

BABERGH DISTRICT COUNCIL

FROM: Corporate Director and Head of Finance

REPORT NUMBER **E274**

TO: Strategy Committee

DATE OF MEETING 9 February 2006

BUDGET 2006/07

1. SUMMARY

1.1 The draft budget approved by the Committee on 12 January has been the subject of consultation and scrutiny. A number of variations to that budget are put forward for the Committee's consideration and the Committee is asked to recommend a budget for 2006/07 to Council.

2. RECOMMENDATIONS

2.1 The Committee is asked to consider and recommend to Council:-

- a. The extent to which the draft General Fund budget attached to report E239 on 12 January should be amended in the light of consultation and scrutiny and the potential variations to the budget in paragraphs 4.2 – 4.6 of this report.
- b. The revised charges, as set out on pages 49 – 55 of the draft budget attached to report E239, are implemented with effect from 1 April 2006.
- c. The Council Housing budget attached to report E238 on 12 January.
- d. The weekly rents for Council dwellings and compulsory let garages be increased on average by 5.0% and in accordance with rent restructuring requirements with effect from Monday, 17 April 2006.
- e. The revised Council Housing charges, which are set out in Appendix B of report E238, are implemented with effect from Monday, 17 April 2006.
- f. The amendments to the staffing establishment set out in paragraph 4.7 of the report.
- g. The prudential indicators for capital finance and treasury management set out in Appendix 3.
- h. Where expenditure is included within the approved budget, the S151 officer, be empowered to:-
 - Vary the timing of revenue and capital payments from the current financial year to 2006/07 or vice versa in accordance with Financial Regulations and Council resolutions.
 - Vary the method of financing capital schemes, if he is satisfied that it is in the financial interest of the Council to do so.

3. FINANCIAL IMPLICATIONS

3.1 These budgets determine the level of service provision, Council Tax, rents and charges for the coming year.

4. KEY INFORMATION

4.1 On 12 January the Committee approved draft General Fund (report E239) and Council Housing (E238) budgets for consultation and scrutiny. At the time of writing this report only part of that consultation has taken place and the position is as follows:-

Consultation/Scrutiny	Outcome
<p><u>Consultation</u></p> <ul style="list-style-type: none"> • Business Ratepayers will consider the General Fund Budget and level of Council Tax at the Business Evening on 1 February. • On 19 January the Tenants Forum considered report E238 and the proposals for Council House rents and charges. • On 27 January the Housing Panel considered: <ul style="list-style-type: none"> - Service charges and particularly the Sheltered Accommodation service charges in the light of no increase in the Supporting People Grant. - Community Alarm service charges in the light of Supporting People Grant being withdrawn from non-sheltered dwellings. <p><u>Scrutiny</u></p> <ul style="list-style-type: none"> • The Overview and Scrutiny Committees will be meeting on 31 January and 7 February to scrutinise and comment on the draft budgets and any other variations that have occurred since 12 January. 	<ul style="list-style-type: none"> • Their views will be reported to the meeting. • They accepted the proposed budget, average rent increase of 5% and charges. • They accepted the proposed charges set out in Paper E238. • They accepted that the current service and charge of £4.48/week would cease from April 2006 and that tenants wishing to use the “lifeline” system would pay the normal charges that apply to this service. • The Committees’ views will be reported to the meeting.

4.2 In addition to the draft budgets in reports E238 and E239, the Overview and Scrutiny Committees will also be considering the following possible variations to the General Fund Budget for 2006/07:-

- (i) The changes below which were brought to the attention of the Strategy Committee on 12 January.

Item	Effect on 2006/07 Budget £
Regional Centre of Excellence expected to contribute to the cost of the procurement work on a joint waste contract with Mid Suffolk DC.	-12,500
Suffolk CC may stop their contribution of part of the discount received in relation to the Materials Recycling Facility. Strong representations are being made to Suffolk CC.	+10,000
Suffolk authorities looking to improve the “Suffolk Speaks” consultation arrangements with a new and larger Residents Panel.	+5,000

- (ii) The following issues which have arisen since the Strategy Committee meeting on 12 January.

Item	Effect on 2006/07 Budget £
<p>The ODPM's Waste Efficiency Grant has been increased by £42,500. They expect local authorities to use this money on new initiatives and it is proposed that £8,000 and £34,500 be added to the revenue and capital budgets respectively.</p>	NIL
<p>At the end of February, after the budget is finalised, the ODPM will be announcing additional grant for Private Sector Decent Homes. The amount and whether expenditure will need to be increased to reflect the additional grant is unknown at this stage. It is suggested that the capital programme be increased by an additional £50,000 a year on the assumption that may be the grant increase. If it transpires that the additional grant can be used to finance part of the existing budget, and the Council does not need to increase expenditure, there will be less need to use capital receipts and borrowing in future years.</p>	NIL
<p>There is a statutory requirement to formally calculate an estimate of the surplus or deficit on the Collection Fund on 15 January. The assessment has been made and it is proposed that the initial estimated deficit of £17,500 be reduced to £11,900, a benefit of £5,600 on the budget.</p>	-5,600
<p>An opportunity has arisen for a feasibility study to be carried out by the Civic Trust on the redevelopment of the Sudbury Town Centre (Bus Station) site. It will be seen from the attached Business Case Assessment at Appendix 1 that Sudbury Town Council (£10,000) and the Civic Trust (£5,000) are prepared to contribute to half the cost and are looking for this Council to provide £15,000. Members are asked to decide whether this study should be added to the budget. If Members agree, officers will not commit the funds until the position on possible alternative sources of funding, such as S106 money and the Suffolk Development Agency, are explored fully.</p>	+15,000
<p>The capital programme for E-Government in 2005/06 needs to be adjusted to reflect the latest position on a number of projects and the use of Implementing Electronic Government (IEG) grant.</p>	NIL

4.3 The outcome of the Overview and Scrutiny Committees' views on the above will be reported to the Committee. In addition, the Committee will be advised further on the level of grant support for the Leisure Trust, which was initially set at £172,770 for 2006/07. However, whilst that was considered to be sufficient at the time, it was recognised that it was dependent on information from Leisure Connection on current staffing costs/TUPE and the use of energy where costs have and are rising significantly. The initial indications are that these two factors may result in an additional cost of up to £40,000 and this has been referred to an emergency meeting of the Procurement Task Group who will be asked to advise the Committee on the extent, if any, to which the grant to the Leisure Trust should be increased from the earlier assessment.

- 4.4 The final level of Government Support for 2006/07 has only just been notified and this is very close to the amount previously indicated. Officers will be examining the details relating to this but the headline allocation appears to be £2,000 higher than the figure in the provisional settlement after allowance is made for adjustments relating to previous years' grants.
- 4.5 On the basis of the items referred to in paragraph 4.2 which have a combined net additional cost of £11,900 and the possibility of additional grant to the Leisure Trust in the region of £40,000, there could be additional cost on the budget of around £50,000.
- 4.6 In the light of that position, the Committee is asked to decide which of the following options should be pursued:-
- (i) Some or all of the additional cost referred to in paragraphs 4.2 and 4.3 should not be included in the budget.
 - (ii) Costs should be reduced in other areas, but if so where? Are there, for example, additional costs for other service priorities in Appendix 2 of report E239 which are less important?
 - (iii) Do not reduce the amount to be taken from reserves from the £260,000 in last year's policy and budget framework for 2006/07 to the £210,000 suggested on 12 January (see para 4.9 of report E239). If that approach is taken, there are a number of options for re-phasing the use of reserves and three options are compared below with the proposal in the January report:-

	12 January Report £000	Options		
		1 £000	2 £000	3 £000
• Reserves at 31 March 2005	3,370	3,370	3,370	3,370
• General use in 2005/06	-620	-620	-620	-620
	2,750	2,750	2,750	2,750
• Transformation Agenda/CAST	-500	-500	-500	-500
• Capital Projects	-500	-500	-380	-560
	1,750	1,750	1,870	1,690
• Phased general use of reserves				
2006/07	-210	-260	-260	-260
2007/08	-160	-180	-200	-170
2008/09	-110	-100	-140	-60
2009/10	-70	-10	-70	-
	1,200	1,200	1,200	1,200

- (iv) Increase Council Tax by more than the rate of inflation of 2.7%. A 1% increase in Council Tax raises an additional £38,000. As usual the Government has not stated what the capping limit for Council Tax increases will be for next year, but it is expected that increases below 5% will be acceptable.
- 4.7 A number of variations in the proposed staffing establishment have arisen as a result of the service priorities and savings put forward during the service and financial planning process. If these are approved, the following changes to the 2006/07 staffing establishment will result:-

Additional Staffing

- Custodian for the Land and Property Gazetteer to ensure sound management of the Council's land and property database.
- Land Charges – temporary part-time post to maintain performance.
- Shared procurement specialist with Forest Heath and St Edmundsbury Councils on a one-year contract.
- 2 staff in Planning Policy to deal with the Local Development Framework and associated activity.

Staffing Reductions

- 2 staff from the introduction of Document Image Processing in the Revenues Division.
- 1 fte employee across the Council from the introduction of e-procurement systems.
- Information Officer (funded by E-Government grant).
- 3 staff employed on the production of the Local Plan.

NB. In addition, the temporary post of Conservation Officer for the three years to June 2006 in the Planning Control Division be made permanent.

- 4.8 Staffing additions and reductions arising from the CAST project will be subject to further detailed consideration by the Strategy Committee and the Council.
- 4.9 At the last meeting Members asked questions about the changes in “Operational and Support Service” estimates. A brief explanation is provided at Appendix 2. If Members require more information, please contact Mr Hunter.
- 4.10 The prudential code for capital finance requires Councils to set a range of indicators in relation to capital expenditure, borrowing and the impact on Council Tax and Council Housing rents. The indicators for the next three years are set out in Appendix 3, which also sets limits relating to the Treasury Management Strategy.

5. APPENDICES

- (1) BCIA for Sudbury Town Centre Bus site redevelopment
- (2) Explanation on Operational and Support Service costs
- (3) Capital Finance and Treasury Management Prudential Indicators

6. BACKGROUND PAPERS REFERRED TO:

- (1) Paper E238 to Strategy Committee on 12 January
- (2) Paper E239 to Strategy Committee on 12 January

CONTACT: Geoff Kistner
Corporate Director

Barry Hunter
Head of Finance

DIRECT LINE: (01473) 825810

(01473) 825819

SERVICE AND FINANCIAL PLANNING
NEW SERVICE PRIORITIES (EXCLUDING IT) – REVENUE AND
CAPITAL PROPOSALS

DIVISION –...Planning Policy & Economic Development...

BUSINESS CASE – INITIAL ASSESSMENT (BCIA)

This form must be completed for submission to the appropriate Overview and Scrutiny Committee for all new proposals. Following consideration by that Committee and then the Strategy Committee, approved service priorities will be progressed further for possible inclusion in the budget for 2006/07 or the Council's medium term corporate/financial plan.

<u>PROPOSAL/PROJECT or SCHEME</u> (brief description)	<p>Sudbury town centre (bus station site) redevelopment – feasibility study by Civic Trust – this site is a key part of the retail centre of Sudbury, and a comprehensive redevelopment is proposed to enhance and secure the vitality of the town. The scope of the study is as follows:</p> <ul style="list-style-type: none"> • Bring forward viable commercial/mixed use proposals • Develop a scheme with support of stakeholders • Consult the development market • Prepare materials to allow the scheme to be taken forward <p>The matter is pressing due to recent planning applications for alternative uses of the site. Funds from other partners have recently been committed to this scheme.</p>
Essential or desirable? Statutory requirement?	Desirable
<u>MEETING NEEDS/AIMS</u> How/who identified this as a priority?	The Council has been working with Sudbury Town Council and Sudbury Market Town Partnership in recent months in discussing future uses of the site. The Market Town Partnership (of which Babergh is a member) has prioritised this project, and its project officer is working on this at present.
What needs exist to justify the proposal?	The current site forms a key part of the gateway to the town from the railway station, and the Waitrose supermarket. Recent planning applications for this site for non retail led uses have highlighted that a comprehensive redevelopment plan is required.
Which of the following does this proposal contribute towards (specify):-	
Council's current corporate aims	The project contributes to the sustainability of the district's main town centre, and is therefore addressing the Council's aims to raise individual and community ambitions, and potentially to increase the supply of affordable housing (if a retail led, mixed use development is promoted)
Suffolk Strategic Partnership Targets	The projects contributes to the 'prosperous economy' target of the SSP
Local Strategic Partnership Priorities	The projects contributes to the 'make a prosperous economy' target of the Western Suffolk LSP
Is the proposal part of an approved strategy or plan? Does it link with any other strategies or plans, or involve crosscutting activity either within the Council or with other organisations?	The project has links with the Babergh Local Plan Alt No 2. The proposed study will enhance the existing policy and investigate the requirement for such a redevelopment. The plan also supports the Sudbury Market Town Partnership Action Plan.

<u>SERVICE IMPROVEMENT</u> What outcome/service improvements/benefits will result?	The project will both investigate the possibility of a redevelopment, and investigate the commercial demand for such a scheme – thus bringing the possibility of a scheme (if supported by the study) closer to fruition.
Will there be an improvement in performance on any statutory or local PIs? (Please quantify)	No PI's relevant

<u>ALTERNATIVES</u> Are there any other alternatives or options to achieve the desired outcome?	A feasibility study of some form is required to test this proposal, and public funding is required to pay for this. Alternative funding (including 'section106') is being investigated at present.
Why is this the best option?	The study will help prove the case for such a development, and test the commercial demand from developers.
<u>FINANCIAL IMPLICATIONS</u> When will the proposal be implemented? (please specify which financial year - between 2006/07 and 2008/09)	2006/07
What are the financial implications? 1. Estimated gross Capital and/or Revenue costs (including staff/other resources to implement the scheme) 2. Possible partnership funding and/or other external contributions 3. Future efficiency or cost savings, charging options or additional income 4. Could this be funded from existing budgets or by redirection of resources from lower priority service areas?	<ol style="list-style-type: none"> 1. £30,000 total cost of study (£15,000 revenue required from Babergh DC) 2. £10,000 Sudbury Town Council, £5,000 (Civic Trust) 3. None 4. No current budgets available to fund this work
<u>PRACTICAL ISSUES</u> Are there any obstacles to implementing the proposals or negotiations that might delay the implementation?	None
What approvals need to be obtained and when?	Funding approval
What partners, if any, are involved? (please list main ones)	Babergh DC Sudbury Town Council Sudbury Market Town Partnership Community Energy Project Civic Trust
What is the outline timetable for preliminary work, commencing and completing the scheme? (Capital schemes only)	N/A
Any other comments? (please attach any relevant supporting documents or other information)	Hard copy of Civic Trust brief proposal available detailing scope of the scheme

--	--

This assessment has been completed by:-

Head of Service:- Rich Cooke

NAME...Neil Henry.....

APPROVED.....

POST...Economic Development Manager..

DATE.....

DATE.....16th January 2006.....

Appendix 2

Operational and Support Services

1. A number of Members questioned the position on the above when the draft budget was considered at the meeting of the Committee on the 12 January.
2. Specifically, these related to:
 - The increase in costs in the 2006/07 draft budget of over £900,000 compared to the 2005/06 original budget shown at line 8 on page 45 of paper E239
 - Areas in the detailed draft budget for specific services where there are increases in the level of Operational and Support service costs
3. Officers agreed that further clarification and explanation on these should be given and this is provided below:

Staff and associated costs (page 45)

- Officers at the meeting on the 12 January made the point that it is the direct costs (line 7) that are recharged to services and reflected in the draft budget. It is not line 9 that is recharged and the wording needs amendment to reflect this
- Line 8 is purely a reflection of the 'internal market' and the fact that different divisions of the council support each other and recharges are made between them in accordance with proper accounting practice
- As a result, the amounts shown in line 8 are a duplication of the real costs that are shown at line 7 and clearly cannot be recharged to services
- In addition, having examined line 8, it has been established that this reflects the costs of the CAST project, both in relation to the £466,000 net revenue costs reported in Appendix 4 of paper E239 and the cost of officers involved in the project
- If these are discounted, the figure shown in the 2006/07 draft budget of £3,349,630 reduces to £2,607,000, which is far more comparable and in line with the original budget for the current year of £2,428,820
- A similar adjustment is required on the revised budget, resulting in an amended figure of £2,512,000 (compared to the £2,779,650 shown in paper E239)

Variations on specific services

- Officers also indicated at the meeting on the 12 January that, although there were clearly increases indicated on certain services, there were also reductions on others
- These variations are purely based on estimates by officers of where they anticipate spending their time next year and this can obviously vary from the current year
- In overall terms, total charges to the General Fund are only increasing by around 3.3% next year, again ignoring the CAST project.

- Should any Members want details in relation to specific service areas, these can be provided
4. In conclusion, Members are asked to note and agree to the following:
- (a) Page 45 of paper E239
 - Line 8 – 2005/06 revised budget –figure of £2,779,650 should be amended to £2,512,000
 - Line 8 – 2006/07 budget – figure of £3,349,360 should be amended to £2,607,000
 - Line 9 – consequential amendments resulting from the above
 - (b) That Operational and Support Services costs relating to the ‘internal market’ are not shown in the budget as these duplicate the direct costs of service provision.

Barry Hunter
27 January 2006

Appendix 3

Prudential indicators under the Prudential Code for capital finance

- The actual capital expenditure that was incurred in 2004/05 (along with the estimate originally set for the year) and the capital investment programme for the current and future years that are recommended for approval are:

Table 1 - Estimates and Actual Capital Expenditure

	2004/05 £'000 Estimate	2004/05 £'000 Actual	2005/06 £'000 Estimate	2006/07 £'000 Estimate	2007/08 £'000 Estimate	2008/09 £'000 Estimate
General Fund	2,440	2,092	3,054	2,070	2,303	3,879
HRA	3,524	2,546	4,296	3,242	3,366	3,427
Total	5,964	4,638	7,350	5,312	5,669	7,306

Note: Items that are classified as 'operating leases' are excluded as these are not deemed to represent capital expenditure, whereas items classified as 'finance leases' are included.

- Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2004/05:

Table 2 - Ratio of Net Financing Costs to Net Revenue Stream

	2004/05 Estimate	2004/05 Actual	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
General Fund	(4.94)%	(6.98)%	(6.19)%	(4.63)%	(4.51)%	(2.36)%
HRA	24.06%	24.33%	23.50%	23.05%	22.29%	20.89%

The estimates of financing costs include current commitments and the proposals in the budget report.

Note: Babergh has a negative figure for the General Fund due to having no external debt charges combined with investment income on surplus funds. There is a positive figure for the HRA as the Council has borrowed internal funds to finance Council Housing expenditure and these costs are reimbursed through housing subsidy.

- Estimates of the end of year capital financing requirement for the authority for the current year and future years and the actual capital financing requirement at 31st March 2005 are:

Table 3 - Capital Financing Requirement

	2004/05 £'000 Estimate	2004/05 £'000 Actual	2005/06 £'000 Estimate	2006/07 £'000 Estimate	2007/08 £'000 Estimate	2008/09 £'000 Estimate
General Fund	290	(686)	(686)	(101)	818	4,173
HRA	2,880	2,880	3,451	3,716	3,991	4,266
Total	3,170	2,194	2,765	3,615	4,809	8,439

4. The Capital Financing Requirement (CFR) measures the authority's underlying need to borrow for a capital purpose. Certain leases are included in this requirement. In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The Council needs to undertake annual 'supported' borrowing in relation to the HRA in order to meet the Decent Homes Standard, but no borrowing in relation to the General Fund until 2007/08 (other than in relation to the CAST project, which the budget assumes will be funded by borrowing from 2006/07). The General Fund requirement is demonstrated by the CFR becoming positive in 2007/08. The Council will continue to finance capital expenditure by utilising capital receipts, revenue contributions and capital grants and contributions. The actual level of these (and any agreed changes to the Council's capital investment plans) will determine the borrowing need under the Prudential Code that will be 'unsupported' and will impact on the budget.

5. The authority has an integrated treasury management strategy and has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*. Babergh District Council has, at any point in time, a number of cash flows that are positive and negative, and manages its treasury position in terms of its investments and any overdraft in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. Any debt in the form of overdraft arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

6. CIPFA's *Prudential Code for Capital Finance in Local Authorities* includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the

estimates of any additional capital financing requirement for the current year and next two financial years.”

The Corporate Director reports that the authority had no difficulty meeting this requirement in 2004/05, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in the budget report.

7. In respect of external debt, it is recommended that the Council approves the following authorised limits for its total external debt gross of investments for the next three financial years, which takes account of the latest balance sheet values of relevant items. The Council is asked to approve these limits.

Table 4 - Authorised Limits for External Debt

	2004/05 Proposed £'000	2004/05 Actual £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Borrowing (Capital Financing Requirement)	4,483	2,194	2,765	3,615	4,809	8,439
Other Long Term Liabilities	1,517	1,505	1,311	1,117	923	730
Cash flow deficit/margin			1,424	1,268	1,768	1,331
Total	6,000	3,699	5,500	6,000	7,500	10,500

8. The Corporate Director reports that these authorised limits are consistent with the authority’s current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Corporate Director also confirms that they are based in the estimate of most likely, prudent but not worst-case scenario, **with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements.** Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.
9. The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit for other liabilities but reflects directly the Corporate Director’s estimate of the most likely, prudent but not worst case scenario, **without the additional headroom included within the authorised limit** to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this

estimate. The operational boundary represents a key management tool for in-year monitoring by the Corporate Director. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. In keeping with the definitions in CIPFA's *Prudential Code for Capital Finance in Local Authorities*, overdraft limits are not included within figures for debt. The Council is asked to approve these limits.

Table 5 - Operational Boundary for External Debt

	2004/05 Proposed £'000	2004/05 Actual £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Borrowing	483	0	571	1,421	2,615	6,245
Other Long Term Liabilities	1,517	1,505	1,929	1,579	1,635	1,255
Total	2,000	1,505	2,500	3,000	4,250	7,500

10. The Council's actual external debt at 31st March 2005 was nil.
11. In taking its decisions on the budget, the Council is asked to note that the authorised limit determined for 2006/07 (see Table 4) will be the Statutory limit determined under section 3(1) of the Local Government Act 2003.
12. The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Council are:

Table 6 - Incremental Impact on Council Tax and Housing Rents

	2004/05 Estimate £	2004/05 Actual £	2005/06 £	2006/07 £	2007/08 £	2008/09 £
Band D Council Tax	0	0	0	+0.20	+0.60	+3.56
Average Weekly Housing Rent	0	0	0	-3.51	+0.39	-0.06

Note: The above are based on the annual capital spending plans outlined in table 1, and the amounts need to be read in conjunction with the covering report submitted to Strategy Committee.

Treasury management strategy and annual plan for 2006/07

1. Babergh District Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
2. The full Treasury Management Strategy for 2006/07 will be presented to Strategy Committee in March 2006.
3. It is recommended that, for the purpose of setting prudential indicators, the following upper limits are set on its fixed and variable rate exposures for future financial years as follows:

	2006/07	2007/08	2008/09
Upper Limit of Fixed Rate Exposures	100%	100%	100%
Upper Limit of Variable Rate Exposures	70%	70%	70%

4. It is recommended that the Council approve the following limits on principal sums to be invested for periods greater than 364 days. These limits apply to investments with final maturities beyond the year-end.

	2006/07 £'000	2007/08 £'000	2008/09 £'000
Upper Limit of Principal Sums maturing beyond the year end	3000	3000	3000