outcome of review being undertaken to address failing target.</p>	JRM	<p>Corrective action now in place to prioritise letters received by NNDR, Council Tax and Benefits in order to ensure that they receive response within 5 working days.</p> <p>Action completed.</p>

RCM/JEB/26 Nov 2008

Group Report: Single Reporting Group Corporate Failing Targets Report Current Targets

Ref. No.	Performance Indicator	Measurement Interval	Type Of Measurement	Outturn 07/08	Target 08/09	Good Is	Q1	Q2	Q3	Q4	Year To Date	Status	Performance Commentary	Additional Information
1	BV183a 09/10 Length of stay in a B&B	Quarterly	Snapshot	.74	1.00	Low	2.50	2.50	--	--	2.50	Failing	: The failure occurred in the first quarter where B&B was used in an exceptional emergency case.	
2	BV199b 08/09 Graffiti	Four Monthly	Average	.00%	.00%	Low	1.00	1.00	--	--	1.00%	Failing	: The current target of 0% is difficult to achieve and is more challenging than the agreed LAA target of 1.17%. The current of 1% would be overachieving if measured against the LAA target. Resetting the target to a challenging but achievable target may be advisable.	
3	BV212 08-09 Average Time to Relet LA Housing	Quarterly	Snapshot	32.19Days	32.00Days	Low	45.10	47.43	--	--	47.43Days	Failing	: The average relet time has continued to increase and it is now taking an average of 47.4 days, compared to 45.1 days in quarter one. It is unlikely that we will be able to achieve our target of 32 days. We have taken steps to address this by subcontracting more work, resolving issues around energy supplies (meters), undertaking training with voids staff and implementing Anite Voids Management to enable more effective monitoring. Officers are also undertaking a benchmarking visit to South Lakes in November.	
4	CH09 08/09 Current Tenants Owing Over 13 Weeks Rent	Quarterly	Snapshot	2.85%	2.80%	Low	2.88	3.43	--	--	3.43%	Failing	: The number of tenants in serious arrears has increased significantly from 2.88% to 3.43% in quarter two. This performance is a cause for concern for Officers and details of how it will be addressed can be found in the attached action plan.	
5	CS24 08/09 Sustainable Community Strategy Published	Quarterly	Snapshot	Yes	Yes	High	No	No	--	--	No	Target Not Achieved	: The Sustainable Community Strategy will be considered at Council on 19 November for endorsement.	
6	Cult01 Parks; Alternative management arrangements report	Quarterly	Snapshot	Yes	Yes	High	Yes	No	--	--	No	Target Not Achieved	Service Head's Comments - PRT Q2: Cultural Service's involvement with Williamson Park (unplanned) is having an impact on some areas of our work programme.	

Ref No	Item Description	Frequency	Snapshot	High	Low	Value	Target	Actual	Status	Comments	Icons
7	Cult26 08/09 Targeted Individuals	Quarterly	Cumulative	High	.00	.00	300.00	-- -- .00		Service Head's Comments - PRT Q2 : This programme only start in September.	
8	Cult29 Effective swimming development programme	Quarterly	Snapshot	High	74.00	72.00	95.00%	-- -- 72.00%		: The new - 95% target is extremely challenging and aspirational. This may need reviewing depending on the outcome of Q3 and Q4	
9	Cult44 Dome feedback	Half-Yearly	Snapshot	High	.00	.00	95.00	-- -- .00		Service Head's Comments - PRT Q2 : Aiming to have systems in place for Q3 & Q4	
10	DS10 08/09: % of meetings confirmed within 5 days of request	Quarterly	Snapshot	High	85.70	50.00	100.00%	-- -- 50.00%		: 8 meetings were requested. 4 were completed within the 5 days and 4 not. Of these, 2 had to be abandoned and restarted, 1 could not be completed because participants were on holiday and 1 because of holidays and dealing with external participants.	
11	HR04 2008/09 % of posts not filled	Quarterly	Snapshot	Low	5.88	9.68	8.30%	-- -- 9.68%		: When this indicator was measured at the beginning of October, four posts had not been filled, however since then 3 of the post have been successfully recruited to following advertising in the local press. The remaining post of Cemeteries Officer is a specialised post and still remains unfilled. This indicator was formerly measured annually not quarterly and this better reflected the overall performance, as follow up recruitments will have taken place within the measurement period.	
12	ICS06 Abandoned Calls (2008/09)	Monthly	Average	Low	2.81	6.63	3.00	-- -- 4.72		: Staff shortages due to long term sickness has severely impacted upon this item	
13	LL07 08/09 Taxi inspections	Monthly	Cumulative	High	308.00	94.00	1220.00	-- -- 402.00		: A joint taxi enforcement day was cancelled due to bad weather. A programme of visits to licensed premises begins this month.	
14	NI180 08/09 Change of HB/CTB circumstances processed	Monthly	Cumulative	High	1138.00	3305.00	11500.00	-- -- 4443.00		: This is the first year this statutory indicator has been collected and DWP and all Councils nationally are working together to agree a consistent approach to collecting this data, this work is ongoing. It should be noted that these figures are for internal use only and do not include the figures for April and May this year, once all data has been agreed with DWP we are expecting to meet this target.	

ACTION NOTE - 2008/09 Quarter 2 CORPORATE PERFORMANCE REVIEW TEAM MEETING

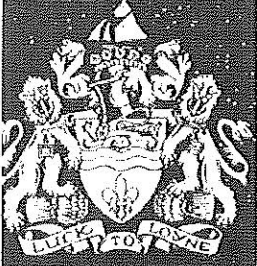
SERVICE AREA: PERFORMANCE – ALL SERVICES

DATE: 26 NOVEMBER 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
	ESCEDECENCY		
1	Noted explanation for target variance. No further action.		
2	Noted explanation for minor target variance. No further action.		
3	Agreed action noted to address variance. No further action.		
4	Agreed actions noted to address variance. No further action.		
5	Action complete. No further action.		
6	Noted explanation for why target not met. No further action.		
7	Not clear if target on track. PRT action plan not available. Request update on latest position in meeting target.	DO	
8	Explanation noted. Request why target set so high.	DO	
9	Explanation noted. Request clarity about problem of meeting target.	DO	
10	Explanation noted. No further action required.		
11	Explanation noted. No further action required.		
12	Explanation noted. No further action required.		
13	Explanation noted. No further action required.		
14	Explanation noted. No further action required.		

RCM/JEB/15 August 2008



LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

Corporate Financial Monitoring

September 2008 | Quarter 2

Report of the Head of Financial Services
 Corporate PRT meeting | 26 November 2008

HEADLINE INFORMATION

REVENUE	EXPENDITURE	Projected (Underspend) / + Overspend
Operating Revenue	Operating Expenditure	+£579,000
HOUSING ROYALTY RECEIPTS	HOUSING ROYALTY EXPENDITURE	+£26,000

CORPORATE FINANCIAL MONITORING

September 2008 | Quarter 2

1. INTRODUCTION

This monitoring report of expenditure and income for 2008/09 sets out an indicative corporate picture of the Council's financial performance relating to the period ending September 2008.

The report summarises the variances reported through Services quarterly PRT meetings, and also identifies any omissions, updates and/or actions required. In addition there are specific sections for salary monitoring, capital expenditure and financing, Housing Revenue Account, revenue collection performance and Insurance and Risk Management.

It should be noted that the projected outturn figures provided in this report are indicative, and that a full review of the current budget and future years budgets is currently underway as part of the 2009/10 budget process; this will be reported to Members in due course. This monitoring report has been completed after the recent MTFS review, however. In that review the indicative overspending in the current year was £336K. The position has worsened in this report but this is due primarily to a change in the assumptions regarding Concessionary travel pooling – this matter is still not resolved but it is expected to be concluded soon.

2. GENERAL FUND REVENUE MONITORING

2.1 General Fund Summary Position

The current overall general fund summary position shows that at the end of September there is a net underspending of £322K against the original budget. This is expected to deteriorate significantly by the end of the year, however; currently an overspending of £579K is expected.

VARIANCES	Current £000	Projected £000
Major Variances (see section 2.3)	+49	+1,132
Salaries (see section 2.4)	(371)	(553)
Total	(322)	+579

One of the key financial indicators is to keep any under or overspends within 2% of the overall net controllable revenue budget, and the following table shows that at the end of quarter 2 this has been achieved.

	£000
Net Controllable Budget	23,934
2% Target	+/() 478
Provisional Controllable Net Overspend	(434)
Percentage of Net Controllable Budget	1.8%

2.2 Actions Arising from Previous Quarter

The separate action sheet from Qtr1 PRT sets out progress on the issues raised. In a recent external review (undertaken by KPMG) of the Council's financial planning arrangements, it was noted that arrangements could be strengthened to ensure consistency of approach against any

services that experience budget difficulties, to ensure that remedial actions are taken. This will be taken forward from this quarter onwards.

2.3 Major Budget Variances

Appendix A details the major true variances that have been included within individual Services' PRT reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income.

SUMMARY BY SERVICE	Current £000	Projected £000
REPORTED VARIANCES :		
Legal & Human Resources	+9	+43
Information & Customer Services	(15)	?
Financial Services	(102)	+81
CC(D)S	(20)	(38)
Property Services	+48	+700
Econ Development & Tourism	+12	+14
Cultural Services	(11)	+22
Health & Strategic Housing	+24	+53
Planning Services	+36	+138
	(19)	+1,013
VARIANCES NOT REPORTED :		
Property Services	+68	+119
TOTAL NET OVERSPEND	+49	+1,132

There is one area where a variance has not been reported, and this relates to a downturn in income at St.Leonard's House (£119K). Discussions have taken place between Financial Services and the Head of Property Services to ensure future variances are not omitted.

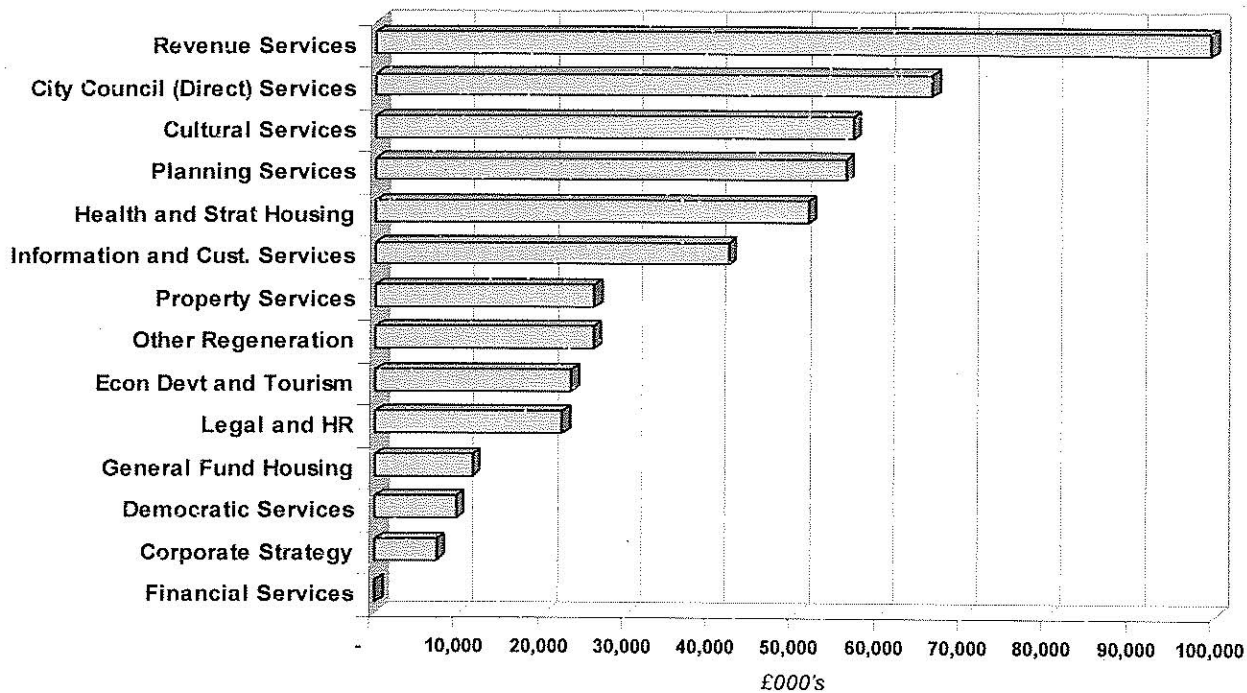
The variances listed in *Appendix A* are significant, and whilst there are some favourable ones within CC(D)S the majority relate to shortfalls in income or additional costs. These are mainly due to the current economic climate and the downturn in the housing and developer markets. In addition, the impact of Concessionary Travel has hit the Council badly; currently estimated additional costs of £398K have been assumed. Furthermore the reassessment of Lancaster Market rent payable to the new landlord has been finalised resulting in an additional cost of £267K this year, and an ongoing increase of £50K per annum.

2.4 General Fund Salary Monitoring

Salary monitoring has been reported separately as there are a number of small variances that fall below the threshold for major items, however their aggregate effect is fairly significant.

To date savings of £489K have been achieved against the profiled turnover target of £118K, resulting in net savings of £371K. Analysis of current vacant posts shows a monthly saving of £50K, and if this were to continue to the year end then the savings total would increase to £789K or £553K above the target. At present Officers are in the process of revising all salary estimates, and a more detailed estimate of the salary savings will be reported to Cabinet in due course.

The following graph shows the savings on a Service by Service basis.



3 GENERAL FUND CAPITAL PROGRAMME

3.1 Capital Expenditure & Financing

Capital Expenditure (General Fund)

The current Capital Programme for 2008/09 is £35.045M which is an increase of £3.912M on the original programme of £31.133M. The following changes have been approved as at 30 September :

Winter Gardens, Morecambe	£300K	Cabinet 03 June
Luneside East Regeneration	£200K	Cabinet 03 June
Cycling England (re Additional Grant)	£13K	Officer Delegation
2007/08 Slippage	£3,937K	Cabinet 31 July
Disabled Facilities Grant : RHB Allocation	-£102K	Cabinet 08 July
Poulton Renewal : RHB Allocation	-£325K	Cabinet 08 July
West End Masterplan : RHB Allocation	-£144K	Cabinet 08 July
Cemetery Path Overspend	£3K	Officer Delegation
Port of Heysham ERDF Grant Added	£8K	Officer Delegation
Middleton Wood Overspend	£4K	Officer Delegation
Heritage Lighting	£18K	Officer Delegation

At present, the total spend for the year is £4.602M leaving a balance of £30.443M against the approved programme to 30 September. The largest area of delayed spend relates to the Lancaster Science Park - £10.9M.

Capital Receipts (General Fund)

Estimated receipts required to fund the 2008/09 programme are £2.674M. Only £54K has actually been received as at 30 September. A fuller update on the capital position was reported to Cabinet in October and Council in November. This authorised an interim increase in underlying borrowing of £1.4M, to help overcome the difficulties experienced in progressing asset sales.

The financing of the capital programme will continue to be reviewed and reported to Cabinet / Council through until March.

4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

4.1 HRA Revenue Position

At the end of September the position for the Housing Revenue Account shows an overspend of £44K against the original budget, which is currently projected to reduce to £26K by the end of the year.

	Variances to Date	Project to Yr End	Comments
	£000	£000	
Premises Insurance	-7	-7	Lower recharge to reflect reduction in stock.
Ripley Court : Gas	+4	+8	Problems with supplier invoicing.
Estate Support Services	-31	??	Electricity, transport & clothing budgets currently underspent. May be a saving at year end.
Admin fees	+17	+25	Reduced number of Right to Buy sales resulting in less fees.
Insurance Repairs	+61	--	Major incidents recoverable by claims
Total	+44	+26	

4.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows that the income collected for the year is in line with the estimate. However, the figures for 2008/09 are only up to week 25, which is one week less than the full 6 months. Offices are still working on the backlog of reconciling the Anite housing rent system to the values transferred to the accounting system (Civica).

	2007/08	2008/09
	£	£
Estimate	5,281,800	5,539,000
Actual	5,341,271	5,539,710
Difference	(59,471)	(710)

4.3 Council Housing Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme to the period ended September 2008. Overall, there has been spend and commitments placed of £2.695M against the approved programme of £3.760M.

	Current Approved Programme £000	Spend / Commitments to Date £000	Budget Remaining £000
Adaptations	250	137	113
Bathroom / Kitchen Refurbishment	884	886	-2
External Refurbishment	920	836	84
Rewiring	317	0	317
Renewal of Heaters	309	0	309
Environmental / Crime Prevention	446	334	112
Re-roofing / Window Renewals	149	148	1
Energy Efficiency Works	475	351	124
Ryelands Development	5	1	4
Housing Office Alterations	5	2	3
TOTAL	3,760	2,695	1,065

5 REVENUE COLLECTION PERFORMANCE

5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics. Performance against the in-year collection targets is on track, being up 0.3% for Council Tax and up 0.11% for Business Rates. However, both Council Tax and Business Rate collection could be affected by current economic difficulties.

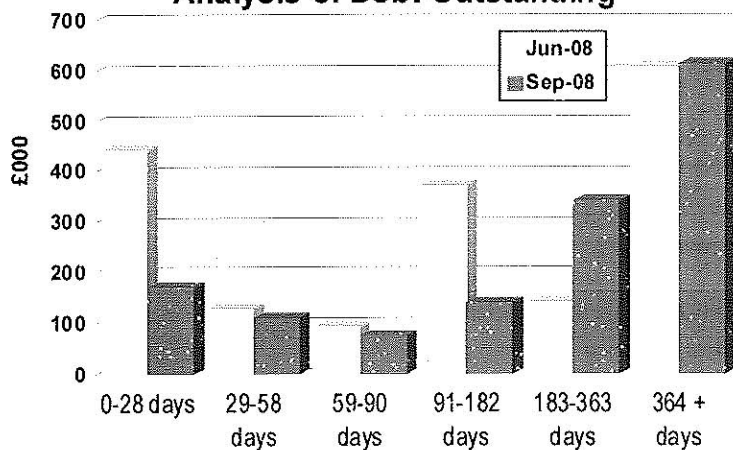
Percentage Collected	2007/08	2008/09	2008/09	2008/09	Status
	%	%	Target	Actual	
			%	%	
	All Years		In Year		
Council Tax	53.81	54.17	97.10	57.82	On Target
Business Rates	61.32	60.48	99.20	62.52	On Target

5.2 Sundry Debts

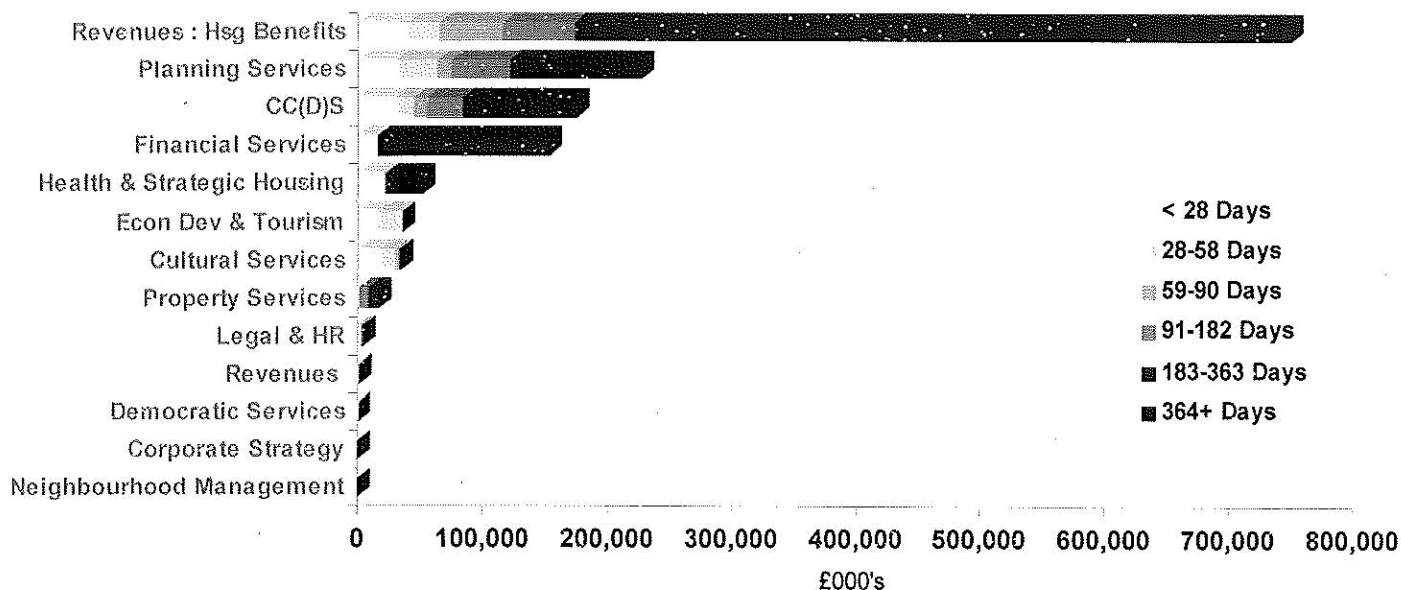
This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was £1.5M, which is over £0.5M less than the same period last year. The analysis shows that the overall level of debt has reduced by £330K from the previous quarter, however the long term debt has increased slightly by £5K.

A review of the current status of debt being recovered by Services will be included as part of the Qtr3 PRT report.

Analysis of Debt Outstanding



	June 08	Sept 08
	£000	£000
0-28 days	442	173
29-58 days	129	112
59-90 days	94	76
91-182 days	373	142
183-363 days	142	342
364+ days	608	613
	1,788	1,458
Previous Year	1,591	2,047



6 INSURANCE & RISK MANAGEMENT

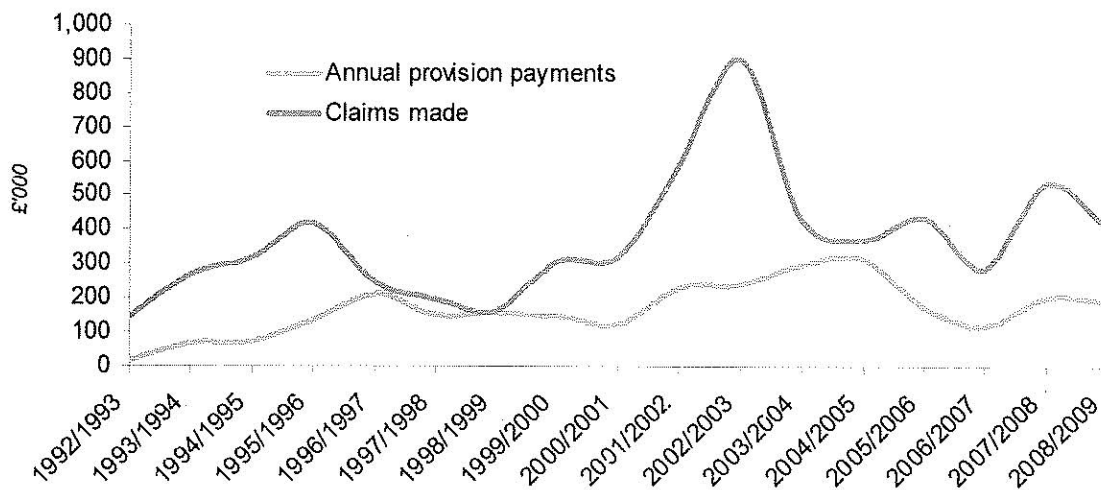
6.1 Insurance Monitoring

The current balance on the insurance provision is £187K, after making payments of £225K in settlement of claims made, and receiving £38K as credits from the insurers in respect of claims above the excess. In addition, there is an insurance reserve of £100K set aside to cover any years where the Council experiences higher than expected insurance claims. Therefore, in total there is £287K available to cover expected liabilities.

At present, our insurers estimate that the value of claims outstanding is £452K, which relate to a total of 214 claims made over a 13 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit; however, recent statistics show that, on average, only 56% of the total reserve will be paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £253K, which is within the available funding as mentioned above.

It is highly unlikely that all these outstanding claims will fall due for payment in the same financial year. The uncertain nature of insurance claims payments, however, means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.

Analysis of claims made, paid and outstanding by year.



6.2 Other Risk Management

At the Risk Management Steering Group on 4 September 2008, it was agreed that the Council's current risk management processes should be reviewed and improved where necessary. The background and objectives for this review are as follows;

BACKGROUND

The Council's first Risk Management Policy and Strategy were adopted on 16 December 2003. Whilst there have been various relatively minor updates over the years, the actual arrangements relating to the management of risk itself have remained largely unaltered for 5 years. There is now a need to review the effectiveness of these procedures and introduce improvements, calling on lessons learnt in the last 5 years.

Also, in producing their 2007/08 Manager Assurance Statements, Service Heads all confirmed that they and their staff had:

- Complied with the Council's Risk Management Policy in so far as it impacts on the Service's areas of responsibility.
- Maintained and reviewed appropriate risk registers, and have monitored that appropriate action has been taken to manage key risks.
- Actively sought to identify and manage risks.
- Actively sought to bring to the attention of senior management any new risks and/ or areas of concern.

As part of the review, Service Heads will be asked how confident they were in making these statements and what areas (if any) were they not so confident and why. They need to be able to demonstrate that their arrangements are efficient, robust and reliable, and that they would be able to provide assurance and respond to challenge if necessary. Once this consultation is complete, Service Heads' views will help to inform how risk management procedures can be made more efficient.

Many of the amendments that have previously been made to the strategy were made in order to reflect the changing requirements of the Comprehensive Performance Assessment's (CPA's) Use of Resources over the years. With the introduction of the Comprehensive Area Assessment (CAA) in 2009, as a replacement to the existing CPA, the requirements of the new Use of Resources assessment need to be reflected within the risk management review. It is understood that the Key Lines of Enquiry (KLOE's) within Use of Resources will be less prescriptive than before but with a focus on 'innovation'. As part of the review, therefore, the Council's new external auditors, KPMG, will be approached and their views sought on how risk management procedures can be improved bearing in mind the criteria of these KLOE's.

OBJECTIVES OF REVIEW

The review will consider if any improvements can be made to the way that risk is managed in seven key areas, namely; strategic planning, business planning, performance management, project management, decision making, partnerships and business continuity. The main objectives in looking at each of these key areas will be;

- To provide assurance as to the effectiveness of Services' current risk management arrangements, particularly focussing on risks associated with business objectives (i.e. via the Strategic and Service Business Plans).
- To assist with the development of current risk management arrangements, particularly focussing on integration with the Performance Management Framework (PMF), and addressing any duplication or gaps.
- Where possible, to help the Council improve on its Use of Resources assessment.

Full details of the review, together with the revised Risk Management Strategy, will be reported back to the next meeting of Audit Committee and approval to implement any changes/improvements will be sought.

SUMMARY OF MAJOR VARIANCES (Qtr 2 2008/09)

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse () = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Legal & HR	Search Fees	Downturn in property market and increased popularity of personal searches and LLC1s as opposed to full searches.	+36,200	+70,000
	Land Charges : Fees paid	Fees payable to Lancs CC down due to above	(4,800)	(7,000)
	Licensing : Amusement Machine income	Higher number of new applications than originally anticipated	(17,600)	(15,000)
	Licensing : Sex Shop income	Fee for one licence. It was not originally anticipated that the licence would be renewed	(5,100)	(5,100)
Information & Customer Services	Printing / copying equipment	Printing structure changed - further investigation needed and full corporate review to be carried out	(15,000)	?
Financial Services	Area Based Grant (unallocated)	Call-in (& subsequent reversal) of decision to appoint Community Cohesion Officer. Projection assumes that monies will be allocated in Nov 08 & spent before year end (Cabinet minute 19 refers)	(26,000)	+0
	Pension Costs	Expected that inflationary increases may be covered through reducing pensioner numbers.	+0	(16,000)
	Audit Fees	Late invoice from Audit Commission relating to 2006/07 CPA review.	+0	+16,600
	Investment Interest	Currently ahead of profile however loss of interest following collapse of Icelandic banking institutions results in a significant reduction for the year. The latter means a loss of £135K investment interest relating to the period from receivership to the end of the current financial year. There are still uncertainties surrounding the status of the investments themselves and interest up to the point of receivership.	(65,000)	+80,100
	Bank Charges	Further work to be done in relation to renewing the bank contract, and re-negotiating merchant services etc.	(11,100)	+0
CC(D)S	Transport Costs : Fuel	Authority wide variance due to impact of higher than budgeted inflation	+51,000	+100,000
	Transport Costs : Other	Underspend on repair and maintenance. Not anticipated to be a variance at year end.	(43,000)	+0
	White Lund Depot : NNDR	RV of depot increased due to open areas now being included in valuation.	+8,500	+8,500
	White Lund Depot : Water	High levels of solids in waste water resulting in unexpected high charges	+8,300	+10,000
	White Lund Depot : Materials	Sale of lighting stock to LCES - accounted for in 2007/06	+11,600	+11,600
	White Lund Depot : Cleaning	Increased requirement following transfer of Technical Services to depot	+2,200	+5,000
	Street Cleansing : Plastic Sacks	Improved cleansing regime resulting in higher usage	+3,000	+6,000
	Street Cleansing : Fees & charges	Year on year income down by £9,000	+7,000	+9,000
	Waste Collection : Disposal	No longer charged for loading and transporting recycled paper	(69,000)	(77,000)
	Waste Collection : Receipts from other bodies	Originally estimated at £7,300 - actual claim £19,000	+0	(12,000)
	Highways	Current performance in line with 2007/08 outturn, and previous years	+0	(99,000)
Property Services	Off-street car parks : electricity	Increased energy costs and further analysis being undertaken	+4,200	+10,000
	Off-street car parks : Rates	Increased NNDR cost	+5,200	+5,700
	Off-street car parks : equipment and tools	Increased telemetry costs and base budget adjustment under consideration for 2009/10	+3,900	+4,400
	Off-street car parks : equipment and tools	Reduced contribution from renewals reserve	(4,900)	(5,000)
	Off-street car parks : cash collection expenses	New base budget under estimated following TUPE transfer in 2007/08 and review of collection arrangements being undertaken	+6,500	+7,000
	Off-street car parks : Evening charges	Increased income but could reduce in Q3 & Q4 due to economic climate	(4,200)	(5,600)
	Off-street car parks : Fees	Increased income but could reduce in Q3 & Q4 due to economic climate	(33,700)	(30,000)
	Off-street car parks : Permits	Public permit sales down 15%, and staff and Member sales down 5%	+37,100	+16,200
	R&M Buildings	Increased costs due to lead thefts and CityLab defects - claims currently being pursued to recoup costs.	+49,700	??
	Electricity	Consumption currently on target but costs increased in line with market forces	(38,000)	+12,000
	Gas	Estimated consumption budgeted too high	(30,100)	(18,900)
	Postages	Increased usage and costs - may be recouped during remainder of year	+18,500	??
	Commercial Properties : rental income	Anticipated letting did not materialise	+16,900	+18,900

SUMMARY OF MAJOR VARIANCES (Qtr 2 2008/09)

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse () = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Property Services	Lancaster Bus Station : Rates	Revaluation resulting in refund	(12,000)	(12,000)
	Lancaster Bus Station : Rental Income	Additional rental income not budgeted for	(8,600)	(17,300)
	Lancaster Market : Rent	Reassessment of rent by new landlord	+0	+267,000
	Lancaster Market : Rates	More empty stalls than anticipated resulting in additional costs	+21,100	+21,100
	Lancaster Market : Rental income	Increased number of empty stalls resulting in a reduction in income	+20,100	+40,200
	Lancaster Market : Service charges	As above	+6,900	+14,000
	Charter Market : income	Substantial increase in trader attendance, resulting in higher income.	(12,700)	(25,000)
	Concessionary Travel	Additional costs following results of Pooling exercise by Lancashire County Council	+0	+398,000
Economic Development & Tourism	Morecambe TIC : Rent	Due to rent review there has been an increase in cost for the Platform, backdated to December 2007.	+12,300	+14,100
	Storey Institute	Shortfall in income following rejection of carry forward request, plus additional building insurance costs	+0	+9,500
	Business Development	Projected scheme expenditure less than anticipated resulting in less City Council funding being required. It is proposed that this saving be used to offset the shortfall in income at the Storey Institute (above)	+0	(9,200)
Cultural Services	Promenade Management : Rent	Additional rent from the Clock tower and West End Gardens	(6,700)	(7,900)
	Salt Ayre Sports Centre : Reflexions	Income currently up on profile, but anticipated to fall short of original estimate by year end	(4,000)	+29,700
Health & Strategic Housing	Management & Admin : Income	Income from LPSA less incorrectly budgeted for in Management & Admin account	+6,300	+12,500
	Management & Admin : Admin Charges	Income currently more than profiled in line with capital spend	(9,700)	+0
	Homelessness : Government Grants	Expected grant from DCLG to be £46K, being £20K less than budgeted	+4,100	+20,000
	Pest Control : Insect Control charges	Adverse weather conditions over summer have led to severe decrease in insects	+23,200	+20,900
Planning Services	Townscape Heritage Initiative	Consultancy costs to exceed additional funding of £20K provided by NWDA	+10,900	+7,000
	Development Control : Fees	Fee income currently down due to economic downturn and reduction in development industry	+25,100	+100,000
	Building Control : Salaries / Fees	See above. Projected shortfall in income for year is £96.8K which has been reduced by projected salary savings £35K and the balance on the Building control reserve £12K	+0	+31,000
VARIANCES NOT REPORTED THROUGH PRT PROCESS				
Property Services	St.Leonard's House : Income	Lettings for office space is significantly down on projections	+67,900	+119,000
TOTAL VARIANCES			+48,500	+1,132,400

PERFORMANCE REVIEW TEAM

2008/09 Treasury Management Progress Report to 30 September 2008

Report of Head of Financial Services

1. Introduction

It is a requirement of the CIPFA Code of Practice on Treasury Management that regular monitoring reports are presented to Members on treasury activities. These reports will normally be presented soon after the end of June, September, December and March.

Cabinet approved the Treasury Strategy for 2008/09 on 19 February 2008 and the Investment Strategy was approved by Council at its meeting on 27 February 2008. This report outlines activities undertaken in pursuance of those strategies during the financial year to 30 September.

Please note that colour copies of the graphs contained in this report are available on request.

It is emphasised that this report goes only up to 30 September, though clearly events after that date have a marked effect on the Council's treasury operations, particularly investments. These have been reported on separately to other Member meetings as far as possible, reference is also made within this report.

2. Progress to 30 September 2008

2.1 Long Term Debt Portfolio

The amount that the Council can borrow from the Public Works Loan Board (PWLB) in 2008/09 is dependent upon the Prudential Indicators set by the authority.

The maximum amount of additional borrowing that could be entered into during 2008/09 was fixed at £3.444M, made up as follows. Of this amount, £270K was scheduled specifically for financing the 2008/09 Capital Programme.

	£'000
Increase in underlying need for borrowing in 2006/07	1,182
Increase in underlying need for borrowing in 2007/08	1,762
Allocation of Leeway Borrowing in respect of Storey Institute project, as approved by Cabinet in July 2007 (now scheduled for 2008/09 financing)	200
Installation of Poolside Seating, Salt Ayre Sports Centre (self-financing over 10 years)	70
Balance of approved Leeway Borrowing (though not allocated)	300
Total	3,514

Because of a positive cashflow position, no actual additional borrowing was entered into during either 2006/07 or 2007/08, therefore a total of £2.944M has been rolled forward into 2008/09.

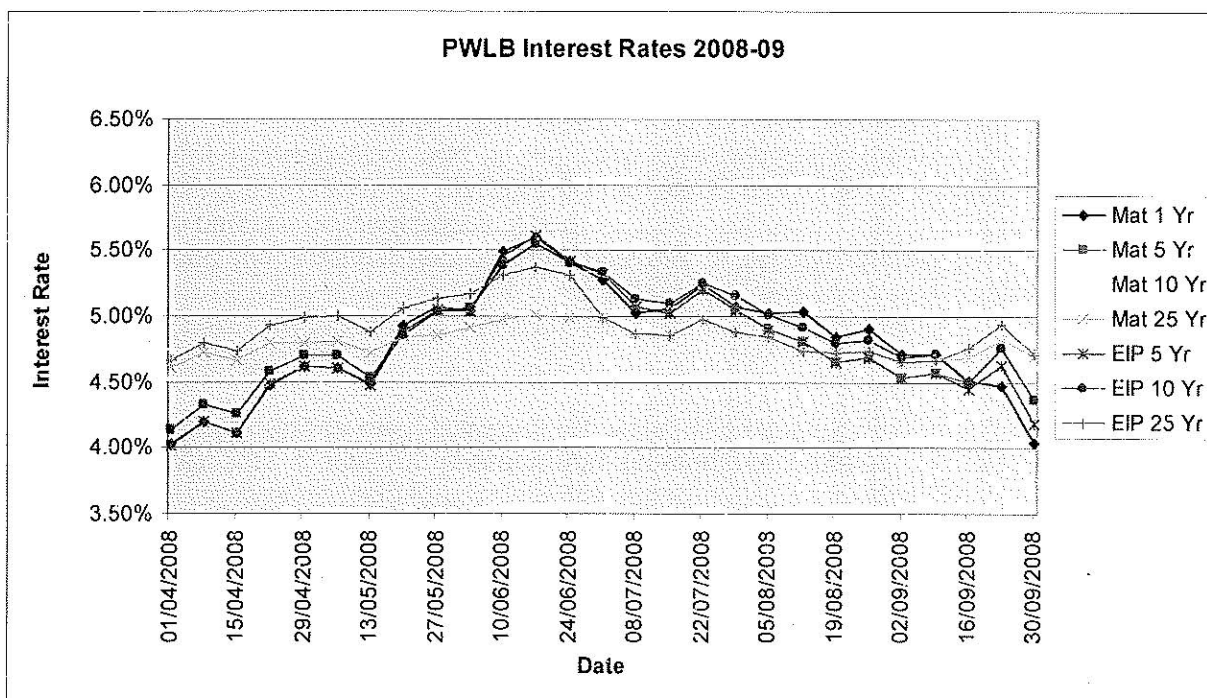
The level of PWLB debt currently outstanding (£44.8M as at 30 September 2008) is comfortably within both the Operational Boundary (£49.1M) and the Authorised Limit (£56.3M) for external borrowing (see **Appendix A** for definitions of the above). This would have remained the case even if the full balance of approved additional borrowing shown above had been taken up.

No rescheduling of debt has been undertaken during the first quarter of the year. The likelihood that opportunities will arise has been significantly reduced by changes introduced by the Public Works Loan Board (PWLB) in November 2007, when it restructured its borrowing rates and, at the same time, introduced differential rates for use in calculating the premia or discount on the early repayment of a loan. In broad terms, this has had two consequences, it has:

- increased the potential relative attractiveness of borrowing from other lenders, and
- significantly reduced the scope for worthwhile opportunities for debt rescheduling.

Rescheduling opportunities may, however, still arise. The Head of Financial Services, in conjunction with the Council's treasury management consultants, will continue to monitor prevailing rates to identify any potential opportunities during the year.

It was expected that the recent, continuing uncertainty within the financial markets and in respect of economic prospects would lead to volatility in interest rates. As the graph below illustrates, this has, so far, proven to be the case. Only the very long-term maturity rates continue to be relatively stable.



2.2 Short Term (Temporary) Borrowing

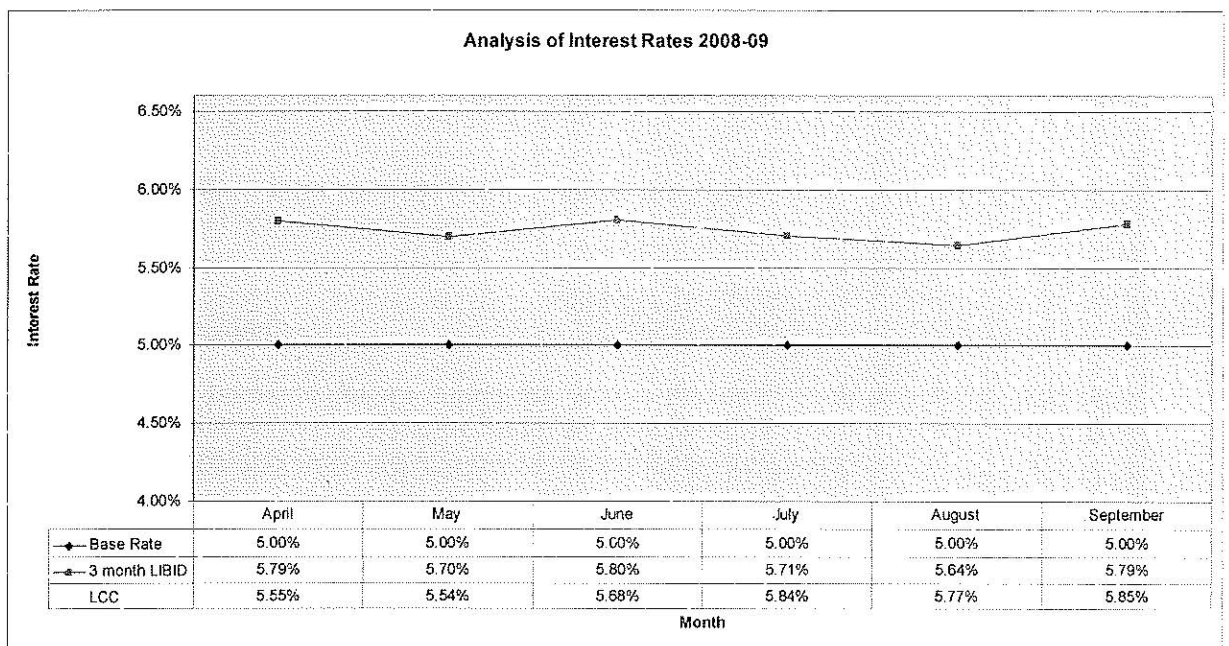
Although the Council's cash flow position has remained strong, short term factors can always create a requirement for temporary borrowing. No such requirement has yet arisen during 2008-09.

In future, however, short term borrowing needs are more likely, given the uncertainty over the recovery of Icelandic Investments.

2.3 Investing Activities

A list of the investments placed during the year is enclosed at **Appendix B**. All these investments have been placed in accordance with the approved Investment Strategy – although it can be seen that the number of investments is very small.

Setting performance targets for investment interest is difficult as short term money market rates fluctuate daily. Previously, the rates achieved on new investments have been compared with the Base Rate and with the 3 month LIBID (a benchmark adopted by some Council's as it reflects the balance between short term cashflow-dictated deposits and longer term 'core' deposits). These comparisons are shown below.



In summary, the Council has been successful in achieving a return on its investments just over 0.7% higher than Base Rate and a little less than 0.03% below 3 month LIBID. **As yet this does not make any allowance for any losses associated with Icelandic Investments, however, and nor does the following information. More information is needed before any adjustments can reasonably be made.**

The average interest rates for the first two quarters were as follows:

Base Rate	5.00%
3 Month LIBID	5.74%
Lancaster CC Investments	5.71%

Looking at the six months in isolation, the relationship between the levels of 3 month LIBID and Base Rate appears fairly stable. However, this disguises the fact that the gap between the two is actually unusually wide. This has been the case for several months now and is another reflection of the ongoing uncertainties in the financial markets. How soon, and to what extent, this gap may narrow is very difficult to predict.

From a budgetary point of view, it was assumed that base rates would have fallen to at least 5.25%, and perhaps to 5%, by the beginning of April, with a further fall to 4.50% by the end of the calendar year. Clearly the very recent reduction in base rates (from 4.5% to 3%) and economic prospects will lead to a substantial reduction in interest rate expectations for the short term.

The original forecast was for an average return on investments for the year of 5.08%. This has been comfortably exceeded in the first half of the year, but again, this will be affected by the Icelandic banking position and the recent rate cuts.

2.4 Prudential Indicators

The Prudential Code for Capital Investment introduced a number of Prudential Indicators, some of which replace the borrowing/variable interest limits previously set each year by councils. Reference has already been made to certain indicators and other relevant monitoring information is also set out at **Appendix A**.

2.5 Summary of Budget Position at 30 September 2008

The position is summarised below.

	Original Budget 2008-09	Profiled Budget to 30 Sept 2008	Actual to 30 Sept 2008	Variance
	£'000	£'000	£'000	£'000
Investment Interest Income	(1,108)	(553)	(112)	441
Item 8 Credit to HRA	254	0	0	0
Interest Payable	2,478	0	0	0
Item 8 Charge to HRA	(846)	0	0	0
Minimum Revenue Provision	1,127	0	0	0
Additional Voluntary Provision	383	0	0	0
Impact on General Fund	2,286	(553)	(112)	441

The profiled budget for Investment Income shown above is simply one half of the estimate for the year, while the actual income represents the cash received rather than the full amount earned, so the table can present only a limited picture, and even more so with the current uncertainties.

Interest on the Council's long-term borrowings is payable in half-yearly instalments, in October and March.

The remaining lines are annual items, with the transactions occurring in March of each year.

2.6 Approved Investment Counterparties

The criteria for inclusion in the Council's list of approved investment counterparties underpin the Investment Strategy. The criteria seek to minimise the risk involved in placing investments, by setting time and volume limits to an institution through an analysis of its credit ratings. Changes to the list have been more frequent than usual over recent months, as more and more financial institutions have encountered trading difficulties.

There have been instances where counterparties have been downgraded, or even removed from the list, during the lifetime of an individual investment. Where applicable to current investments, these are highlighted on **Appendix B**. Current ratings' information will be fed into the meeting.

In view of recent events, the security of investments and use of credit ratings has become much more high profile. Various inquiries and studies are underway and the outcome of these will be reported on in due course; undoubtedly there will be actions to take accordingly. These will also shape the content of future monitoring reports.

Since 30 September, interim arrangements are in place to restrict any new investments still further to only major UK institutions, although in reality the scope for placing new investments will reduce, as the Council's cashflow reduces in the latter half of the year.

3. Treasury Management Consultancy Service

Officers have continued to consult with the authority's Treasury Management advisors during 2008/09.

4. Conclusion

To 30 September, there has been no activity in respect of long-term borrowings. No rescheduling opportunities have arisen and the cash flow position has meant that no new borrowings have been required. Going forward, as yet the position is very uncertain, because of the Economy generally as well as the Iceland investments' situation.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL
Quarter 1 Update on Treasury Management activities, Performance Review Team,
30 September 2008

2008/09
£'000

AFFORDABILITY

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	13.4%
	HRA	9.4%
	Overall	12.1%
PI 3: Original estimate of impact of Capital Investment decisions on the Council Tax		£0.28
This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		0.16%
PI 4: Estimates of impact of Capital Investment on Housing Rents		Nil

PRUDENCE

PI 6: Original estimates of capital expenditure	Non - HRA	31,133
	HRA	3,280
	Total	34,413
PI 8: Original estimates of Capital Financing Requirement	Non - HRA	30,642
	HRA	15,303
	Total	45,945
PI 10: Authorised Limit	Authorised Limit for Borrowing	56,230
	Authorised Limit for Other Long Term Liabilities	310
	Authorised Limit for External Debt	56,600
PI 11: External Debt: Operational Boundary		49,100

TREASURY MANAGEMENT

PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council adopted the CIPFA code of Practice for Treasury Management at its meeting on the 13th March 2002.	
PI 14: Fixed Interest Rate Exposure		100%
The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the following proportion of its outstanding debt.		
At 31 March 2008 the Council was exposed to fixed interest rate costs on 100% of its outstanding debt.		
PI 15: Variable Rate Interest Rate Exposure		30%
The Authority will limit its exposure to variable interest rate costs to the amounts payable on the following proportion of its outstanding debt.		
At 31 March 2008 the Council was exposed to variable interest rate costs on 0% of its outstanding debt.		
PI 16: Maturity Structure of Borrowing		
Upper and Lower Limits	Under 12 months	0% to 35%
	12 months and within 24 months	0% to 5%
	24 months and within 5 years	0% to 10%
	5 years and within 10 years	0% to 20%
	10 years and above	60% to 100%
Maturity Profile of Current Outstanding Debt at 31 March 2008	Under 12 months	0%
	12 months and within 24 months	0%
	24 months and within 5 years	0%
	5 years and within 10 years	0%
	10 years and above	100%
PI 17: Investments for periods longer than 364 days		
Maximum principal sum to be invested		6,000
The above limit does not include sums for forward deals placed up to six months in advance for periods of 364 days or less.		
At 31 June 2008, the total amount of investments placed by the Council during the year, for periods of greater than 364 days, was £3m (see Appendix B).		

AUTHORISED LIMIT - The maximum amount of external debt, including both borrowing and other long-term liabilities, into which the Council may enter in the specified period.

OPERATIONAL BOUNDARY - The working boundary of total external debt, including both borrowing and other long-term liabilities, which will provide the day-to-day focus for Treasury Management activities. Unlike the Authorised Limit, it is not an absolute limit. It provides a mechanism to highlight whether or not external debt is being managed within the expected levels. The Operational Boundary can be exceeded if developing circumstances require, but if this happens then it will be the trigger for either corrective action or a revision of the relevant indicators.

INVESTMENT INTEREST EARNED TO 30 SEPTEMBER 2008

Name	No	Start	End	Rate	Days	Principal	Interest
				%		£	£
2007/08							
Northern Rock (1 Yr Fwd Deal)	002	01-Apr-08	18-Apr-08	4.9800	17	2,000,000.00	4,638.90
Landsbanki Islands	004	01-Apr-08	15-May-09	6.2500	409	1,000,000.00	70,034.25
EBS B.S.	021	01-Apr-08	03-Apr-08	5.9000	2	2,000,000.00	646.58
Glitnir	F102/023	01-Apr-08	14-Jan-09	5.7550	288	3,000,000.00	136,227.95
2008-09							
Bradford & Bingley	001	04-Apr-08	04-Jul-08	8.0500	91	2,000,000.00	30,167.12
EBS B.S.	002	04-Apr-08	06-Oct-08	6.0200	185	3,000,000.00	91,536.99
Kaupthing, Singer & Friedlander	06/07-129	16-May-08	15-May-09	6.0000	364	2,000,000.00	119,671.23
Anglo Irish Bank Corporation	004	17-Jun-08	17-Jun-09	8.5600	365	3,000,000.00	196,800.00
Irish Permanent Plc	005	02-Jul-08	02-Apr-09	6.3100	274	3,000,000.00	142,104.66
Scarborough BS	006	02-Sep-08	02-Mar-09	5.9800	181	2,000,000.00	59,308.49
Kent Reliance	007	02-Sep-08	02-Mar-09	6.0200	181	2,000,000.00	59,705.21
Sub-Total							910,841.38
Call Accounts							
Abbey National							
Allied Irish							
TOTAL							

For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list (see report).

Re Bradford & Bingley, the investment has now matured & monies returned to the Council.

Re Icelandic banks, these are subject to relevant Administration / Receivership arrangements.

As at 25 November, no monies are held in the Allied Irish Call Account.

ACTION NOTE - 2008/09 Quarter 1 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: FINANCIAL MONITORING – ALL SERVICES

DATE: 15 AUGUST 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

Updated showing progress for Q2 Corporate PRT meeting 26/11

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
1	Review of printing / copying equipment being undertaken. Request information when available.	JA	The review has begun with a potential supplier doing an audit of current printing provision.
2	Report back on bank charges position.	NM	This is being addressed through an efficiency proposal into the budget process.
3	CC(D)S report back on if water charges can be reduced in line with budget.	MD	Reduced in line with budget.
4	Schedule of requirement for Display Energy Certificates and Performance Energy Certificates.	GC	All DEC's now complete and displayed in relevant buildings. EPC's will be complete as buildings are sold or relet.
5	Impact from variance analysis to be included in next review of medium term financial strategy (MTFS).	NM	Completed as far as possible – reported to Cabinet in November. Any further issues will be picked up in the 2009/10 budget.

RCM/JEB/15 August 2008

ACTION NOTE - 2008/09 Quarter 2 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: FINANCIAL MONITORING – ALL SERVICES

DATE: 26 NOVEMBER 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
	PROGRESS FROM THE LAST MEETING WAS NOTED AND THERE WAS NOTHING TO BRING FORWARD.		
1	Property Services more robust in PRT monitoring following issues in SLH. Major variance not reported in PRT.	HPS	
2	With reduced search activity, request options for service management efficiencies.	HL&HR	
3	Request report back why postage costs have exceeded budget. Are the savings from the TNT contract being achieved?	HPS	
4	Request report back on Salt Ayre income projection for Reflexions.	HCS	
5	Request report back on Planning Service staffing levels due to downturn. Less applications, opportunities for reduced capacity.	HPS	