Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	11 February 2020
Report of	Chief Finance Officer		

Purpose of Report

This report sets out the latest position in respect of the budget and policy framework including Cabinet's proposed revenue budget for 2020/21 and Capital Programme for 2020/21 to 2023/24. The report also sets out the Treasury Management Framework for Cabinet adoption.

Key Decision (Y/N)	**Y**	**Date of Notice**	13 January 2020	**Exempt (Y/N)**	**N**

Report Summary

The report provides Cabinet with information on the Council's latest General Fund Revenue budget proposals and resulting Council Tax requirement. Further information is provided regarding the Council's proposed 5 year Capital Programme as well as its Treasury Management Strategy and the Section 151 Officer's statement on the adequacy of reserves.

The report seeks Cabinet's approval and recommendations to Full Council.

Recommendations of Councillor Whitehead

1) That Cabinet recommend the following for approval to Budget Council:

- The 2020/21 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (Appendix A) and supporting budget proposals (Appendix B).
- The Section 151 Officer's statement on the adequacy of reserves and advice that the minimum level of balances be increased to £2.5m, subject to annual review.

    the resulting position on provisions and reserves (Appendix C).

    the updated Reserves Strategy (Appendix D).

    the updated five year Capital Programme covering financial years 2020/21 to 2023/24 (Appendix E).

2) That the Finance Portfolio Holder be given delegated authority to agree the Treasury Management Framework, as updated for Cabinet's final budget proposals, for referral on to Council.

3) That the Finance Portfolio Holder be given delegated authority to agree the revision of the Medium Term Financial Strategy, as updated for Cabinet's final budget proposals, for referral on to Council.

Relationship to Policy Framework

The budget should represent, in financial terms what the Council is seeking to achieve through its Policy Framework.

The proposed Treasury Management framework forms part of the Council's budget and policy framework, and fits into the Medium Term Financial Strategy.

Conclusion of Impact Assessment(s) where applicable

Climate	**Wellbeing & Social Value**
Digital	**Health & Safety**
Equality	**Community Safety**

A number of budget proposals address the climate emergency and digital improvements as well as wellbeing improvements. The budget framework in general sets out a financial plan for achieving the Council's corporate priorities which incorporate the above cross cutting themes.

Details of Consultation

Revenue Budget Proposals

Cabinet's initial budget proposals were presented to the January meetings of Budget and Performance Panel and Council.

Treasury Management Framework

Officers have liaised with Link Asset Services, the Council's Treasury Advisors, in developing the proposed framework. The framework will be considered by Budget and Performance Panel at its meeting on 18 February.

Legal Implications

Legal Services have been consulted and have no further comments.

Financial Implications

As set out in the report and supporting Appendices

Other Resource or Risk Implications

None directly arising from this report.

Section 151 Officer's Comments

The Local Government Act 2003 placed explicit requirements on the Section 151 Officer to report on the robustness of the estimates included in the budget and on the adequacy of the Council's reserves. A summary of the Section 151 Officer's advice to date is provided below for information, but it should be noted that some of this is provisional until Cabinet's final budget proposals are confirmed. At Budget Council, Members will be recommended to note formally the advice of the Section 151 Officer.

Provisions, Reserves and Balances

- Specific earmarked reserves and provisions are satisfactory at the levels currently proposed.
- Unallocated balances of £2.5M for General Fund are reasonable levels to safeguard the Council's overall financial position, given other measures and safeguards proposed, and taking a medium to longer term view. This level has been increased by £0.5M compared with last year to reflect increased uncertainty with respect to government funding after the Fair Funding review and Brexit and reflects the sensitivity of some of the underlying savings and income targets within the budget.

Robustness of Estimates

A variety of exercises have been undertaken to establish a robust budget for the forthcoming year. These include:

- producing a base budget, taking account of service commitments, pay and price increases and expected demand / activity levels as appropriate, and the consideration of key assumptions and risks.
- reviewing the Council's services and activities, making provision for expected changes;
- reviewing the Council's MTFS, together with other corporate monitoring information produced during the year;
- undertaking a review of the Council's borrowing needs to support capital investment, in line with the Prudential Code.

These measures ensure that as far as is practical, the estimates and assumptions underpinning the base budget are robust.

Affordability of Spending Plans

In addition, the Section 151 Officer is responsible for ensuring that when setting and revising Prudential Indicators, including borrowing limits, all matters to be taken into account are reported to Council for consideration as part of the Treasury Management Framework.

In considering affordability, the fundamental objective is to ensure that the Council's capital investment remains within sustainable limits, having particular regard to the impact on council tax (for General Fund). Affordability is ultimately determined by judgements on what is 'acceptable' - this will be influenced by public, political and national influences.

The factors that have been (and should be) taken into account in considering capital investment plans include the following.

- availability of capital resources, including capital grants, capital receipts, etc
- existing commitments and planned service / priority changes
- options appraisal arrangements and robust business cases for the chosen options
- revenue consequences of any proposed capital schemes, including interest and debt repayment costs of any borrowing
- future years' revenue budget projections, and the scope to meet borrowing costs
- the likely level of government support for revenue generally
- the extent to which other liabilities can be avoided, through investment decisions.

In considering and balancing these factors, the capital proposals to date are based on an increase in "prudential borrowing" or CFR over the period to 2023/24. The bulk of this relates to schemes to support delivery of the Council's key Strategic Priorities as outlined in the Capital Programme.

Monitoring Officer's Comments

The Monitoring Officer has been consulted and has no further comments.

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Links to Background Papers None.

1.0 Introduction

1.1 Under the Council's Constitution, Cabinet has responsibility for developing corporate planning processes and a balanced revenue budget and capital programme for Council's consideration.

1.2 The Council meeting on 29 January 2020 considered Cabinet's proposed revenue budget for 2020/21 and approved a City Council Tax increase of £5 together with a year on year target of the maximum allowable under the Government's local referendum thresholds for future years.

1.3 Cabinet has also considered capital programme bids for 2020/21 to 2023/24 and this report provides a proposed capital programme for consideration and recommendation to Budget Council. The Treasury Management Strategy takes account of the proposed capital programme.

1.4 The report seeks delegated authority for the Finance Portfolio Holder to agree the Treasury Management Framework, subject to any changes made to capital programme proposals before it is referred to Budget Council.

2.0 Revenue Budget 2020/21

2.1 A general fund revenue budget for 2020/21 is included at Appendix A with more detailed budget proposals in Appendix B. The proposed budget is balanced, in line with statutory requirements, and takes account of the Final Local Government Settlement published 6 February 2020.

2.2 Cabinet is now required to finalise its full budget proposals and make recommendations to Budget Council.

2.3 The proposed revenue budget was agreed by Cabinet at its meeting on 28 January 2020 and this was subject to the local government settlement and calculations of annual estimates for collection fund surpluses or deficits in respect of council tax and business rates which are considered below.

Local Government Settlement

2.4 The Provisional Local Government Settlement was announced 20 December 2019 and revised Council Tax threshold principles which for districts, reduced the maximum increase in precept from 2.99% to 1.99% or £5, whichever is higher. The allocations published in Final Local Government Settlement remain unchanged from the Provisional Settlement and so has no impact on the Council.

Council Tax

2.5 Legislation requires that separate estimates be made for any Collection Fund surpluses or deficits on the Collection Fund relating to the council tax and business rates.

2.6 For council tax, it is confirmed that the Collection Fund is expected to generate a small surplus for the year and with the overall fund position remaining in deficit.

2.7 As a result of the changes to council tax referendum thresholds, the Council Tax increase of £5 agreed by Council on 29 January 2020 means that the City element of Council Tax for a band D property will be £231.95.

Business Rates

2.8 The Council is required to submit its annual business rates return to the Government by the end of January in which it estimates business rates income for 2020/21 and the estimated deficit / surplus as at the end of 2019/20.

2.9 The estimated surplus for 2019/20 is £2,958K as shown in Table 1 below.

Table 1: Business Rates

	2019/20 £000
Actual surplus brought forward (from collection fund statement)	(1,497)
Transfer to other precepting authorities in respect of last year forecast surplus (arising from calculations done a year ago)	739
Forecast Business Rates Income for 2019/20	(65,548)
Rate Retention Scheme Charges for 2019/20	63,348
Estimated Surplus for 2019/20 as at 31 January 2020	(2.958)
City Council Share of the surplus at 40%	(1,183)

2.10 Business rates continues to be an area of uncertainty in respect of predicting income for two primary reasons set out below:

The potential for a shutdown at Heysham Nuclear Power Station continues to be a risk which the Council has to monitor, as such an event would significantly reduce retention from business rates. Central Government operates a “safety net” system to protect those councils which see their year-on-year business rate income fall by more than 7.5 per cent. The Section 151 Officer has allowed for this arrangement when considering the level of balances held within the Business Rates reserve.

The Council receives a ‘disregard’ for renewable energy hereditaments which means that 100% of the business rates for these properties is retained by the authority. It is estimated that in 2020/21, this will be worth £907K to Lancaster City Council. Whilst it is evident that this 100% disregard will continue into 2020/21, there is a risk that the Government will discontinue this advantageous arrangement at some point in the future.

3.0 Provisions, Reserves and Balances

3.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the minimum level of reserves and balances.

Provisions

3.2 The bad debt and insurance provisions have been reviewed and are considered adequate at this time.

Reserves & Balances

3.3 Reserve levels and use of reserves are an important part of the budget framework. It is important that the Council maintains a healthy level of reserves in order to maintain financial resilience but balances this with the careful use of those reserves, usually on ‘one-off’ items in order to support corporate priority projects.

3.4 The balance described above is managed via the Reserves Strategy which is set out in Appendix D but which, in summary, is covered below:

- The Section 151 Officer is statutorily required to undertake an annual assessment on the adequacy of the Council's reserve levels.
- The reorganisation of earmarked revenue reserves in order to better reflect corporate priorities.
- The planned use of reserves over the next four years and forecast reserves balances over that period.
- The governance arrangements for the use of reserves to ensure that they are used effectively in accordance with corporate priorities.

Annual Assessment of Reserves Levels

3.5 The Reserves Strategy covers the Section 151 Officer's annual review of the adequacy of reserve balances which is a statutory requirement. Although usable revenue reserve levels have increased significantly in the last two years, continuing uncertainties with respect to Local Government funding remain. **Taking this additional risk into account, the Section 151 Officer's advice is that the minimum level of balances held in the General Fund should be set at £2.5M, an increase of £0.5M.**

3.6 The Section 151 Officer's latest advice on the adequacy of balances is based on the following observations:

The General Fund Balance at 31/03/19 was £5.714M.

Latest revenue budget monitoring forecasts an overspend of £322K in 2019/20. This would reduce the General Fund Balance to £5.392M.

The Council's MTFS suggests a budget gap in 2021/22 onwards of approximately £1.5M. If this is not closed then balances will be required to make up the difference.

There is a significant level of uncertainty with respect to Council funding particularly in respect of both retained rates and New Homes Bonus and there is a possibility that the Council's funding will be reduced as a result of the Fair Funding Review.

Business rates retention volatility remains a risk to the Council but this is now managed via the Business Rates Reserve considered in the next section and therefore should not impact on the General Fund balance.

There is continuing uncertainty with respect to Brexit and how this will impact, directly or indirectly, Council finances.

The MTFS provides forecasts on funding and on net expenditure and sensitivities associated with these forecasts. The Treasury Management Strategy documents collectively provide assurance with respect to the affordability, sustainability and prudence of capital expenditure.

3.7 In calculating the minimum level of General Fund balance, an assessment of the risks that give rise to unanticipated expenditure or loss of income has been made and these are shown in Table 2 below.

Table 2: Risk Assessment

Risk	Symptom of risk	Balance required £000
Increased demand for services	3% increase in net revenue expenditure	530
Recession results in reduced fees and charges income	10% reduction in major fees and charges income	1,300
Recession results in reduced council tax collection rates	3% reduction in collection rate	300
New Homes Bonus scrapped	Significant reduction in funding income	1,300
Next year's budget savings not achieved	50% under achievement	250
Next year's commercial income target not achieved	30% under achievement	120
Natural disaster such as flood	Additional unanticipated expenditure	500
Uncertainty with respect to Brexit	Additional unanticipated expenditure	500
Aggregate overspend if all above risks were to happen		**4,800**
Estimated General Fund Balance as at 31/03/20		**5,392**

3.8 The analysis shows that, in the unlikely event of a 'Perfect Storm' of risks happening all within the next year, there are sufficient balances to meet all these risks in the short term which would give the Council time to adapt in the longer term

3.9 Usable revenue reserves have increased significantly over the last two years, mainly due to business rates growth. The strategy sets out the change in reserves and compares this with other districts as a benchmark. As at 31 March 2019, Lancaster had 114% of its net revenue expenditure held in reserve (increased from 62% 31 March 2017) which is equal to the Lancashire districts average.

3.10 The minimum level of balances will be kept under review as part of the MTFS and reported to Cabinet on a regular basis.

Re-organisation of Earmarked Reserves

3.11 Cabinet adopted a revised Reserves Strategy on 1 October 2019 following on from a review by the Financial Resilience Group. The revised Strategy set out the key changes:

- The transfer of the Budget Support Reserve balance into a new Corporate Priorities Reserve and the transfer of any committed balances from the Canal Quarter, Capital Support, Economic Growth, Welfare Reforms, Morecambe Area Action Plan and Amenity Improvements into this reserve.

- The calculation of the level of Business Rates Reserve required to support the budget, over the medium term, should business rates income fall to safety net levels and the transfer of any surplus funds to the new Corporate Priorities Reserve.

3.12 The updated Reserves Strategy included in Appendix D calculates a requirement of £3.569M to support the budget over the next four years should business rates fall to safety net levels. This means that £2.348M can be transferred to the Corporate Priorities reserve. It is also recommended that the balances of the Canal Quarter, Capital Support, Economic Growth, Welfare Reforms, Morecambe Area Action Plan and Amenity Improvements are transferred to the Corporate Priorities reserve at the financial year end.

Planned use of reserves and estimated reserve balances over the medium term

3.13 The estimated reserves balances are shown in Appendix C and are summarised in table 3 below

Table 3: Estimated Reserves

	2019/20	2020/21	2021/22	2022/23	2023/24
Balance brought forward	20,557	18,560	15,917	15,189	14,764
Impact of 2020/21 budget decisions		(1,869)	(1,095)	(874)	(829)
Impact of previous budget decisions	(1,997)	(775)	367	448	408
Balance carried forward	**18,560**	**15,917**	**15,189**	**14,764**	**14,343**

3.14 It should be noted that the above analysis reflects allocated use of reserves which are subject to the completion and authorisation of a reserves bid template to ensure the effective use of resources to meet corporate priorities. If no bid is made or the bid is rejected then allocations will not be used.

3.15 It should also be noted that any business rates growth above budget and/or returns from invest to save projects will, all other things being equal, increase reserves balances from those set out in the above analysis.

Governance Arrangements

3.16 The Reserves Strategy sets out improved arrangements for the approval of reserves expenditure which include:

- a requirement to complete a bid document setting out how reserves expenditure will deliver corporate priorities with a clear costing statement and schedule of outcome measures
- a process to ensure that all use of reserves are approved by Cabinet either as part of the annual budget or via consideration of bids during the year, usually as part of strategy or project approval Cabinet report
- decision limits to ensure that Cabinet approval of reserves bids is delegated appropriately

4.0 General Fund Capital Programme

4.1 The Capital Programme for 2020/21 to 2023/24 is set out in Appendix E and is summarised in table 4 below

Table 4: Capital Programme

	2019/20	2020/21	2021/22	2022/23	2023/24
Approved Schemes	1,797	8,472	2,024	1,935	424
Development Pool	15,022	24,687	27,306	27,285	22,608
Total	**16,819**	**33,159**	**29,330**	**29,220**	**23,032**

4.2 Development pool schemes have had strategic outline business cases approved in principle by the Cabinet but **cannot** commence until full business cases have been considered and approved, first by the Capital Strategy Group, and then by Cabinet.

4.3 A number of significant schemes are included in the Development Pool including Canal Quarter, general fund housing schemes, Heysham Gateway development and investment property acquisitions. All of these schemes will require significant capital expenditures and borrowing but each business case will have to show that income arising from the capital investment is capable of covering all borrowing costs and delivering a positive return to the Council's revenue budget.

4.4 In setting the capital programme the Council must have regard to affordability and the Treasury Management Strategy sets out the impact of the Council's Capital Programme on its borrowing to ensure that all borrowing is affordable, prudent and sustainable.

5.0 Treasury Management Strategy

5.1 The Code of Practice on Treasury Management ("the Code") requires that a strategy outlining the expected treasury activity for the forthcoming 3 years be adopted, but that it be reviewed at least annually. It needs to reflect treasury policy and cover various forecasts and activities, in order to integrate the Council's spending and income plans with decisions about investing and borrowing.

5.2 Over the years, the regulatory and economic environment has changed significantly and this has led the sector to consider more innovative types of investment activity. Reflecting this, Members will be aware that changes have been made regarding the capital and treasury management framework.

5.3 The main objective of these changes was to respond to the major expansion of local authority investment activity over the last few years into the purchase of non-financial investments, particularly property. The updated framework distinguishes between treasury management activities and investment in non-financial investments.

5.4 Treasury management activities represent the placement of residual cash held in the bank resulting from the authority's day to day activities in relation to s12 Local Government Act investment powers. The Treasury Management Strategy, therefore deals principally with investments and borrowing.

5.5 Non-treasury investments include commercial investments where the objective is primarily to generate capital or revenue resources. The resources generated help facilitate the delivery of council services.

5.6 The Prudential Code 2017 also introduced a new requirement to produce an annual capital strategy. This is an over-arching corporate document which deals with the key areas of strategic context, corporate priorities, capital investment ambition, available resources, affordability, capacity to deliver, risk appetite, risk management and determining an appropriate split between non-financial and treasury management investments in the context of ensuring the long term financial sustainability of the authority. It sets the context for the Treasury Management and Investment Strategies.

Treasury Management Framework

5.7 The proposed Strategy for 2020/21 to 2023/24 is set out at Appendix H for Cabinet's consideration. The document contains the necessary details to comply with both the Code and Government investment guidance. The strategy put forward reflects the more ambitious nature of the Council and facilitates the principles outlined in both the Funding the Future and Property Investment Strategies. Responsibilities for treasury management are set out at Appendix F and the policy statement is presented at Appendix G.

5.8 Key elements and assumptions feeding into the proposals are outlined below. These take account of Cabinet's existing budget proposals as far as possible at this stage. Should there be any changes to the budget, then the treasury framework would need to be updated accordingly before being referred on to Budget Council. For these reasons, delegated arrangements are being sought for finalising the framework.

Borrowing Aspects of the Strategy

5.9 Based on the draft budget, the overall physical borrowing position of the Council is projected to increase significantly over the next three to five years from its current position of £62M to £118M (2021/22) potentially raising to £162M (2023/24) as the Council looks to move forward with several ambitious schemes to enable delivery of its Strategic Priorities.

5.10 This level of borrowing is assessed for affordability, sustainability and prudence in line with the Council's Treasury Management Strategy and requires annual approval by Council. Changes in the Council's Capital Financing Requirement and forward borrowing projections are summarised in tables 5 and 6 below

Table 5: Capital Financing Requirement

	2018/19 Actual £M	2019/20 Estimate £M	2020/21 Estimate £M	2021/22 Estimate £M	2022/23 Estimate £M	2023/24 Estimate £M
Capital Financing Requirement						
CFR – Non Housing	43.55	43.33	57.67	68.00	77.91	81.25
CFR – Housing	39.34	38.29	37.25	36.21	35.17	34.13
CFR – Commercial activities/non-financial investments	0.00	15.00	30.75	46.19	61.62	77.06
Total CFR	**82.89**	**96.62**	**125.67**	**150.40**	**174.70**	**192.44**
Movement in CFR						
Non Housing	(0.06)	(0.22)	14.34	10.33	9.91	3.34
Housing	(1.06)	(1.04)	(1.04)	(1.04)	(1.04)	(1.04)
Commercial activities/non-financial investments	0.00	15.00	15.75	15.43	15.43	15.43
Net Movement in CFR	**(1.12)**	**13.74**	**29.05**	**24.72**	**24.30**	**17.73**

Movement in CFR represented by						
Net financing need for the year (above) re Non Housing	1.60	16.13	32.20	28.87	28.82	22.66
Less MRP/VRP and other financing movements	(2.72)	(2.39)	(3.15)	(4.14)	(4.52)	(4.93)
Net Movement in CFR	**(1.12)**	**13.74**	**29.05**	**24.73**	**24.30**	**17.73**

Table 6: Borrowing Projections

	2018/19 Actual £M	2019/20 Estimate £M	2020/21 Estimate £M	2021/22 Estimate £M	2022/23 Estimate £M	2023/24 Estimate £M
External Debt						
Debt at 1 April	64.21	63.17	62.13	94.09	118.05	143.01
Expected change in Debt	(1.04)	(1.04)	(1.04)	(1.04)	(1.04)	(1.04)
Other long-term liabilities (OLTL)	0.00	0.00	0.00	0.00	0.00	0.00
Expected change in OLTL	0.00	0.00	33.00	25.00	26.00	20.00
Actual gross debt at 31 March	**63.17**	**62.13**	**94.09**	**118.05**	**143.01**	**161.97**
The Capital Financing Requirement	**82.89**	**96.62**	**125.68**	**150.40**	**174.70**	**192.43**
Under Borrowing	**(19.72)**	**(34.50)**	**(31.59)**	**(32.35)**	**(31.69)**	**(30.46)**

Investment Aspects of the Strategy

5.10 Where short term treasury management investments are required the Council retains a comparatively low risk appetite with focus on high quality deposits. The 2020/21 strategy continues to use the same short term investment criteria as approved by Members in 2019/20.

5.11 The proposed investment aspects of the strategy for treasury activities continues to provide for investing with other local authorities given that these, in effect, are as secure as investing with the Government but they offer greater returns, and from an Officer perspective, it makes sense to keep the benefits of such temporary cash investing/ borrowing wholly within the local authority family. Where this is not possible for liquidity reasons the Council is looking to place more emphasis on investment counterparties that are consistent with its own Priorities in particularly around climate change and ethical investments.

6.0 Medium Term Financial Strategy

6.1 The proposals set out in this report will be incorporated into the refresh of the Medium Term Financial Strategy (MTFS) so that this can be presented to Budget Council. The MTFS covers the following areas:

Using the balanced revenue budget for 2020/21 as a base, a forecast of funding and net revenue expenditure for the next four years has been undertaken to understand the future funding gap.

Initial high level plans for bridging the gap are explored which include actions arising from the Funding the Future strategy.

A new Capital Strategy; an overarching document which sets the policy framework for the development, management and monitoring of capital investment. It incorporates the Property Investment Strategy, Asset Management Plan and Treasury Management Framework. The Strategy which sets out revised management and governance arrangements which will be key as ambitious economic development, property investment and proactive asset management projects come forward for consideration.

A MTFS Action Plan to be agreed by Cabinet and monitored by Budget and Performance Panel in order to ensure that the authority focuses on the budget gap in a timely and effective manner.

7 Options and Options Analysis

Revenue Budget

7.1 Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2019/20 balances and fits with the proposed council tax level.

Capital Programme

7.2 Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but in deciding its final proposals should have regard to the prudential code requirements that all capital expenditure should be prudent, affordable and sustainable.

Treasury Management Framework

7.3 Cabinet may put forward alternative proposals or amendments to the proposed Strategy in Appendix H, but these would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such no further options analysis is available at this time.

7.4 Furthermore, the Strategy must fit with other aspects of Cabinet's budget proposals, such as commercial investments together with traditional deposit interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators. There are no options available regarding other components of the overall framework,

8. Officer Preferred Option (and comments)

8.1 **Revenue Budget, Capital Programme and Reserves Position**
Proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

Treasury Management Strategy

8.2 To approve the framework as attached, allowing for any amendments being made under delegated authority prior to referral to Council. This is based on the Council continuing to have a comparatively low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It is stressed that in terms of treasury activity, there is no risk free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work, pending any update during the course of next year.

8.3 If Cabinet or Budget Council changes its Capital Programme from that which is proposed in this report then this would require a change in the prudential indicators which are part of the Treasury Management Strategy. Delegation to the Finance Portfolio Holder is therefore requested in order to ensure that Cabinet's final capital programme proposals are reflected in the Treasury Management Strategy