

FINANCE PORTFOLIO DECISION SCHEDULE



Wednesday 14th March, 2007

at 10am

in Committee Room A

Councillor Payne, Cabinet Member responsible for Finance will consider the following items.

1. **KEY DECISIONS**
No items

2. **OTHER ITEMS REQUIRING DECISION**
2.1 Treasury Management Strategy 2007/2008 – *Chief Financial Officer*

3. **ITEMS FOR INFORMATION/DISCUSSION**
3.1 Chief Executive's Departmental Plan 2007/08 – Proposed Objectives and Actions – *Chief Financial Officer and Chief Solicitor*

4. **REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

FINANCE PORTFOLIO

Report to Portfolio Holder
14th March, 2007



Report of: Chief Financial Officer

Subject: TREASURY MANAGEMENT STRATEGY 2007/2008

SUMMARY

1. PURPOSE OF REPORT

2.1 To outline a Treasury Management Strategy for 2007/2008.

2. SUMMARY OF CONTENTS

2.1 The report details the Treasury Management position as at February, 2007 and the proposed Treasury strategy for 2007/2008.

3. RELEVANCE TO PORTFOLIO MEMBER

3.1 Delegated powers do not apply to this item.

4. TYPE OF DECISION

4.1 Non-key Decision.

5. DECISION MAKING ROUTE

5.1 To portfolio Holder.

6. DECISION(S) REQUIRED

6.1 Approval of Treasury Management Strategy.

Report of: Chief Financial Officer

Subject: TREASURY MANAGEMENT STRATEGY 2007/2008

1. PURPOSE OF REPORT

- 1.1 To review Treasury Management activity undertaken in 2006/2007 and to detail the Treasury Management Strategy for 2007/2008.

2. BACKGROUND

- 2.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 2.2 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments, these came into force on 1st April, 2004 and they recommend that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.
- 2.3 An overview of the Treasury Management Strategy for 2007/2008 was approved by Council on 15th February, 2007.
- 2.4 This report provides the detailed operational aspects of the Treasury Management function and is based upon my views on interest rates, supplemented with leading market forecasts provided by the Council's Treasury Advisor. The strategy covers:
- Review of 2006/2007 Treasury Management Activity
 - Prudential Indicators, including Treasury limits in force which will limit the Treasury risk and activities of the Council.
 - Prospects for Interest Rates;
 - Borrowing Strategy;
 - Investment Strategy.

3. REVIEW OF 2006/2007 TREASURY MANAGEMENT ACTIVITY

- 3.1 As indicated in the Treasury Management review report submitted on 10th November, 2006 the shape of the yield curve at that time, i.e. interest rates lower for longer maturity periods, provided the opportunity for some PWLB debt rescheduling, to benefit from discounts on existing loans and also by lowering the ongoing interest rates on the Councils borrowings. These lower rates were achievable through a combination of replacing loans with loans for longer periods and through the use of market borrowing known as LOBO's.
- 3.2 In accordance with this strategy a proactive approach has been taken to managing the Authority's debt and some of this activity was only completed after the Council meeting on 15th February, 2006. In summary the following actions have been taken during 2006/2007:
- £25m of Public Works Loans Board (PWLB) loans have been repaid and this has generated a one-off benefit of £800,000. This amount has been earmarked for costs associated with the Tall Ships event. This repayment has been financed by a reduction in the Authority's investments;
 - £10m of PWLB loans, with an interest rate of 4.55% has been repaid. This amount has been refinanced with market borrowing known as "LOBO loans" - £5m at 3.79% fixed for 3 years and £5m at 3.89% fixed for 5 years. This action has generated annual savings of £38,000 and £33,000 for the initial fixed periods of 3 and 5 years
 - £20m of PWLB borrowing has been repaid and replaced by LOBO's - £10m fixed for 4 years at 3.98%, £5m fixed for 2 years at 3.88% and £5m fixed for 1 year at 3.78%. This action has generated annual savings of £41,000, £36,000 and £62,000 for the initial fixed periods of 1, 2 and 4 years.
- 3.3 After reflecting the above actions the average interest rate of Authority's remaining PWLB debt is now 4.27%, which compares very favourably against a national average of 6.21%. The Council's average rate of borrowing for all external debt following the above actions is 4.11%. In cash terms the above action will produce a saving in 2007/08 of £210,000.
- 3.4 As indicated in the 2006/2007 Budget and Policy Framework report the interest rates charged on the LOBO's are subject to review at defined anniversary dates. Therefore, provided the lenders do not exercise their option to review the interest rates charged at the end of the initial fixed periods these savings will then be locked in for a further period equal to the initial fixed periods. It is unlikely that the lenders will exercise these options at the first, or subsequent review dates. However, if they do the Council has the option to repay the loans without penalties. At that time the Council would need a strategy for funding these repayments, either by reducing its

investments or by taking out new borrowing. As there is a risk that the replacement borrowing will be at a higher rate than the LOBO an “Interest Risk Reserve” has been established using the savings achieved from the use of LOBOs. The reserve will be capped at 0.5% of the Council’s outstanding debt, which equates to a figure of £0.4m. This amount will effectively be funded from the saving achieved in 2007/08 and 2008/09 arising from the use of LOBO’s. This amount will provide twelve months protection in the event that the Council needs to refinance the LOBO’s at 0.5% higher than the current rates.

4. PRUDENTIAL INDICATORS AND TREASURY LIMITS FOR 2007/2008 TO 2009/2010

- 4.1 The Council needs to approve a number of Prudential Indicators for the next three years to comply with the relevant Statutory Code of Practice. These indicators were set by Council on 15th February, 2007, as part of the overall 2007/2008 Budget and Policy Framework proposals. The detailed Prudential Indicators are included at Appendix A and the key indicators are summarised below:

	2007/2008	2008/2009	2009/2010
<u>Estimates of incremental impact Capital Decisions on Council Tax</u>	£9.12	£11.93	£3.20

This shows the additional Council Tax requirement of Prudential Borrowing by the Council. The Council has a statutory requirement to produce a balanced budget which was approved on 15th February, 2007.

Therefore the level of capital expenditure has been set at a level where the resulting revenue costs are affordable based on the expected income of the Council.

<u>Estimates of Financing Costs to meet Revenue Stream</u>	4.15%	4.88%	4.92%
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This shows the net cost of capital borrowing as a percentage of the net budget.

<u>Estimates of Capital Expenditure Financed By Borrowing (£'000)</u>	£6,552	£7,965	£4,921
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This indicator sets the total value of capital expenditure for the year.

Authorised
Borrowing Limit

£125m

£130m

£135m

The Authorised Limit is set on a rolling basis to finance the underlying capital financing requirement for the next three years and to provide sufficient headroom to manage day to day cashflows.

5. OUTLOOK FOR INTEREST RATES

- 5.1 The original Treasury Management strategy report provided an overview of interest rate forecasts from three major independent forecasters for base rates and longer term Public Works Loan Board (PWLB) rates. Although it was noted that there was an unusual degree of uncertainty, the general consensus was that short term rates were unlikely to change significantly during the financial year, although it was anticipated the base rate would increase during 2007.
- 5.2 Since this report was submitted there have been three increases in base rates following higher than expected inflation. The most recent change was implemented at the start of January and increased the base rate to 5.25%. This latest increase in base rates has occurred earlier than anticipated and resulted in a base rate marginally higher than anticipated at this stage of the interest rate cycle of 5%.
- 5.3 The Council's current treasury adviser, Sector Treasury Services, has provided detailed interest rates forecasts to assist the Council to formulate a view on interest rates. The various forecasts are contained at Appendix B. From these forecasts, Sector produces an overall central view which is shown below.

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010
Bank rate	5.50%	5.50%	5.25%	5.00%	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
5yr PWLB rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
10yr PWLB rate	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
25yr PWLB rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
50yr PWLB rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

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

- peak at 5.50% in quarter 1 2007
- fall to 5.25% in Q3 2007 and then to 5.00% in Q4 2007
- fall to 4.75% in Q3 2008 and then to 4.50% in Q1 2009 before rising back to 4.75% in Q1 2010.

- 5.5 The expectation for long term rates is that they will remain fairly stable, with the 40-50 year PLWB rate remaining at +/- 0.25% of 4.25% i.e. 4% to 4.5%.

6 BORROWING STRATEGY

- 6.1 The current position as at the 7th February, 2007, is as follows:

Temporary Loans	£15.5m
Market (LOBO) Loans	£35m
PWLB	£26.9m

- 6.2 As described above the view of the Councils treasury advisors is that interest rates for loans in excess of 5 years will remain below the base rate. The lowest interest rates are forecast for very long term loans of 45-50 years with rates remaining stable at +/- 0.25% of 4.25%. It is recommended that the Chief Financial Officer be delegated the authority to undertake new borrowing to finance future capital expenditure from long term loans within the approved Prudential limits. In addition, it may be possible to achieve lower rates, using LOBOs. Therefore, it is suggested that the Chief Financial Officer be delegated authority to use either long term borrowing of LOBOs at his discretion to minimise the interest costs, whilst managing risk within the approved Prudential limits.
- 6.3 The Chief Financial Officer will continue to monitor opportunities for achieving savings from repayments of debt from investments and debt rescheduling, whilst minimising risk.

7. INVESTMENT STRATEGY

- 7.1 The Council's investment strategy is to maximise the amount of interest receivable, while ensuring the availability of liquid funds and the security of amounts invested. A key objective is to maximise the return on this cash, until the time it is required.
- 7.2 The level of Investments as at the 7th February, 2007, was £44.3m.
- 7.3 As part of a mid year review of Treasury Management the Portfolio Holder agreed an increase in the time periods allowable for the lowest risk investments to three years. This allows the Council to benefit from attractive returns on core cash and lock in certainty for the future. The Council will also continue to maximise the opportunities provided by forward investment deals, whereby the Authority agrees to invest at a fixed date in the future, at a fixed interest rate and maturity period. These investments enable the Authority to secure its investment returns for a longer period and take advantage of current favourable investment returns.

- 7.4 Investment instruments identified for use in the financial year categorised as 'Specified' and 'Non Specified' investments are detailed at Appendix C.

8. RECOMMENDATIONS

- 8.1 That the Portfolio holder:
- i) Notes the contents of the report.
 - ii) Approves the Treasury Management Strategy.

Prudential Indicators 2006/2007 to 2009/2010**1 Estimates of the Incremental Impact of Capital Decisions on Council Tax**

This indicator is expressed in terms of the additional Council tax at Band D tax, of the proposed capital programme financed by borrowing.

	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate
	£	£	£
Incremental Impact	9.12	11.93	3.20

2 Estimates of Ratio of Financing Costs to Net Revenue Stream

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt. The upwards trend reflects the increasing costs associated with each years capital expenditure, and the expected reduction in investment income.

2006/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
3.60%	Ratio of Financing costs to net revenue decisions on Council Tax	4.15%	4.66%	4.92%

3 Estimates of Capital Expenditure

These estimates show the proposed capital expenditure program for the forthcoming three years in addition to the current years capital programme.

2006/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
44,867	Capital Expenditure	18,694	18,856	11,262

4 Estimates of Capital Expenditure Financed from Borrowing

These estimates show the borrowing required to finance the capital expenditure programme for the forthcoming three years, the current years capital programme and the actual capital expenditure for the previous year.

2006/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
8,403	Capital Expenditure Financed from Borrowing	6,562	7,965	4,921

5 Estimates of Capital Financing Requirement

CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Authority's Balance Sheet and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken and the actual amount of revenue that is set aside to repay debt.

2006/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
86,420	Capital Financing Requirement	82,413	86,596	87,499

6 Authorised Limit for External Debt

The authorised limit determines the maximum amount the Authority may borrow at any one time and the levels for each forthcoming year are detailed below. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to the flexibility to borrowing to finance capital expenditure occurring for up to 3 years in advance if more favourable interest rates can be obtained.

2006/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
106,000	Authorised limit for external debt	125,000	130,000	136,000

7 Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Authority is in danger of overspending or failing to achieve income targets, and gives sufficient time to take any appropriate corrective action.

2005/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
95,000	Operational limit for external debt	100,000	105,000	110,000

8 Actual External Debt

This level of debt is taken from the Council's balance sheet and for the financial year 2006/2007 it was £83,902,000 (2005/06 £54,086,000). The increase reflects the pre-funding of future years capital expenditure and the externalising the borrowing requirement temporarily funded internally.

9 Treasury Management Code of Practice

The Council has adopted the CIPFA Code of Practice for Treasury Management. An overview of the 2007/2008 Treasury Management Strategy was reported to Council on the 15th February 2007.

10 Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Authority to make best use of any borrowing opportunities.

The upper limits for exposure to both fixed and variable interest rates are expressed in percentage terms and are set for the forthcoming three years at

2005/07 Revised Estimate £000	Upper limits on fixed and variable interest rate exposure	2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
100% 35%	Fixed Rates Variable Rates	100% 35%	100% 20%	100% 20%

The 2005/2007 indicators has been revised from the original limit of 20% to allow for temporary Treasury Management activities involving a reduction in gross debt and the level of investments.

11 Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the authority has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the authority to take advantage of any borrowing opportunities.

The limits on the amount of projected fixed rate borrowing maturing in each of the following period is expressed as a percentage of the total projected fixed rate borrowing.

	Upper Limit	Lower Limit
under 12 months	35%	0%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	35%	0%
10 years and above	100%	65%

12 Estimated Net Borrowing

This shows the net of long and short term borrowing and investments.

2005/07 Revised Estimate £000		2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000
61,400	Estimated Net Borrowing	61,932	67,793	60,430

The increase reflects the use of borrowing to fund capital expenditure.

Interest Rate Forecasts**Capital Economics**

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008
Bank rate	5.25%	5.50%	5.50%	5.50%	5.25%	5.00%	5.00%	5.00%
5yr PWLB rate	5.35%	5.25%	5.15%	5.05%	4.95%	4.85%	5.05%	5.25%
10yr PWLB rate	5.15%	5.05%	4.95%	4.85%	4.75%	4.65%	4.75%	4.85%
25yr PWLB rate	4.45%	4.35%	4.45%	4.45%	4.45%	4.55%	4.55%	4.65%
30yr PWLB rate	4.55%	4.45%	4.35%	4.35%	4.35%	4.45%	4.45%	4.55%
50yr PWLB rate	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	4.45%	4.55%

UBS

	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008
Bank rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
10yr PWLB rate	5.05%	5.00%	5.05%	5.15%	5.25%	5.25%	5.25%	5.30%
25yr PWLB rate	4.55%	4.55%	4.55%	4.70%	4.80%	4.85%	4.90%	5.00%
50yr PWLB rate	4.20%	4.25%	4.40%	4.40%	4.45%	4.50%	4.55%	4.65%

HM Treasury Survey

	bank rate actual	Quarter ended		annual average bank rate		
		Q4 2006	Q4 2007	ave. 2008	ave. 2009	ave. 2010
Indep. forecasters BoE Bank Rate	5.25%	4.98%	4.97%	4.86%	4.88%	4.85%
Highest bank rate	5.25%	5.00%	5.80%	5.90%	5.60%	6.10%
Lowest bank rate	5.25%	4.75%	4.50%	3.75%	4.00%	4.00%

LIST OF ORGANISATIONS FOR THE DEPOSIT OF FUNDS**Specified Investments**

All Local Authorities at CFO Discretion.

Non Specified Investments

Name	Period Limit	Recommended Limit £M
Bank of Scotland	3 years	7.5
Barclays Bank	3 years	7.5
Halifax/BoS Group	3 years	7.5
Natwest/RBS Group	3 years	7.5
HSBC	3 years	6.0
Lloyds TSB	3 years	6.0
Royal Bank of Scotland	3 years	6.0
Halifax	3 years	6.0
Natwest	3 years	6.0
Ulster Bank Ltd	2 years	6.0
Nationwide Building Society	2 years	5.0
Britannia Building Society	2 years	5.0
Portman Building Society	2 years	5.0
Yorkshire Building Society	2 years	5.0
Coventry Building Society	2 years	5.0
Chelsea Building Society	2 years	5.0
Skipton Building Society	2 years	5.0
Abbey National PLC	2 years	5.0
Allied Irish Banks	2 years	5.0
Bank of Ireland	2 years	5.0
Leeds & Holbeck Building Society	1 year	5.0
West Bromwich Building Society	1 year	5.0
Derbyshire Building Society	1 year	5.0
Cheshire Building Society	1 year	5.0
Principality Building Society	1 year	5.0
Newcastle Building Society	1 year	5.0
Norwich & Peterborough Building Society	1 year	5.0
Stroud & Swindon Building Society	1 year	5.0
Nottingham Building Society	1 year	5.0
Dunfermline Building Society	1 year	5.0
Bradford & Bingley PLC	2 years	3.0
Co-operative Bank	2 years	3.0
Northern Rock PLC	2 years	3.0
Anglo Irish Bank	2 years	3.0

Name	Period Limit	Recommended Limit £M
Scarborough Building Society	1 year	1.5
Progressive Building Society	1 year	1.5
Cumberland Building Society	1 year	1.5
Lambeth Building Society	1 year	1.5
National Counties Building Society	1 year	1.5
Kent Reliance Building Society	1 year	1.5
Furness Building Society	1 year	1.5
Cambridge Building Society	1 year	1.5

Note

2 years = 730 days, 1 year = 366 days

FINANCE PORTFOLIO

Report to Portfolio Holder

14th March 2007



Report of: Chief Financial Officer and Chief Solicitor

Subject: CHIEF EXECUTIVE'S DEPARTMENTAL PLAN
2007/08 – PROPOSED OBJECTIVES AND
ACTIONS

SUMMARY

1. PURPOSE OF REPORT

To inform the Portfolio Holder of, and request comments on, the proposed objectives and actions for inclusion in the Chief Executive's Departmental Plan 2007/08.

2. SUMMARY OF CONTENTS

The draft proposals for inclusion in the Chief Executives Departmental Plan 2007/08 is attached as Appendix A, and sets out the key objectives and actions within an Action Plan that shows what is to be achieved by the department in the coming year. The plan also describes how the department will contribute to the Organisational Development objectives that are being proposed for inclusion in the 2007/08 Corporate Plan discussed at Cabinet on 19 February.

It should be noted that the departmental plan and corporate plan proposals may be subject to change as the service planning process is ongoing.

This document will be used as the basis for the quarterly monitoring reports to the Portfolio Holder.

As the Portfolio Member has responsibility for issues in relation to finance and legal services, only proposals from the Finance and Legal Services Divisions have been included. Those objectives and actions from the Corporate Strategy and Human Resources Divisions will be reported separately to the Performance Management Portfolio Holder.

3. RELEVANCE TO PORTFOLIO MEMBER

The Portfolio Member has responsibility for performance management issues in relation to finance and legal services.

4. TYPE OF DECISION

Non-key.

5. DECISION MAKING ROUTE

Portfolio Holder meeting 14th March 2007.

6. DECISION REQUIRED

Portfolio Holder is asked to comment on the draft proposals for inclusion in the Chief Executives Departmental Plan 2007/08.

Report of: Chief Financial Officer and Chief Solicitor

Subject: CHIEF EXECUTIVE'S DEPARTMENTAL PLAN
2007/08 – PROPOSED OBJECTIVES AND
ACTIONS

PURPOSE OF REPORT

1. To inform the Portfolio Holder of, and request comments on, the proposed objectives and actions for inclusion in the Chief Executive's Departmental Plan 2007/08.

BACKGROUND

2. Each year the Chief Executives Department produces a Departmental Plan, which includes an action plan that details the key objectives and actions that the department will deliver in the coming year. The plan also describes how the department will contribute to the Organisational Development objectives that are being proposed for inclusion in the 2007/08 Corporate Plan.
3. The plan provides a framework for managing the competing priorities, communicating the purpose and challenges facing the department and monitoring progress against overall Council aims.
4. The departmental plan will be subject to quarterly monitoring throughout 2007/08 by both the Finance and Performance Management Portfolio Holders.
5. Each Division will also produce a Divisional Plan, detailing the key tasks and issues facing each division in the coming year. Each plan contains an action plan, detailing how each individual division intends to contribute to the Organisational Development Priorities contained in the Corporate Plan, as well as the key tasks and priorities contained in the Chief Executives Departmental Plan. Divisional Chief Officers will have the lead responsibility for managing performance of issues and tasks identified in their divisional plans. Where appropriate, issues can be escalated for consideration by CEMT and the relevant Portfolio Holder.

2007/08 DEPARTMENTAL PLAN PROPOSALS

6. The Chief Executives Department is split into four divisions, with Finance and Legal Services reporting to the Finance Portfolio Holder.

Issues relating to the Corporate Strategy and Human Resources Divisions are reported separately to the Performance Management Portfolio Holder.

7. The draft proposals for inclusion in the 2007/08 Departmental Plan, relating to Finance and Legal Services, are therefore attached at **Appendix A**.

Recommendations

8. It is recommended that the Portfolio Holder: -
 - notes the proposed objectives and actions as at Appendix A
 - makes any comments deemed appropriate

3.1 Appendix A – Proposed Departmental Action Plan 2007/08

The action plan is split into two main parts. The first part includes those objectives that have been identified in the Council's Corporate Plan. This action plan expands on the Corporate Plan and gives more detail as to how this will be achieved.

Section 2 contains those objectives that have been identified as being a priority for the Department, but have not specifically been included in the Council's Corporate Plan.

Section 1 – Objectives that are linked directly to the Corporate Plan

FINANCE DIVISION			
Corporate Plan objective: Increasing financial resources within family environments to provide improved lifestyle opportunities (Ref:)			
Departmental Plan objective: Undertake community engagement programme to raise awareness and accessibility to financial support (Ref:)		Risk Register Ref:	Key PIs:
Ref:	Action	Date to be Completed	Responsible Officer
	develop and implement Annual Engagement Strategy	May 07	John Morton
Corporate Plan objective: Development of Statement on Internal Control and Governance arrangements (Ref:)			
Departmental Plan objective: Co-ordinate SIC Work Programme (Ref:)		Risk Register Ref:	Key PIs:
Ref:	Action	Date to be Completed	Responsible Officer
	Completed SIC Proformas	Mar 07	Noel Adamson
	Corporate Evaluation of draft SIC by CMT	Apr 07	Noel Adamson

	Report SICdocument to Audit Committee	May 07	Noel Adamson
Corporate Plan objective: Put in place arrangements to ensure the structure of the authority and support arrangements are fit for purpose (Ref:)			
Departmental Plan objective: To ensure a strategic approach to the control and management of property through the change management process and beyond (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
			Graham Frankland
Corporate Plan objective: Develop and Implement Efficiency Strategy (Ref:)			
Departmental Plan objective: Implement 5 year Procurement Plan (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
			Graham Frankland
Departmental Plan objective: Review and further develop integrated Efficiency Strategy (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Centralisation of FMS –Payments arrangements	Jun 07	Mike Ward
	Review of Payroll / Human Resources Service Delivery	Sep 07	Mike Ward
	Development of EDRMS Workflow Rollout programme	Dec 07	Mike Ward

Corporate Plan objective: Develop Strategic Financial Plans (Ref:)			
Departmental Plan objective: Develop robust Strategic Planning Framework (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Review of implications of Comprehensive Spending Review	Oct 07	Mike Ward
	Evaluation of potential future financial risks	Oct 07	Mike Ward
	Review impacts of 3 year government financial settlements	Oct 07	Mike Ward

LEGAL SERVICES DIVISION			
Corporate Plan objective: Ensure arrangements in place to deal with new and existing legislation (Ref:)			
Departmental Plan objective: Implement new and existing legislation (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Advise on new and existing legislation and in the implementation thereof	Jun 07 and ongoing	Tony Brown
Departmental Plan objective: Continue to develop and implement the ethical framework through revisions to the Member Code of Conduct and the introduction of an Officers Code (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Develop Ethical Arrangements	May 07 and ongoing	Tony Brown
	Revision of the Members Code of Conduct	Mar-08	Tony Brown
	Introduction of the Officer's Code of Conduct	Mar-08	Tony Brown

Section 2 – Objectives that are specific to the Chief Executives department

FINANCE DIVISION			
FINANCIAL SERVICES			
Departmental Plan objective: Development of arrangements for implementation of DWP Benefits Local Housing Allowance Scheme April 2008 (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Introduction of direct bank credit payments with major registered social landlords	June 07	John Morton
	Engagement with Credit Union and Banks re establishment of bank account arrangements for benefit claimants	Sept 07	John Morton
	Implement communication strategy with Landlords covering new arrangements	March 08	Christopher Akers Belcher
	Liaison with Rent Officer Service re future rent framework within the Borough	Sept 07	Julie Pullman
	Implementation of DWP Local Housing Allowance toolkit	March 08	John Morton
Departmental Plan objective: Maintain Benefits Service CPA score 2007 (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Benchmark Benefits Service against DWP Performance Standards	May 07	Christopher Akers Belcher
	Finalise 2007 submission	Jun 07	Christopher Akers Belcher
	Develop Service Action Plan on issues arising	Sept 07	Christopher Akers Belcher
Departmental Plan objective: Review of Interdepartmental Insurance Charging Framework (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer

	Analysis of claims history / risks	Sept 07	Kevin Shears
	Financially model alternative charging bases/ departmental budget impacts	Dec 07	Kevin Shears
Departmental Plan objective: Implementation of FMS Phase 3 (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Evaluate alternative software arrangements	July 07	Kevin Shears
	Determine project plan/ proposal for implementation of Phase 3	Sept 07	Kevin Shears
Departmental Plan objective: Develop Governance Arrangements (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Review and analyse new CIPFA Audit Code of Practice	Dec 07	Noel Adamson
	Consolidate new guidance into Internal Audit Manual and Management Arrangements	Dec 07	Noel Adamson
Departmental Plan objective: Implement National Benefits Performance Management Framework (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Register council and test IT links to voluntary national performance database	Sept 07	Christopher Akers Belcher
	Submit performance data and analyse comparative results	Dec 07	Christopher Akers Belcher
	Develop / implement improvement action plans.	Dec 07	Christopher Akers Belcher
Departmental Plan objective: Development of Business Continuity Strategy (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Identification of service activities / tasks by divisions / departments and consideration of impact of loss of staff, IT, accommodation etc.	June 07	Mike Ward

	Consider response measures to identified priority service delivery risks.	Aug 07	Mike Ward
	Develop integrated business continuity strategy.	Oct 07	Mike Ward
Departmental Plan objective: Embed awareness and use of risk management across the Council (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Develop / implement ongoing refresher training for members and senior officers.	Dec 07	Paul Hamilton
Departmental Plan objective: Maintenance of Risk Management Framework (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Undertake quarterly review of Chief Executive's department risk register	June 07	Paul Hamilton
	Undertake as part of the corporate risk management group quarterly review of other departmental risk registers	June 07	Paul Hamilton
Departmental Plan objective: Extend and evaluate homeworking pilot (Ref:)		Risk Register Ref:	Key Pls:
Ref:	Action	Date to be Completed	Responsible Officer
	Promote and extend homeworking arrangements	May 07	Paula Bass
	Report Homeworking pilot evaluation to joint trades union group	May 07	Paula Bass