

MEETING

BUDGET AND PERFORMANCE OVERVIEW & SCRUTINY COMMITTEE

DATE AND TIME

THURSDAY 22ND JULY 2010

AT 7:00PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, HENDON NW4 4BG

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Darrel Yawitch

Vice Chairman: Councillor Mark Shooter

Councillors:

Hugh Rayner

Alan Schneiderman

Brian Salinger

Alison Moore

John Marshall

Julie Johnson

Brian Schama

Daniel Seal

Substitute Members:

Eva Greenspan

Ansuya Sodha

Rowan Turner

Alex Brodkin

You are requested to attend the above meeting for which an agenda is attached.

Aysen Giritli – Acting Democratic Services Manager

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CORPORATE GOVERNANCE DIRECTORATE

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AGENDA ITEM: 6 Page nos. 1 - 4

Meeting Budget and Performance Overview & Scrutiny Committee
Date 22 July 2010
Subject Budget and Financial Forward Plan Update
Report of Interim Director of Finance
Summary Report on the Budget & Financial Forward Plan and Budget Risks

Officer Contributors Interim Assistant Director – Strategic Finance
Status (public or exempt) Public
Wards affected All
Enclosures Appendix A – Cabinet report 21st June 2010 – Financial & Business Planning 2011/12 to 2013/14
For decision by This committee
Reason for urgency / exemption from call-in. Not Applicable

Contact for further information: Karen Balam, Interim Assistant Director – Finance Support, 020 8359 2460

1. RECOMMENDATIONS

- 1.1 That the Committee consider this briefing paper and the role it has in the budget setting for 2011/12.
- 1.2 That the Committee consider the information that they would like to receive on the 2011/12 budget process.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Budget 2010/11 report (Exempt) to Corporate Joint Negotiation and Consultation Committee, 11 January 2010
- 2.2 Budget 2010/11 report to General Functions Committee, 12 January 2010.
- 2.3 Budget and Council Tax 2010/11 Report to Cabinet 22 February 2010 and Council 2 March 2010

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan, 2010/11 – 2012/13 - Better Services with Less Money includes the better use of resources across the Borough in the context of the Medium Term Financial Strategy

4. RISK MANAGEMENT ISSUES

- 4.1 Independent scrutiny of the authority's financial functions is important to minimise the authority's exposure to risk arising from its financial arrangements.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Equalities and diversity issues underpin all the Council's policies, plans and strategies. The Overview and Scrutiny processes are designed to benefit the whole community. The scrutiny process supports the proper assessment of equalities issues in policy development and service delivery.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 Staffing implications arising from the budget 2010/11 were reported to General Functions Committee on 12 January 2010 and incorporated into the Budget Report to Cabinet and Council.

7. LEGAL ISSUES

- 7.1 The Council Tax must be calculated and set in accordance with the requirements of the Local Government and Finance Act 1992.
- 7.2 The Local Government Act 2003 requires the Chief Finance Officer to report to the Council as part of the budget process on the robustness of the estimates and the

adequacy of the proposed financial reserves, although the final decision on the level and utilisation of reserves rests with the Council.

8. CONSTITUTIONAL POWERS

8.1 The terms of reference of this committee are set out in the overview and scrutiny committee procedure rules to Article 6 of the Council Constitution.

BACKGROUND INFORMATION

9.1 Emergency Budget

9.1.2 The Chancellor announced on the 22 June 2010 details of the new government's emergency budget. The emergency budget highlights and the main financial implications are set out below.

9.1.3 The budget announced there will be on average a 25% in real terms cut over the next four years from April 2011 across government departments other than the NHS and overseas aid. Schools and Defence will have some protection being limited to 10% reductions and the Institute for Fiscal Studies estimate this could result in cuts of more than 33% for remaining services with no protection. The budget does not set out details such as:

- Which departments will have less of a cut at the expense of other departments receiving more cuts? It is unclear how much of the cuts would be met by the government departments themselves as opposed to them being passed onto local authorities to deliver.
- The timing of the cuts over 4 years has not been set out. Will they be evenly spread over the 4 years or will some years feature more or less cuts?

9.1.4 The exact detail of the cuts across government departments will be announced through the Comprehensive Spending Review (CSR) on 20 October 2010. An engagement programme was launched on 24 June 2010, giving public sector workers and members of the public an opportunity to feed in their ideas for how to reduce spending while protecting the quality of public services. The CSR will set Department Expenditure Limits (DEL) for every government department and devolved institutions.

9.1.5 The budget confirmed the intention to enable a freeze in Council Tax in England for 2011/12. How this freeze will be put into practice will be announced over the coming months. Budget planning continues to be based on an increase of 2.5%.

9.1.5 Public sector pay will be frozen for 2 years but there will be a £250 a year flat-rate pay rise to the 1.7 million workers whose annual salary is less than £21,000. This may apply to local government pay even though local government pay is set locally. This will have a financial implication on local authorities having to fund the £250 per year flat rate for lower paid workers. The Financial Forward Plan currently assumes a 1% pay increase in future years.

9.1.6 The budget set out how the government will reduce the costs of Housing Benefit over the next 5 years by £1.8bn. This will be through placing a maximum limit on housing benefit from £280 per week for a one bedroom flat, to £400 a week for a four bedroom property or larger. Local housing allowances will also be restricted and certain other awards will be cut. However there will be an increase in the budget for Discretionary Housing Payments by £40m. It is unclear whether changes to housing benefit announced in the budget will have a direct financial implication for local authorities.

9.1.7 Apart from the capital element of the £6.2bn savings in 2010/11 already announced the budget made it clear there will be no further cuts in public sector gross investment compared with the plans already set out by the previous government. However, the previous Government had already committed to significant reductions in capital investment so there will still be cuts in this area.

9.2 Budget Risks

9.2.1 At its first meeting, this Committee asked to receive an update on budget risks to every future meeting. The latest position was reported to Cabinet Resources Committee on the 17 June 2010.

10. LIST OF BACKGROUND PAPERS

10.1 None

AGENDA ITEM: 6 – APPENDIX Page Nos. A1 – A30

Meeting	Cabinet
Date	21 June 2010
Subject	Financial and Business Planning 2011/12 – 2013/14
Report of	Leader of the Council Cabinet Member for Resources and Performance
Summary	This report sets out the key medium-term strategic and financial issues for the Council, and proposes a financial and business planning process.

Officer Contributors	Andrew Travers, Deputy Chief Executive Zina Etheridge, Assistant Chief Executive Assistant Directors of Finance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – strategic issues summary Appendix 2 – medium-term financial strategy Appendix 3 – financial and business planning process
For decision by	Cabinet
Function of	Executive
Reason for urgency/exemption from call-in	N/A

Contact for further information: Andrew Travers, Deputy Chief Executive, 020 8359 7850

1. RECOMMENDATIONS

- 1.1 That the policy context be noted and Barnet's response as set out in paragraph 9.3 be endorsed.**
- 1.2 That the summary medium-term financial strategy as set out in appendix 2 be noted.**
- 1.3 That the financial and business planning process and timetable, as set out at appendix 3, be agreed.**
- 1.4 That a review of HR policies be agreed as set out in paragraph 6.4.3, to report to the meeting of the Cabinet on 6 September 2010.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 This report builds on the budget report agreed by the Council in March 2010.**

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The financial and business planning process is designed to enable Members to set the strategic direction of the Council, and for that direction to be reflected in the corporate plan, the budget, and business unit and individual staff plans. The process is designed to dovetail with the corporate plan, ensuring resources are most effectively focussed on the priorities set out in the plan. The nature of the process is particularly designed to support the priority of *Better Services with less Money*.**

4. RISK MANAGEMENT ISSUES

- 4.1 Severe resource constraint represents the most significant risk to the Council fulfilling its strategic objectives. The Future Shape programme potentially mitigates this risk, but needs to be taken forward in a timely fashion and integrated into the financial and business planning process.**
- 4.2 Responding to the challenges set out in this report and managing change effectively and safely will require improved risk management which is more clearly embedded in the organisation. This will be taken forward over coming months through better linkage between financial and other risks, more effective corporate management and better risk management at service level.**
- 4.3 Specific financial risk areas will continue to be reported to Members through the performance management process. Of particular note are the risks in respect of Icelandic banks litigation and the arbitration regarding the Catalyst contract.**
- 4.4 The new Government has announced a reduction in support to local government in 2010/11 of £1,165m. The impact on Barnet is not clear at the time of writing this report, but the Council's strong overall financial position and budget management processes should enable a robust response to deal with the in-year position.**
- 4.5 The challenges set out this report will require fundamental change in the way Council services are delivered which in turn will impact on the human**

resources of the organisation and related policies and practices. Managing this process in conjunction with Trade Unions and staff is a key risk which will be mitigated through the people and culture workstream within the Future Shape programme.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The projected increase in the borough's population and changes in the demographic profile will be key factors that will be considered when determining corporate strategy and service responses, which will also reflect the aspirations and contributions of current residents.
- 5.2 All proposals emerging from the financial and business planning process will need to be fully considered in terms of equalities and diversity issues, including consultation where necessary.
- 5.3 Similarly, all human resources implications will be managed in accordance with the Council's Managing Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 This report is concerned with the Council's medium-term financial strategy and budget process. It anticipates severe resource constraint and proposes a process designed to maximise the Council's ability to pursue its strategic agenda through an extremely challenging period.

7. LEGAL ISSUES

- 7.1 All proposals emerging from the financial and business planning process will need to be fully considered in terms of legal implications for the Council and appropriate mechanisms put into place to mitigate legal risks.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive

9. BACKGROUND INFORMATION

9.1 Policy context

- 9.1.1 The policy context over this period will be dominated by the need to deal with the deficit in the public finances. The national deficit amounts to approximately 12.% of GDP in 2009/10, and the previous government planned to halve this by 2013/14. The spending plans of the previous government did not set out in full how the deficit reduction was to be achieved; however analysis by the Institute of Fiscal Studies indicated an implied cut in local government (non-schools) expenditure of approximately 20% in real terms over the period 2011/12 to 2013/14.

9.1.2 The new Government will develop its plans through an emergency budget due on 22 June and a Spending Review in the Autumn. The Government has indicated that it intends to increase the pace of deficit reduction compared to the previous Government, with the main burden borne by reduced spending. The Government has announced spending reductions in 2010/11 totalling £6.2bn, with an impact on local government of £1,165m. There will be no impact on Formula Grant, but at the time of writing this report further detail is not available. A reduction in ringfencing of grants has also been announced to provide additional flexibility to local authorities in managing the in-year reduction. This will be of little short-term benefit, and the Council will need to take any necessary steps to deal with specific grant reductions as they arise. The Council's strong financial position and robust budget management processes should enable this to be managed effectively.

9.1.3 Spending reductions will follow 2010/11 spending levels which represent an historic high-point. As spending has risen over recent years, so have levels of expectation regarding both the role of the state and the capacity to achieve continuous improvement in the measured performance of public services. Governance and delivery arrangements have also increased substantially in complexity, building cost and inefficiency into overall public service provision. The magnitude of the challenge will inevitably mean that the government will need to consider radical options to address this, and the Council needs to anticipate these changes in its strategic response.

9.1.4 Demands on public services will continue to increase and change in the medium-term and the Council's financial and business planning will need to be informed by this. A strategic overview is attached at appendix 1, highlighting the following key issues:

- development and consequent in-migration resulting in a population increase of 20,000 (6%) making Barnet the most populous London borough;
- significant growth in the 0-15 and 75+ age ranges, and consequent demands on Council services;
- restoring trust in governance, dealing with increased transparency, and exploiting the web;
- managing development as the economy recovers, and dealing with the infrastructure requirements;
- reducing Barnet's carbon and ecological footprints, and resolving waste minimisation, recycling, collection and disposal issues.

9.2 Barnet's response

9.2.1 Through the Future Shape programme, the Council has set out a transformation agenda which anticipates and responds to the strategic context

set out above. The three guiding Future Shape principles of a new relationship with citizens, one public sector and a relentless drive for efficiency will underpin the financial and business planning process. This agenda is also reflected in the Corporate Plan with the three priorities of Better Services with less Money, Sharing Opportunities and Sharing Responsibilities, and a Successful London Suburb, setting out a realistic response to the resource challenge to come, and recognising that the Council's role is to work across the public sector with Barnet's citizens to change expectations and methods of delivery for public services.

9.2.2 The challenge for the financial and business planning process is to drive and capture the benefits of the Future Shape programme, to reflect those benefits in the service and business unit planning process, and to ensure that all aspects of the local planning process are driven by Future Shape principles, all within the context of the corporate plan. A central role will be to increase the focus on value for money, and in particular fostering a better understanding, and more active driving-down of the cost base of the organisation.

9.2.3 The nature of the savings to be targeted through this process is as follows:

- improved corporate procurement arrangements to reduce the unit prices paid for goods and services;
- better workforce planning and simplified, flatter management structures within the Council and across public service providers, with downward pressure on overall pay levels, terms and conditions and on pension costs;
- reduced support service costs through consolidation across the Council and consideration of outsourcing to realise economies of scale and more efficient working methods;
- reduced customer contact costs through consolidation across the Council and channel-shift (eg from telephone to web), and also consideration of outsourcing to realise economies of scale and more efficient working practices;
- improved commissioning to focus on prevention, reducing resources applied elsewhere, and on innovative practices to reduce ineffective spend and improve outcomes;
- defining accurate and fair charges for services where this is appropriate, linked to improved commissioning and recognising the costs of delivery, using differential charging to give users greater control over the delivery of services
- working with citizens to seek and enable alternatives to Council provision of services;

- consideration of different models of service delivery to achieve improved risk management, lever in investment, improve incentives and accountability, enable trading, or introduce improved leadership or expertise.

9.2.4 The one public sector component of Future Shape will become increasingly important in this agenda. The creation of the One Barnet programme board is an important start, but significant savings will ultimately depend on moving towards joint leadership and governance models.

9.2.5 It will also be necessary to allow for the full implementation costs of the Future Shape programme. The provision made in setting the 2010/11 budget will not be sufficient to deliver all aspects of the programme and this will need to be factored into our future plans. This will also be considered in reviewing earmarked reserves for the finalisation of the 2009/10 statement of accounts.

9.3 Medium-term financial strategy

9.3.1 The Council's medium-term financial strategy (MTFS) was last updated and presented as part of budget-setting for 2010/11. This was the last year of the previous spending review and also of the previous national and local political administrations. It is now appropriate to look again at the key components of that strategy.

9.3.2 As set out above, the level of government support will reduce significantly through the period of the next spending review. At the time of writing this report the new Government has not announced its emergency budget, so the baseline for planning will need to start from the previous Government's plans. On this basis, and derived from the work of the Institute for Fiscal Studies, real terms reductions in grant of 7.7%, 6.8% and 4.2% are assumed over the next three years. These assumptions apply to both Formula Grant (comprising revenue support grant and re-distributed business rates) and Area-Based Grant (nominally earmarked allocations from government departments). Detailed budget planning will also need to assume that all specific government grants will be subject to similar reductions. Concurrent work on the capital programme will be based on the much more severe reductions in capital resources proposed in the previous Government's plans.

9.3.3 The distribution of Formula Grant is also a key factor for financial planning. Changes in distribution are driven by data (eg population estimates) and the methodology for determining relative need. In recent years, significant changes in distribution have been damped by the floor mechanism which smoothes out change over time. Barnet is currently one of the few London authorities above the floor and so would potentially receive some benefit from any positive changes in the formula. This is particularly important when considering the relative impact of population changes. However, given the perceived flaws in the current methodology and the need for planning certainty, London Councils has suggested that the current formula be frozen through the next three-year spending review period, with a new formula introduced for 2014/15 based on the 2011 census. The new Government is

committed to reviewing local government finance, but timescales have yet to be determined. No formula changes are assumed at this stage.

9.3.4 An initial assessment of key corporate cost drivers has been undertaken to identify costs to be included for planning purposes as follows:

- downward pressure on public sector pay, terms and conditions will be a key factor through this planning period. Local government has offered a pay freeze for 2010/11 and further constraint will follow. It is recommended that provision be included at 1% for 2011/12 and 2012/13, and at 2% for 2013/14;
- the previous Government announced a 1% increase in employers' national insurance contributions for 2011/12. The new Government has announced that this will not go ahead and no provision is therefore included;
- similarly, the previous Government's free social care plans are not likely to be implemented and the additional full year impact is not now included in our plans;
- an overall provision for price inflation has been included at 2% per annum. This is based on the government's prediction for the GDP deflator which is the widest measure of price increases;
- waste disposal costs through the North London Waste Authority (NLWA) will continue to increase through this planning period, partly as a result of the significant use of balances in setting the 2010/11 budget. The NLWA is projecting increases for Barnet of £2.4m in 2011/12 and £0.8m in 2012/13. The levy after that period will be determined by the new arrangements which will come into place following the current procurement exercise;
- given the certain reduction in Government support to capital expenditure, some provision is necessary for a minimum level of prudential borrowing to maintain assets essential for service delivery. Provision of £1.5m is included for 2011/12, with £1.25m in each of the two subsequent years;
- the triennial valuation of the pension fund as at March 2010 will have a potential impact in 2011/12. Initial indications are that the current on-cost rate of 24% may be sufficient, depending on the assumptions made about the financing of past deficits. This will be kept under close review, but no additions to the current rate are assumed at this stage;
- given the inherent uncertainty at this stage of the planning process, a contingency of £2m is included for corporate cost pressures.

9.3.5 It will also be necessary to keep the progress of the Future Shape programme in the current year under close review. Should the £3m saving planned not be

achieved in full, then this will need to be added to the resource gap for 2011/12.

9.3.6 Members will also need to consider a strategy for council tax. The basic assumption for the purposes of the previous MTFS is a real terms freeze and a cash increase of 2.5%. Any increases above this to mitigate expenditure reductions are clearly a matter for Member decision, as would be any lower level of increase or freeze, possibly in conjunction with increased government support. The summary revised MTFS is set out at appendix 2, with the key sensitivities highlighted in the following table:

	2011/12	2012/13	2013/14	Total
Resources gap at 2.5% CT increase (£m)	10.0	8.2	5.0	23.2
Impact of 1% change in CT (£m)	1.6	1.6	1.6	
Impact of 1% change in Government support (£m)	1.2	1.1	1.1	

9.3.7 The Coalition Programme for Government includes a commitment to freeze council tax for at least one year, and to seek to freeze it for a further year. This commitment for Barnet would require additional Government grant of £3.9m in 2011/12 and £7.8m in 2012/13 and future years.

9.4 Financial and business planning process

9.4.1 The strategic, financial and business planning process will be more closely integrated for this planning period. This will help ensure that resource allocation decisions are aligned with Members' strategic agenda, and that those decisions are clearly reflected in the corporate and business unit plans.

9.4.2 Preparatory work has commenced at officer level, and the following key stages are envisaged:

- baseline review: compilation of the baseline financial, HR, and value for money position;
- challenge: review of the baseline position to identify opportunities for cost savings, supported by participation in Capital Ambition's London Efficiency Challenge;
- pre-business plan review: review of the corporate and business unit strategic context, consideration of the Future Shape programme and principles, preparation of options to deliver 20% savings over three years, and review of the capital programme. The 20% reductions target relates to the current base budget and therefore assumes that services will also contain any cost pressures. The target is designed to allow for a potential worsening of the resource position, and also to provide options for Member decision in due course. The reductions target will need to be reviewed in the light of the emergency budget;

- corporate business planning and options development: consideration of options to prepare a draft corporate plan and budget package, and consultation with the Trade Unions, other stakeholders, and the community;
- service business planning: detailed planning at business unit, team and individual level to give effect to the draft corporate plan and budget package.

The proposed timetable is set out at appendix 3.

9.4.3 The proposals which emerge from this process are likely to have significant human resources impact. There are three aspects as follows:

- managing the people implications will be integral to the financial and business planning process. It will be necessary to consider in due course a partial recruitment freeze and a potential voluntary redundancy programme;
- the Council's current severance policies may not be appropriate to meet the challenges to come. It is therefore recommended that severance policies are reviewed;
- wider consideration of workforce planning and terms and conditions is required, with a view to delivering more flexible and cost-effective human resources within flatter organisational structures.

Further proposals will be brought to the September Cabinet meeting.

9.4.4 Given the likelihood of significant redundancies through this process, it will also be necessary to schedule formal meetings of the Cabinet and General Functions Committee in December to enable a ninety-day notice period to be put in place.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: MAM

Looking ahead: Pressures and priorities in the public sector 2010-15 (CES Insight, 2010)

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Introduction

Over the coming five years, the public sector in Barnet will face significant financial pressures. In response to expected cuts in public sector resource, Barnet Council is initiating a zero-sum budgeting exercise for 2011/12. This paper is intended to support the budget-setting process by identifying trends and pressures that are likely to shape Barnet over the coming five years. This insight, in combination with performance data, will allow the Council to identify priorities for investment and areas where savings can be made.

Context

Barnet’s changing population

The local population has been growing consistently over the last ten years and is expected to increase by a further 5.7% (19,700 people) by 2015. As of 2010, Barnet is London’s **most populous borough** (ahead of Croydon).

Barnet, like the rest of London, has been experiencing a prolonged flow of **in-migration** – both from overseas and from other parts of the country – which is

forecast to continue over the coming decade. Barnet's ambitious housing development programme will undoubtedly be a factor in attracting this new population.

Considered in terms of **net migration**, the impact of new arrivals is less significant, as in-migration is offset by a steady flow of residents **migrating away** from the borough to other parts of the country – a flow that has been diminished in recent years due to the poor housing market but is expected to recover from the middle of the decade as property prices pick up again. As a result, net migration (internal and international combined) represents an annual increase of around 0.4 per cent (1,500 individuals in 2010). However, this figure masks the significant scale of **population churn** caused by Barnet's high migration flows; although migration only contributes 0.4 per cent to the total population each year, a full eight per cent of the local population (27,700 people in 2010) is **new to the borough every year**.¹

The impact of **natural change** (the difference between births and deaths) on population growth has risen over the last decade, due to a rising birth rate and steadily improving life expectancy. Forward projections suggest that natural change will continue to play a significant role in Barnet's growth, though the contribution is expected to stabilise or even decline very slightly over the coming half decade.²

Change will not be uniform across the borough. The population in the **west** is forecast to grow most significantly, with an additional 19,000 residents between 2010 and 2015 (an increase of 18.9%). This growth is likely to be driven by regeneration and new housing. By comparison, the population in the **east** of the borough is forecast to decline by 900 (a fall of 1.1%), while the **central** wards are expected to grow by just 1,600 (an increase of just 1%). The most significant growth will be in Colindale and Golders Green. These wards will also experience the greatest increases in **population density**.

The changes are not limited to simple growth – they will transform the age and ethnic profile of the borough too:

Change in age profiles

- Most significant real growth in **45-59** year old group
- Significant proportional growth in **65-69** year old group
- Proportionally high growth in **75+** age group, especially **90+**
- Significant actual growth in **0-15** year olds (especially **5-9** year olds).³

On a more local scale, significant **growth** is projected for all age groups in the **west** of the borough, in particular within the 5-9 and 20-29 year old cohort, while the **east** of the borough is forecast to experience a general decline in the **younger population** (0-4 and 15-39). Proportional growth in the **older population** is expected across the borough.⁴

¹ ONS sub-national population projections (2008-based, published May 2010)

² GLA 2008 round of population projections (PLP Low, published 2009)

³ ONS sub-national population projections (2008-based, published May 2010)

⁴ GLA 2008 round of ward population projections (PLP Low, published 2009)

Diversity

- Population growing increasingly **diverse**, especially in the under 19 age group; the attitudes, ethnicity and culture of Barnet are now more reflective of London than previously
- By 2015, 35.5% of the local population will be **non-White** (compared to 33.2% in 2010)
- Barnet's fastest growing **ethnicity** is 'Other' – a group that includes Middle Eastern and Central Asian states. Barnet is already home to a growing community from Iran and Afghanistan.⁵

Each of the trends and impacts identified in this document will need to be considered in light of these significant demographic changes.

New projections, new funding

The population projections described above are based on the very latest figures from the Office for National Statistics (ONS), published in May 2010. These new projections are based upon the revised ONS population estimates which use a new methodology, incorporating administrative data sources to improve the inclusion of students, graduates and other hard to count groups.

Without clear information beyond 2010/11 on government funding and potential changes to grant allocation formula, it is not possible to assess how the revised population projections will affect future grant paid to Barnet. However, London Councils have estimated that the revised 2008 mid-year estimate (MYE), which used the same methodology as the new projections, would have increased Barnet's 2008/09 Formula Grant by £4.6m before any grant protection was imposed (£0.95m increase after grant protection).

⁵ GLA Ethnic Projections, 2008 round; 'Other' group forecast to increase by 5,500 (24%) 2010-15.

Trends

Political: Transparency, technology and restoring trust

- Localism
 - Definition: the **devolution of power** to the lowest effective level
 - There has been much talk from the Conservatives about moving power away from Whitehall and into the hands of local authorities.⁶ Likewise, Labour's Total Place initiative reflects a policy shift towards **smarter local governance**. Barnet's own 'One Public Sector' ambition is part of this wider narrative.
 - However, the extent to which these proposals will be realised is uncertain. Equally, there is no guarantee that the move towards localism will take place at a geography that benefits Barnet Council – it is possible that **health** decisions will move to a regional level and the Conservatives have promised **schools** greater independence from local authority influence.⁷

- Working together
 - Definition: Delivering public services in an equal and reciprocal relationship between public sector professionals, people using services, their families and their neighbours.⁸
 - Both the Conservatives and Labour have been championing the concept of developing worker **co-operatives** to provide public services.
 - Rising number of faith and community organisations seeking to set up **new schools** in Barnet (both maintained and independent).

- Gov 2.0
 - Great emphasis by both leading parties on **exploiting the web** to bring greater transparency, access and participation to government. For example, Labour's launch of www.data.gov.uk and David Cameron's discourse on the post-bureaucratic age.⁹

- Citizens or consumers?
 - There is an increasing sense that the public sector is falling short of the standards set by the private sector in terms of **customer service**, customer choice and corporate transparency.
 - Although the **choice agenda** remains a strong staple of political rhetoric, a fairly significant debate is now being had about the role of the State and the **civic duties** of residents.¹⁰

⁶http://www.conservatives.com/News/News_stories/2009/02/Its_time_to_transfer_power_from_the_central_state_to_local_people.aspx

⁷ <http://www.telegraph.co.uk/education/educationnews/7338827/Independence-for-schools-within-months-of-Tory-win.html>

⁸ Nesta, "The Challenge of Co-Production" (December 2009), p 11
<http://www.nesta.org.uk/library/documents/Co-production-report.pdf>

⁹ http://www.ted.com/talks/david_cameron.html

¹⁰ See Guardian coverage on easyCouncil vs John Lewis Lambeth:
<http://www.guardian.co.uk/politics/2010/feb/17/labour-rebrand-lambeth-john-lewis-council>

- Expectation that whichever side prevails, residents will continue to expect to be treated as service **customers** rather than mere users.
- Civic activism, political disillusionment
 - Only 37.3% of residents feel that they can **influence decisions** in their local area (White owner occupiers are more likely to disagree). This is slightly above the London average (and three percentage points higher than the score that Ipsos Mori suggests Barnet ought to have achieved), but it is hardly impressive.¹¹ Meanwhile, **satisfaction** with local public services has slumped over recent years, in line with a national malaise.¹²
 - However, this disillusionment with traditional channels is countered by a high rate of **volunteering** and **alternative forms of activism** over a quarter of Barnet residents volunteer once a month, compared to just a fifth of the wider London population.¹³

Economic: Post-recession recovery...and growth?

- Austerity
 - Two fifths of residents (40%) said they had experienced a **drop in income** as a result of the recession. This was the most significant impact for Barnet residents, with 55% saying they had cut back on non-essential spending, 48% cutting back on socialising and entertainment, and over a third of residents spending less on food and utility bills.¹⁴
 - **Debt** (including mortgages) stands at an average of nearly £40,000 per person in Barnet; seven out of eight local authorities in the UK have lower levels of debt than Barnet.¹⁵
 - In 2007, Barnet had the fourth highest level of **credit and store card debt** per adult (£1,816.47) in the country and the highest in London.
 - There is some evidence that the middle classes are presenting more to the **Citizens Advice Bureau** and other agencies for debt advice, however the needs of more traditional client groups have not diminished, and represent the majority of unmet demand.
- Unemployment
 - Barnet's **Economic Inactivity** has been fluctuating around the London average since 2003/4, peaking in Apr 08 at 27.2% (a rise of 6.1% from 2000 compared to a 1.7% increase across London). Since that peak however, the Barnet % has been falling (25.2% in Jul 08 – Jun 09).
 - The number of economically inactive persons **wanting a job** more than doubled from Jul 06 - Jun 07 to Jul 08 - Jun 09. The cohort current stands at 9.8% - higher than both that of London and GB. Meanwhile, those **not wanting a job** have fallen by a quarter to 11.3% (Jul 08 - Jun 09) - equal to the national level and below that of London.

¹¹ Ipsos Mori, *Mind the Gap: Frontiers of Performance in Local Government V*, January 2010

¹² Place Survey 2008/9

¹³ 26.1% compared to 20.8%, NI 6, Place Survey 2008/9!; CommUNITY Barnet data

¹⁴ Citizens Panel Survey, Summer 2009

¹⁵ Experian data, cited in CAB, *A first class suburb in debt?* June 2008

- **Unemployment** has increased in line with London and national trends. Between Jul 08 and Jun 09, unemployment in Barnet stood at 7.7% (12,800 people), compared to 4.9% in the period Jul 07 – Jun 08.¹⁶
 - **JSA claims** increased significantly since Jul 08 parallel with (but below) the London trend. The national rate increased more rapidly. Claims have fallen slightly since Nov 09, standing at 3.4% in January 2010.¹⁷ Note that JSA claims have been nowhere near the rate of claim experienced during the mid 1990s (less than 1/2 the peak 90s rate - Sept 93 versus Sept 09).
- Enterprise
 - VAT registered **business stock** had been gently declining from a peak in 2000, though the most recent data (2007) shows a slight improvement (+175 net). This is the result of an increase in **new registrations**, particularly in real estate and renting (+ 160 compared to 2006), construction (+25 compared to 2006) and hospitality (+ 15 compared to 2006). There was a fall in the registration of new businesses dealing in financial intermediation (- 10 compared to 2006). This sector also experienced a small increase in business de-registrations compared to 2006.
 - In 2008, the **public sector** represented 9% of Barnet firms.¹⁸
 - Regeneration
 - The imminent and planned developments focused around the regeneration estates and Brent Cross Cricklewood will contribute to the emergence of significant **employment and enterprise opportunities** over the coming years
 - The developments are all phased and are spread over 10-25 years, with work at Grahame Park and Stonegrove and Spur Road already underway. West Hendon is predicted to start in summer 2010, Dollis Valley in 2012 and **Brent Cross Cricklewood** in 2011/2012
 - It is estimated that regeneration will **create 2,080 jobs** in the construction sector, predominantly during the first five years of development.
 - Skills
 - The proportion highly qualified working age residents has been generally increasing over the last decade; a third more residents have **NVQ4+ qualifications** in 2008 than 2000 (41.2% compared to 29.0%).
 - The number of residents with **no qualifications** has fluctuated but generally declining (8.3% in 2008).
 - Barnet's local workforce is not necessarily skilled in sectors that are expected to grow strongly after the recession or local growth sectors according to GLA economic forecasts (such as engineering).¹⁹
 - New legislation will introduce a rise in the education **participation age** to 17 in 2013 and 18 in 2015. From April 2010, local authorities will be

¹⁶ Model-based data

¹⁷ 4.2% for Barnet males, 2.5% for Barnet females.

¹⁸ Health, social work, education and public administration

¹⁹ ONS Annual Business Inquiry employee analysis, 2008

directly responsible for coordinating **16-19 learning opportunities** (instead of the Learning and Skills Council).

- Funding cuts to **university** and college sector will mean fewer places available for students.
 - Despite suggestions that the recession could see an exodus of pupils from **private education** to state schools, this does not seem to have taken place – the number of children in private schools in Barnet has remained steady for the last four years and school roll projections do not seem to imply any significant change going forwards.
 - 4.3% of Barnet young people were **not in employment, education or training** (NEET) in March 2010 – better than the target of 5.4%. The trend over time has shown the proportion of NEETs to be decreasing.
- Housing
 - Despite the falling market, **house prices** have remained high and well beyond the reach of many residents – the average house price is £435,400 (Feb 10) compared to a London average of £375,900.²⁰ Sales however, have fallen dramatically.
 - Poor housing sales have led to a **lack of mobility** in the owner-occupied population, causing the population flow out of London to fall for seven successive quarters.²¹
 - Households with young families and those around retirement age have seen the greatest fall in mobility. It is possible that these households may have **missed their moment** to move away from the city and will remain in London long-term, contributing to further population growth.
 - Rising number of rental properties, particularly one and two-bed flats.
 - Slow downwards trend in the number of homeless households living in **temporary accommodation** placed by Barnet. The slow rate of progress is mainly due to the relatively low stock of permanent social housing, exacerbated by the massive regeneration of that stock.²²
 - The public sector
 - Council income from Local Land charges, planning fees and building control fees **declined** significantly but are starting to recover.²³
 - The value of business rate arrears, which showing some improvement, was still greater in Q3 2009/2010 than it was at the same period in 2008/09. Business rates defaults have decreased however.
 - The latest GLA economic forecasts predict a 5.9% **decline in public sector employment** across London over the next five years. In real terms, this means **13,000 fewer jobs** in the public sector by 2015.²⁴

²⁰ *Hometrack* Housing Intelligence System

²¹ GLA Intelligence Unit, Inter-Regional Population flows Q2, 2009.

²² Temporary Accommodation performance data, 2010

²³ Comparing Q3 2009/10 with Q3 2008/09, Local Land Charges have improved by 46%, Building Control Fees are 81% better and Planning fees have increased by 14%

²⁴ GLA Intelligence Unit, 2009-based Employment projections by sector (January 2010)

Social: Rising expectations, insufficient capacity

- Attitudes towards Barnet Council
 - Overall resident **satisfaction with Barnet Council** has been declining – from 60% satisfaction in 2003/4 to just 51% in 2008/9.²⁵
 - Conversely, **satisfaction with Barnet as a place to live** has remained high over time (80% in 2008/9, compared to an Outer London average of 72%).²⁶
 - A key driver of the reputation of all councils is whether or not residents believe they get **value for money**. A third of Barnet residents (33%) agree that the council provides value for money.²⁷ This is five percentage points below the score that Ipsos Mori calculates that we ought to score as a borough.²⁸
 - Strong relationships appear to exist between satisfaction with the area and attitudes towards the council.

- Cohesion
 - Despite its high diversity, the Barnet population scores well on cohesion (83% compared to 75% across Outer London and 82% nationally). Authorities with equivalent diversity profiles perform much lower on this indicator.²⁹
 - Reports of **BNP activity** in the borough have been increasing recently, particularly in the more deprived areas; local recruits are believed to be being deployed to bolster activity in more marginal boroughs.³⁰
 - Barnet's ambitious regeneration programme risks **displacing poorer residents** and communities into neighbouring areas
 - Perceptions of whether people treat each other with **respect and consideration** improved between 2006/7 and 2008/9 – up from 57% to 74% (compared to 63% in Outer London and 66% nationally).³¹

- Wellbeing
 - Average **life expectancy** of Barnet residents is almost two years above the England average, though it is about a year below this in three of the most deprived wards. Some progress being made on reducing **health inequalities**
 - Good performance against most of health and well-being commissioning framework targets, notably on **smoking, mortality rates and hospital acquired infections**.³²
 - Barnet is slightly above the national average for **obesity** of children in Year 6 (though in line with London average).
 - Nationally, the **survival rate** among young people with severe and complex disabilities is increasing.³³

²⁵ BVPI Survey, 2003/4; Place Survey, 2008/9

²⁶ Place Survey, 2008/9

²⁷ Place Survey, 2008/09

²⁸ Ipsos Mori, *Mind the Gap: Frontiers of Performance in Local Government V*, January 2010

²⁹ "To what extent do you agree or disagree that people from different backgrounds get on well together?", NI 1, Place Survey 2008/9

³⁰ Via Julie Pal (Safer Communities team?)

³¹ NI 23, Place Survey, 2008/9

³² Local Area Assessment

- Clear progress on Adult Social Services **Choice and Independence Programme** - a comprehensive vision for the transformation of adult social care to promote personalisation and prevention
- **Dementia** rates are expected to rise significantly in Barnet between 2008-13 if vascular diseases are not managed effectively in the 'middle-age spread' population

Technology: New channels, new opportunities

- Internet
 - Internet access is increasing rapidly; 70% of UK households have some form of internet access (up by 11% on the previous year). In London, 80% of households have access. Specific data for Barnet is not available. 63% cent of all UK households had a **broadband** connection in 2009, up from 56% in 2008. Of those households with Internet access, 90% had a broadband connection in 2009, an increase from 69% in 2006.
 - BT is investing in rolling out **superfast broadband** to households and businesses in the north east of the borough.
- Social media
 - Widespread and rapid take-up of **social media** and other new technologies, particularly among the younger generations: 50% of 8-17 year olds have a profile on a social networking site, as do 67% of young adults (aged 18-32).³⁴
 - BME's are most likely to want to get involved with the council using new social media routes.³⁵
 - Apparent poor council performance on responding to customer enquiries received by **email** – evidence suggests only about half of emails to the council receive a response³⁶
- Mobile communications
 - Owning a **mobile telephone** is almost universal among 16-34 year olds (95%). This group are also more likely to use advanced features than the rest of the population. For many people, texts and other **instant messaging** have overtaken email as the primary channel of communication.³⁷

Environmental: Green spaces, not so green behaviours

- Barnet's environmental footprint
 - Barnet's ecological and carbon footprints are amongst the highest in London.

³³ JSNA 2008/9

³⁴ Ofcom Social Networking qualitative research, 2008; Pew Internet and American Life Project, 2009

³⁵ Citizen Panel Survey 2008

³⁶ Mystery Shopping results from the end of 2009 for emails to the council: Out of 18 emails, 44% received no response at all, 17% received a late reply. Results for the same period in 2008 only elicited a response in 50% of cases.

³⁷ BBC Audiences, 2008

- The **ecological footprint** in Barnet is 5.86 global hectares per capita (2004), one of the highest in London. The primary contributors to the ecological footprint in Barnet are food (26%) and housing (25%).³⁸
 - Barnet produces 5.11 tonnes of **CO₂ per capita** – only the fourteenth lowest emissions of all London boroughs.³⁹
 - The UK has agreed the ambitious target to reduce greenhouse gas emission by 80% compared with 1990 levels by 2050 which is reliant on all sectors of the economy playing their part
 - Proposed introduction of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC), a **carbon cap and trade** scheme which will require the council along with 5,000 other organisations to purchase and surrender allowances to cover their carbon emissions, monitor and report their emissions and receive a penalty / bonus reflecting performance and league table position.
 - Initial analysis suggests that the **cost of participation** will be in the order of £600k, with potential penalties costing a further £200k. On the other hand, the **cost of doing nothing** would be approximately £1.6M.⁴⁰
 - Consultation shows that Barnet residents do not consider **pollution** to be an issue that needs improving locally.⁴¹
- Waste and recycling
 - Although **household recycling** rates have been increasing over time, the improvement has slowed and performance is currently well below the NI target (34% in Q3 of 2009/10 against a target of 43%).⁴²
 - 30% of household waste is **food waste** that can be easily composted.
 - By not recycling everything that they should, Barnet residents costs the Council **£9m in waste disposal charges** (of a total £14m).⁴³
 - With increases in **landfill tax** set to increase by £8 every year until 2013 from 1 April 2010, the **cost of not recycling** our household waste will increase significantly.
 - Barnet's largest households are not recycling as high a proportion of their waste as other households.
 - Incidences of large-scale **fly-tipping** have increased significantly, from 12 in 2007/08 to 96 in 2008/9. The Council has been cited as a beacon of good practise by a Government sponsored project investigating the causes, incentives and solutions for fly-tipping.⁴⁴

³⁸ The ecological footprint is an indicator of 'how much land and sea is needed to provide the energy, food and materials we use in our everyday lives, and how much land is required to absorb our waste'. This is measured in global hectares per capita. REAP data release: SEI- BRIO Model v2 May 2009; http://www.environment-agency.gov.uk/static/documents/Research/BARNET_factsheet.pdf

³⁹ DECC, 2007: http://www.decc.gov.uk/en/content/cms/statistics/climate_change/data/data.aspx

⁴⁰ Nigel Bell, Environment and Operations

⁴¹ On the question "And thinking about this local area, which of the things below, if any, do you think most need improving?", Pollution ranked fourteenth, with 13% of residents, Place Survey 2008/9

⁴² % of household waste sent for reuse, recycling and composting, NI 192, LAA.

<http://www.barnet.gov.uk/corporate-performance-indicators-quarter3-dec09.pdf>;

<http://www.barnet.gov.uk/corporate-plan-performance-indicators-2008-2009-v2.pdf>

⁴³ Michael Lai, Environment and Operations

⁴⁴ http://www.environment-agency.gov.uk/static/documents/Research/BARNET_factsheet.pdf

- Traffic congestion
 - Barnet is characterised by **high car ownership**. Orbital routes are less well served by **public transport** and therefore people travelling within the borough or to adjoining areas often have little choice but to rely on private transport. Proposed widening of the North Circular may improve this situation over time, but the north fothe
 - Barnet has the **highest level of congestion** of all London boroughs, with 619 million vehicle minutes of delay between 07:00 and 19:00 annually (compared to 376 in Brent and 453 in Enfield).
 - In terms of the **rate of congestion** (which takes into account the scale of the local transport network), Barnet ranks tenth, with 5.1 million minutes wasted per kilometre.⁴⁵
 - The 2007/8 Place Survey shows **congestion** to be a key area for improvement according to residents.⁴⁶

- Parks and community resources
 - 36% of the borough is designated green belt or metropolitan open land
 - Improving and increasing **activities for teenagers** is a high priority for residents – it was the third most common statement in response to the question: “What most needs improving locally” in the 2008/9 Place Survey. In 2003/4, almost half as many residents cited it as a problem (21% compared to 36%). Its worth noting that it was primarily middle aged women who felt this was an issue, not teenagers themselves.

- Community safety
 - Reductions in crime and the **fear of crime**, although **serious acquisitive crime** remains challenging
 - Perceptions of **anti-social behaviour** as a problem in the local area have declined, particularly public drunkenness, people using or dealing drugs and teenagers hanging around in streets⁴⁷

- Flooding
 - Just over **3,500 properties** in Barnet (2%) are **at risk** of fluvial (river) flooding. The majority of these properties at risk are residential properties. Of these, 38% are classified as having significant likelihood of flooding. The areas at risk are located predominantly around the Silk Stream in the south-west of the borough, and along the River Brent and Dollis Brook.⁴⁸
 - Flooding occurred in Barnet in 1981, 1992 and 2007. The event in 1992 was from the Silk Stream, and caused flooding in approximately 280 residential properties.
 - A flood alleviation scheme for the Silk Stream was completed in 2008, which improved protection to 746 properties. To date the storage areas have alleviated flooding to 613 properties along the Silk Stream, Edware Brook and Deans Brook.

⁴⁵ Transport for London, Road Network Performance (Table 4.3),

<http://www.tfl.gov.uk/assets/downloads/corporate/Travel-in-London-report-1.pdf>

⁴⁶ Place Survey 2008/9: 43% of residents said traffic congestion needed improving locally

⁴⁷ Local Area Assessment, Place Survey 2008/9

⁴⁸ National Flood Risk Assessment (NaFRA), Environment Agency, 2008: Figures indicative only

Pressures

Political

Risks	Opportunities
<ul style="list-style-type: none"> ▪ Localism at the ‘wrong’ geography could have a negative impact on engagement and one public sector working (eg. regional PCTs) ▪ Greater independence for schools means less influence for the local authority – what does this mean for the Council’s statutory education duties? ▪ Public expectation of greater transparency may lead to more FOI requests, pressure for participation and the demand for more ‘open data’ ▪ Risk of people disengaging from mainstream democratic processes; risk of political radicalisation ▪ How can the balance between resident satisfaction and civic responsibility be managed? ▪ Personalisation agenda requires significant investment in spend-monitoring infrastructure 	<ul style="list-style-type: none"> ▪ Tangible examples of working together in Barnet: Proposed planning vehicle; Adult Social Services working with service users to design individual solutions ▪ Potential for “open source” solutions – independent web developers and users rapidly build applications responding to data ▪ Opportunity to collaborate with other organisations when engaging with residents to overcome public disillusionment with government (e.g. with faith organisations, charities, Citizens Advice Bureau) ▪ Schools becoming increasingly important as hubs offering extended services to the local community

Economic

Risks	Opportunities
<ul style="list-style-type: none"> ▪ Risk that disadvantaged residents will lack the skills to find work in the post-recession growth areas ▪ Increasing pressure on social housing stock due to regeneration being delayed by recession ▪ Rise in private schools seeking Council funding places additional pressure on Council resources ▪ Economic pressures may drive ‘self-funders’ to access Council services for the first time, increasing demand ▪ Ongoing housing slump will make it difficult for older residents to move into residential care 	<ul style="list-style-type: none"> ▪ Collaborate with the college and Middlesex University to invest in skills that will be of greatest value to residents and the local economy (construction, engineering, science, creative industry) ▪ Use channel shift to move customers onto less expensive contact streams

Social

Risks	Opportunities
<ul style="list-style-type: none"> ▪ Health and care services unlikely to meet rising demands of local population ▪ Ongoing pressure on school places (at all ages over the coming years), including SEN provision ▪ Providing care for increasing number of residents with complex and multiple needs will be expensive ▪ Rise in demand for child social work but limited capacity to meet demand – a local and national trend ▪ Growing mobility of population makes it increasingly difficult to project demand for services 	<ul style="list-style-type: none"> ▪ Pre-emptive responses to effects of growth, such as targeted health campaigns ▪ Shift in emphasis from acute care / treatment to prevention ▪ Developing better customer insight will enable better service improvements and raise customer satisfaction ▪ Could do a great deal more to work with customers and service users to shape and tailor services ▪ Developing Customer Services that compete with the best in the private sector could significantly improve resident satisfaction with the Council – a ‘touchpoint’ to engage, empower and inform

Technology

Risks	Opportunities
<ul style="list-style-type: none"> ▪ Shifting more customers to the web is only possible if capacity is sufficient to meet demand ▪ Not every service and interaction can be moved online – some face-to-face contact will be required ▪ Not every resident is online – need for support for the digitally excluded (for example in libraries) 	<ul style="list-style-type: none"> ▪ Investment in social media and web channel offers significant potential savings ▪ Satisfaction could be improved by harnessing text messaging to notify customers of a service response or to make a payment ▪ Handheld devices could be used by operational services to capture additional on the stop information that can be used to develop better insight ▪ Connecting internal sources of data together would achieve more rounded, accurate customer insight ▪ A comprehensive review and re-engineering of Council processes in light of Future Shape principles would lead to smarter, cheaper and more robust services

Environmental

Risks	Opportunities
<ul style="list-style-type: none">▪ Reputational, environmental and financial risks to the Council if landfill and carbon emissions are not curbed▪ How long until Barnet's roads reach gridlock? Likely to be a growing area of discontent for residents▪ Behaviour change pilot showed how difficult it is to change people's habits - unpopular decisions may need to be taken in order to encourage sustainable behaviours▪ Risk of flooding and severe weather caused by climate change▪ Providing services at a more localised geography could reduce congestion and emissions, but may not be as cost-effective	<ul style="list-style-type: none">▪ Young people in Barnet are more interested in environment than older residents – make schools a focus behaviour for change activities▪ Barnet can save £1.5m by engaging in carbon cap and trade scheme▪ By collecting better data on recycling at a local level the Council could develop targeted communications and strategies that promote more sustainable behaviours

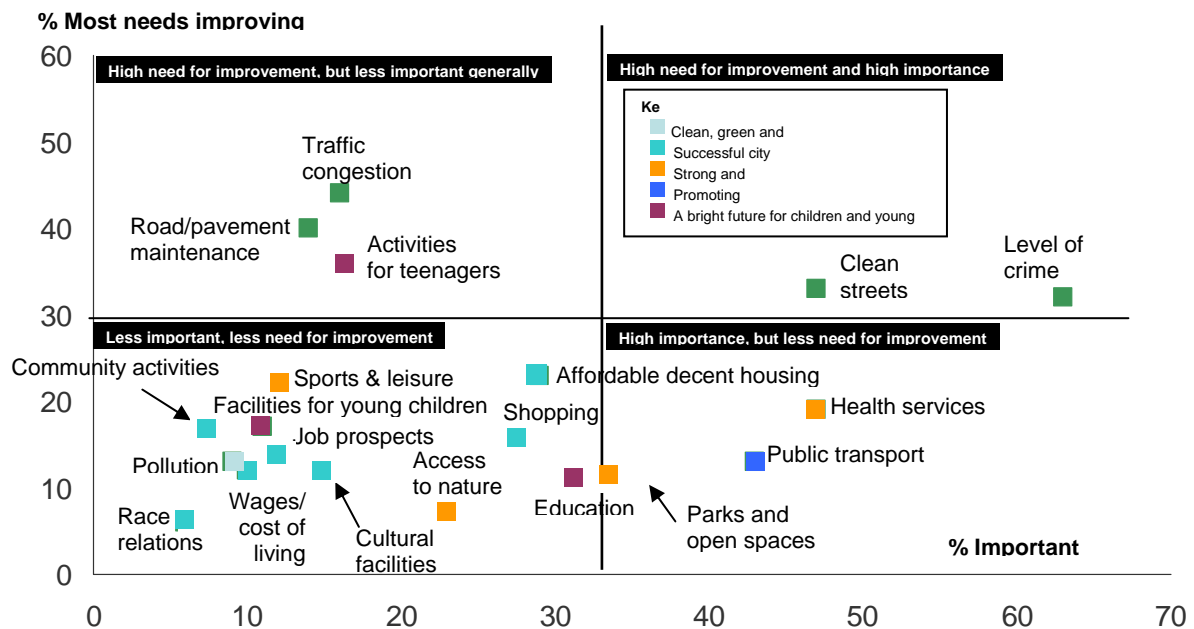
Prioritisation

What are Barnet Council's priorities?

The insight contained within this report, along with that provided by the Corporate Performance team should give strategic decision makers the tools to define the Council's priorities for the next five years – the areas that require investment and those where resourcing should be reduced.

The following sections provide a reminder of local priorities according to Barnet residents and then an outline of what a corporate prioritisation exercise might entail.

What are Barnet residents' priorities?



Source: Place Survey 2008/9

This chart illustrates what residents see as important to making somewhere a good place to live, and what they think needs improving most in their local area.

In Barnet, the level of crime (63%), clean streets (47%), health services (47%) and public transport (43%) are most frequently mentioned as being **important for improving quality of life**. Barnet residents are most likely to say that the level of traffic congestion (44%), road and pavement repairs (40%), activities for teenagers (36%), clean streets (33%) and the level of crime (32%) **most need improving** in the local area.

Prioritisation exercise

In identifying priorities, decision makers must first ask the questions:

- Which activities have the greatest impact?
- Which activities are the most urgent?

The activities of greatest impact and urgency should be considered top priorities for the organisation. Those with high impact but lower urgency are secondary priorities. Those with high urgency but low impact should not receive significant resource, while those with low impact and low urgency should be reviewed and potentially stopped altogether.

Having identified the top and secondary priorities, decisions must be made as to how those priorities are to be met. At this stage, the key question is:

- What do we have the capacity to achieve?

Where capacity for an activity is high but that activity's relative priority is low, the organisation should re-evaluate the value of that activity. This may mean doing less, charging more or stopping altogether. Where priority is high, but capacity is low, the organisation should consider alternative or smarter methods of delivery (for example, commissioning the service from elsewhere, nudge, channel shift). Where both capacity and priority is high, the organisation should seek efficiencies or invest in expanding their model in order to sell it to others.

Appendix: A snapshot of Barnet today

Geography

- The fourth largest London borough by area
- 36% of the borough designated green belt or metropolitan open land
- 20 local centres and a major out of town retail centre

Demographics

- The second most populous London borough and tenth largest single tier authority in England and Wales: 341,600 residents and over 136,000 households in 2010.⁴⁹
- A population younger than the national profile, but similar to that of other London boroughs
- A well-qualified population compared to London and elsewhere, with 41.2% of residents qualified to NVQ Level 4 or above, compared to 38.6% and 29.0% in London and Great Britain respectively).⁵⁰

Mosaic profile

- There are two significant Mosaic Groups in Barnet – “career professionals living in sought after locations” (Group A) and “educated, young single people living in areas of transient populations” (Group E). Each group represents about 28% of households in Barnet.⁵¹
- Compared to London and the UK, Group A households are significantly over-represented in Barnet, making it a distinctive group. As a contrast, the proportion of Group E households has been growing, but remains largely in line with London as a whole.
- “Independent older people with relatively active lifestyles” (Group J) comprise 7.5% of Barnet households. This Group is growing and is more reflective of the wider UK population than that of London.
- Households defined as “people living in social housing with uncertain employment in deprived areas” (Group F), while making up more than 5% of households in the borough, is significantly under-represented compared to London as a whole (where these households make up 14%).

Diversity

- 16th most ethnically diverse borough in London – 33% of the population were born outside the UK
- Almost 10% of the local population is Indian – above the London average
- The Chinese community (2.6%) is the largest of any English local authority
- 170 first languages are spoken in schools across the borough, the most popular (after English), being Gujarati, Farsi and Somali
- The second most religiously diverse borough in the country and home to England’s largest Jewish population

Health

⁴⁹ GLA population projections (2008 round, published 2009)

⁵⁰ ONS Annual Population Survey, 2008

⁵¹ Experian, Mosaic Public Sector 2010

- Barnet's population is healthier and lives longer than the national and London average for both males and females.⁵²
- Coronary heart disease, cancer and respiratory problems are the three biggest causes of premature death in Barnet
- The most common causes of acute ill health in the borough are coronary heart disease, chronic obstructive pulmonary disease, stroke, diabetes and cancer.

Environment

- The seventh best London authority for recycling (31%, 2008)
- High emissions from vehicles due to heavy local and motorway traffic
- Air pollution levels in the borough have been deemed problematic and are closely monitored at strategic locations

Economy

- A commuter hub: 59% of working residents travel outside Barnet to work, including 34% commuting to central London⁵³
- An enterprising borough, with an unusually high number of small business and self-employed individuals
- A strong service sector comparable to the London average, with over half of local firms classified as 'property and business services' and a further 10% offering 'public administration services'
- A thriving local economy employing over 112,000 individuals, of which 27% reside outside of the borough

Deprivation

- Marked differences in quality of life across the borough, with areas of high affluence and pockets of significant need
- The 128th most deprived authority out of 354 English districts⁵⁴
- Six localities in Barnet rank within the ten per cent most deprived nationally
- The average life expectancy of Barnet's residents is almost two years above the England average, though in some wards it is more than a year below national levels
- A safe borough, with overall crime rates lower than London and the wider country

Housing and Transport

- 70% of Barnet households are owner-occupied, much higher than the London average of 57%. Almost half of these are mortgage-free.⁵⁵
- House prices remain well beyond the reach of many residents – the average house price is £435,400 (Feb 10) compared to a London average of £375,900.⁵⁶
- 39% of Barnet's dwellings are flats – the fourth highest proportion in outer London.⁵⁷

⁵² ONS, Life expectancy at birth, 2006-8 (published October 2009); DMAG Update

⁵³ Census 2001

⁵⁴ IMD 07

⁵⁵ 2006 Housing Needs Assessment

⁵⁶ *Hometrack* Housing Intelligence System

⁵⁷ Census 2001

- The rate of car ownership is higher than the London average.⁵⁸
- Use of public transport is 19% lower than the London average.⁵⁹

A diverse borough

- The 'Barnet average' is a misleading concept
- **Household incomes** along Barnet's north-south axis are considerably higher than elsewhere in the borough, with the average income in the wealthiest ward (Garden Suburb) 60% higher than that of the poorest (Burnt Oak). Meanwhile, the average house price in Garden Suburb is three times that of Burnt Oak
- The level of **deprivation** is very different from ward to ward, with concentrations of significant deprivation along the A5 corridor and the eastern stretch of the North Circular.⁶⁰
- School **attainment** levels are high across the borough, but even in these positive scores there are clear differences from one ward to the next, as well as from one community to the next.⁶¹

⁵⁸ Census 2001

⁵⁹ Census 2001

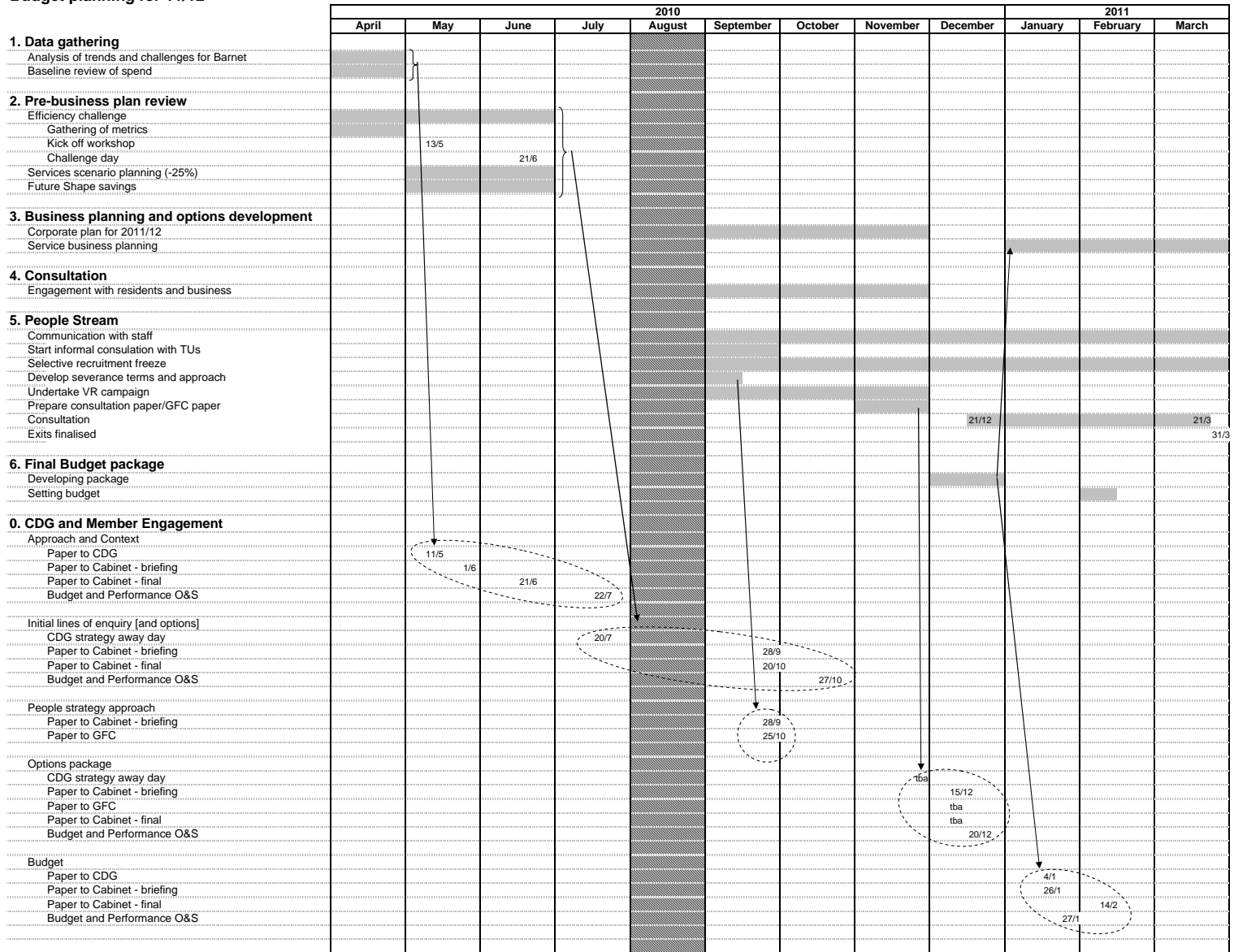
⁶⁰ IMD 07; distribution of JSA claims

⁶¹ DCSF; Barnet Children's Service

Financial Forward Plan 2010-2015

	2011/12	2012/13	2013/14
	£m	£m	£m
Base budget	271.692	266.867	265.507
Corporate Cost Drivers:			
Pay awards (excluding Schools Budget)	1.140	1.151	2.361
Inflation (excluding Schools Budget)	3.269	2.982	3.057
National Insurance Employer's Contribution Increase	0.000	0.000	0.000
NLWA planned levy real increase	2.351	0.790	0.000
Capital Financing	1.500	1.250	1.250
Other Central Expenses Pressures	0.250	0.700	0.100
Full Year Effects of Investment	(0.868)	(0.059)	(0.017)
Specific Reserves	(2.461)	0.000	0.000
Revised base budget	276.873	273.681	272.258
Funded By:			
Area Based Grant	(20.871)	(19.870)	(19.432)
Formula Grant	(89.166)	(84.886)	(83.019)
Council Tax @ 2.5% per annum	(156.830)	(160.751)	(164.770)
Sub-total	(266.867)	(265.507)	(267.221)
Revenue Resources Gap	10.006	8.174	5.037

Budget planning for 11/12



AGENDA ITEM: 7

Page nos. 5 – 36

Meeting	Budget and Performance Overview & Scrutiny Committee
Date	22 July 2010
Subject	Treasury Management Strategy
Report of	Deputy Chief Executive
Summary	Report on the Treasury Management Strategy Issues

Officer Contributors	Deputy Chief Executive
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A – Cabinet Resources Committee report 17 th June 2010 – Treasury Management Outturn Appendix B – Approved Counter Party List as at 2 July 2010
For decision by	This committee
Reason for urgency / exemption from call-in.	Not Applicable

Contact for further information: Karen Balam, Interim Assistant Director – Finance Support, 020 8359 2460

1. RECOMMENDATIONS

- 1.1 **That the Committee note the information and provide feedback on the issues.**
- 1.2 **That the Committee consider the options and identify further information requirements to enable Cabinet Resources Committee to make an informed decision.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Treasury Management Strategy to Cabinet Resources Committee (decision 9), 16 March 2010

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council's corporate priority for 2010-2013, 'Better services with less money', through the strategic objective "make sure we get best value from resources across the public sector, including our people and assets". The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

4. RISK MANAGEMENT ISSUES

- 4.1 Independent scrutiny of the authority's financial functions is important to minimise the authority's exposure to risk arising from its financial arrangements.
- 4.2 Borrowing and deposit rates are determined by the market and can be volatile at times. Officers mitigate this volatility by monitoring the interest rate market in conjunction with treasury advisors and brokers, and by actively managing the debt and deposit portfolios.
- 4.3 There is a risk of the Council becoming too risk averse in its response to this situation, and not achieving budgeted deposit income.
- 4.4 The United Kingdom's AAA Sovereign rating is at risk of being downgraded. The impact of a such a downgrade will be addressed in future Treasury Management Strategy updates to this Committee.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Equalities and diversity issues underpin all the Council's policies, plans and strategies. The Overview and Scrutiny processes are designed to benefit the whole community. The scrutiny process supports the proper assessment of equalities issues in policy development and service delivery.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Council budgeted for a net interest benefit of approximately £1.41m in 2009/10. In 2009/10 it has exceeded the budget to achieved £1.65m.

6.2 The wider financial implications for the Council are dealt with in section 9 of this report.

7. LEGAL ISSUES

7.1 No legal issues arising. However, there are statutory references contained within the main body of this report.

8. CONSTITUTIONAL POWERS

8.1 The terms of reference of this committee are set out in the overview and scrutiny committee procedure rules to Article 6 of the Council Constitution.

9. BACKGROUND INFORMATION

9.1 Background

9.1.1 The Local Government Act 2003 and supporting regulations requires the Authority to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable. There is also the facility to extend this projection beyond three years, as part of the formal authorisation process.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act – which has been excluded for the purpose of this report).

9.1.2 The 2010/11 Treasury Management Strategy will include the following aspects of the treasury management function:

- borrowing requirement
- current treasury position;
- borrowing options
- outlook for interest rates;
- borrowing strategy;
- investment strategy;

9.1.3 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

9.2 The Borrowing Requirement

9.2.1 It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

The Authority must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Authority tax levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

9.2.2 The following is the latest estimate of the Capital Financing Requirement (CFR) for the Authority.

CFR	2008/9 Actual £000s	2009/10 Estimate £000s	2010/11 Estimate £000s	2011/12 Estimate £000s	2012/13 Estimate £000s
G.Fund	80,077	115,290	159,000	164,785	166,285
HRA	62,881	75,752	86,261	86,261	86,261
Total	142,958	191,042	245,261	251,046	252,546

9.2.3 The CFRs are reported on a cumulative basis and set out the cumulative need to borrow to finance the capital programme. All borrowing is undertaken by the Authority on a pooled basis, in accordance with Statutory Guidelines, so there is no borrowing entered into for specific assets or individual departmental capital expenditure, but instead undertaken on a consolidated basis for the Authority as a whole.

9.2.4 It should be noted that the CLG has recently issued a consultation paper on a proposal to make the HRA subsidy process self-financing. Should this proposal be implemented in its current format, this could result in the Authority having to borrow an additional £110m over an above the projected CFRs set out above.

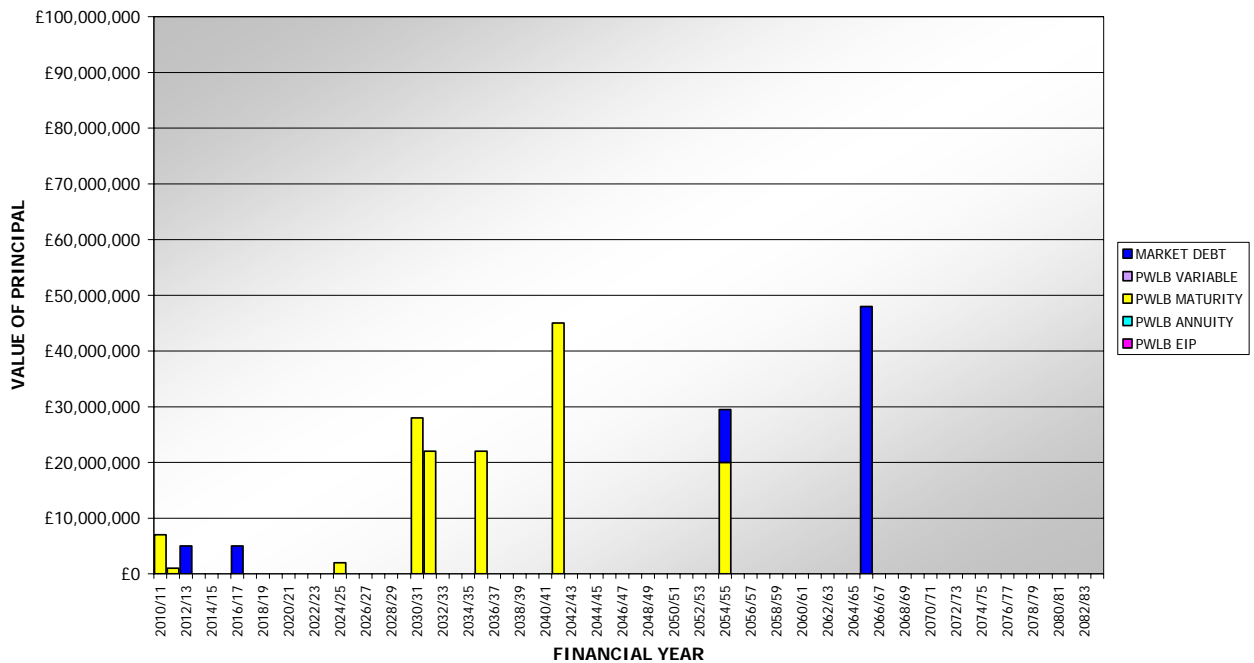
9.3 The Current Position

9.3.1 The Authority’s treasury portfolio position at 31/03/10 can be summarised as follows:

		Principal		Ave. rate
		£m		%
Fixed rate funding	PWLB	147		
	Market	<u>65</u>	212	4.10
Variable rate funding	PWLB	0		
	Market	<u>3</u>	3	3.05
Other long term liabilities				
TOTAL DEBT			<u>215</u>	4.08
TOTAL INVESTMENTS			230	0.55

The Authority's debt matures over the following timescales:

Current Maturity Profile



9.3.2 As at 31 March 2010 the Authority's cash balances totalled £230m, including the following specific provisions and reserves:

- Usable capital receipts £17.0m
- Earmarked reserves £38.9m
- Major repairs reserve £03.8m
- Balances £29.4m
- Balances – HRA £04.9m
- Working Capital £47.0m
- Pension Fund cash £70.0m
- Collection Fund £06.9m
- Other Cash Balances £12.1m

These balances are expected to reduce over the medium-term as the pension fund cash will be moved to the Global Custodian on the 1st of August 2010 and the Authority will call upon its reserves to support the revenue budget.

9.4 Borrowing Options

9.4.1 The Authority's borrowing requirements over the next three years is approximately £50.55 million, calculated as follows:

Projected CFR as at 31 March 2013				£252.55m
Current debt			(£215.00)	
Maturing Debt: 2010/11	£7.0m			
2011/12	£1.0m			
2012/13	<u>£5.0m</u>	<u>£13.0m</u>	<u>(£202.00m)</u>	
				£50.55m

9.4.2 In order to finance the CFR, the following borrowing options need to be considered:

- Borrow long-term fixed rate funds from the Public Work Loans Board (PWLB)
- Borrow long-term fixed rate funds from the Money Markets
- Borrow funds from the PWLB for 10 years on a variable rate basis which re-fixes every 10 years
- Borrow long-term funds from the Money Markets on a part variable/part fixed interest basis
- Borrow internally, using the cash resources of the Authority

9.4.3 The borrowing decision should be driven by the following:

- Outlook for interest rates
- Level of certainty around the capital expenditure projections
- The acceptable level of risk (risk appetite)
- Appetite of the Authority to take either a short to medium term view (next three years) or a long-term view (three to fifty years).

- 9.4.4 The decision to repay external debt early will depend on the Authority's strategy objectives, appropriate timing, and the outlook for interest rates.

Premium costs will be high for loans where the current fixed rate payable by the Authority is significantly higher than the prevailing discount rate. The length of loan will also be a factor, in general, longer term loans will incur larger premiums if the rate payable by the Authority is in excess of the prevailing "discount rate".

If the Authority has low coupon debt, at rates below prevailing discount rates, then a discount will be paid to the Authority upon premature redemption. However, the Authority will have to consider whether this funding could be replaced at equally attractive levels if required at a later stage.

The accounting treatment relating to premiums and discounts is complex. This should be considered carefully before undertaking premature repayments.

9.5 Investment Policy

- 9.5.1 In establishing an investment policy, the authority must comply with the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to the guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The investment priorities are:

- (a) the security of capital and
- (b) the liquidity of investments

The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The current risk appetite of the Authority is low in order to give priority to the security of investments.

- 9.5.2 When establishing an investment policy, the Authority should take the following into consideration:

- Type of investment instruments available
- Deposit duration
- Creditworthiness policy; and
- Country limits

- 9.5.3 Investment instruments include the UK's Debt Management Office (DMO), Other Local Authorities, Money Market Funds, UK Banks and Building Societies, Overseas Banks, Gilts and Treasury Bills.

- 9.5.4 A sound counterparty list should allow for diversification across institutions, sectors and countries. Risks can be managed by having due regard to:

- Sovereign Ratings/Government Guarantees
- Individual limits

- Group limits
- Maturity limits (eg 3 months, 6 months, 12 months etc)
- Sector limits (Banks, Building Societies, Country)

10. LIST OF BACKGROUND PAPERS

10.1 None

AGENDA ITEM: 7 – APPENDIX A Pages 13 - 36

Meeting	Cabinet Resources Committee
Date	17 June 2010
Subject	Treasury Management Outturn for the year ended 31 March 2010
Report of	Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity in the year to 31 March 2010.
<hr/>	
Officer Contributors	Karen Balam – Assistant Director of Finance Karen Bannister – Interim Treasury Manager
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Deposits Placed 2009/10 Appendix B – Deposits Repaid 2009/10 Appendix C – Deposits as at 31 March 2010 with Credit Ratings
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable
Contact for further information:	Karen Bannister, Interim Treasury Manager, 0208 359 7119.

1. RECOMMENDATIONS

- 1.1 That the Treasury Management activity and outturn for 2009/10 be noted.**
- 1.2 That the Committee consider any areas on which it would like to receive further information.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, 25 March 2008 (Decision item 18) – Treasury Management Business Strategy.
- 2.2 Cabinet, 23 October 2008 (Decision item 12) – Council Deposits in Icelandic Banks.
- 2.3 The Leader of the Council and Cabinet Member for Resources approved under delegated powers (DPR 712) on 5 December 2008 the Treasury Management Strategy 2008/09 – Deposit Counterparty Limits.
- 2.4 Cabinet Resources Committee, 19 January 2009 (Decision item 16) – Treasury Management Strategy.
- 2.5 Cabinet Resources Committee, 30 March 2009 (Decision item 13) – Treasury Management Strategy.
- 2.6 Cabinet Resources Committee, 15 June 2009 (Decision item 7) – Outturn 2008/09.
- 2.7 Cabinet Resources Committee, 2 September 2009 (Decision item 15) – Treasury Management Activity in the Quarter to 30 June 2009.
- 2.8 Cabinet Resources Committee, 2 November 2009 (Decision item 14) – Treasury Management Activity to 31 August 2009.
- 2.9 Cabinet Resources Committee, 19 January 2010 (Decision item 9) – Treasury Management Activity to 18 December 2009.
- 2.10 Cabinet Resources Committee, 23 February 2010 (Decision item 10) – Treasury Management Activity to 31 December 2009.
- 2.11 Cabinet Resources Committee, 16 March 2010 (Decision item 9) – Treasury Management Strategy 2010/11.
- 2.12 Special Committee (Constitution Review), 25 March 2010 (Decision item 8) – Amending the Council's Financial Regulations.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council's corporate priority for 2010-2013, 'Better services with less money', through the strategic objective "make sure we get best value from resources across the public sector, including our people and assets". The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

4. RISK MANAGEMENT ISSUES

- 4.1 Borrowing and deposit rates are determined by the market and can be volatile at times. Officers mitigate this volatility by monitoring the interest rate market in conjunction with treasury advisors and brokers, and by actively managing the debt and deposit portfolios.
- 4.2 There is a risk of the Council becoming too risk averse in its response to this situation, and not achieving budgeted deposit income.
- 4.3 The United Kingdom's AAA Sovereign rating is at risk of being downgraded. The impact of a such a downgrade will be addressed when in the future Treasury Management Strategy updates to be approved by this Committee.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The management of the Council's cash flow ensures the availability of adequate monies to pay for the delivery of the authority's public duties.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance and Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Council budgeted for a net interest benefit of approximately £1.41m in 2009/10. In 2009/10 it has acceded the budget to achieved £1.65m.
- 6.2 The wider financial implications for the Council are dealt with in section 9 of this report.

7. LEGAL ISSUES

- 7.1 None other than those in the body of this report.

8. CONSTITUTIONAL POWERS

- 8.1 Financial Regulations (Part 1, Section 7) within the Council Constitution state:
 - (1) This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that code.
 - (2) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.
 - (3) The Chief Finance Officer will create and maintain suitable Treasury Management Practices (TMPs).
 - (4) The content of the policy statement and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the authority materially deviating from the Code's key recommendations.
 - (5) Cabinet Resources Committee will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the TMPs. These reports will incorporate the prudential borrowing limits and performance indicators.

9. BACKGROUND INFORMATION

9.1 Treasury Management Strategy 2009/10

- 9.1.1 The 2009/2010 TMS and Annual Investment Strategy were approved by the Cabinet Resources Committee on 30 March 2009. They set out the timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing.
- 9.1.2 Following the banking crisis in 2008, a number of amendments were made to the strategy, initially by Cabinet in October 2008 and then subsequently under delegated powers by the Leader (who at that time was also the Cabinet Member for Resources). The amendments sought to reduce risk by raising the bar on minimum counterparty ratings as the uncertainty over the financial stability of financial institutions grew.
- 9.1.3 The TMS is under constant review to reflect market conditions and the financing requirements of the Council.
- 9.1.4 In the last financial year, the Council placed 436 deposits with a total value of £3,240.99m and had 434 deposits worth £3,260.69m repaid. These are detailed in appendices A and B.
- 9.1.5 The Council's Treasury Management Strategy 2010/11 was approved at Cabinet Resources Committee on 16 March 2010. The TMS 2010/11 is a continuation of the 2009/10 strategy pending the tender and appointment of Treasury Advisors. The TMS 2010/11 reflects the Council Budget 2010-2011 Forward Plan and Capital Programme.
- 9.1.6 The key changes were:
- i) The introduction of liquidity and security benchmarks, as required by CIPFA Treasury Management Code of Practice, are outlined in Annex A to the Treasury Management Strategy;
 - ii) The removal of references to Money Market Funds.; and
 - iii) The reference to the use of a minimum sovereign rating now applies only to non-UK institutions. This reflects the risk that the UK sovereign rating may be downgraded.

9.2 Icelandic Bank Deposits

- 9.2.1 The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. At the current time, the process of recovering assets is still ongoing with the Administrators. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments. Members will be periodically updated on the latest developments on these efforts.
- 9.2.2 On 9 December 2009, Bevan Brittan, the solicitors acting on behalf of the LGA, received notification from the Glitnir Winding-up Board that they had accepted all local authority claims as general unsecured claims, rather than priority claims.
- 9.2.3 Bevan Brittan actively challenged this decision prior to the Creditor's meeting on 17 December 2009, but, it was not possible to reach an agreement. A mediation process has taken place and there has been no change to the general unsecured position. Therefore it is now a matter for the Icelandic judicial system.
- 9.2.4 Without priority status local authorities are likely to get in the region of 25-30 per cent of their deposits back rather than 95% to 100% as previously assumed.

9.2.5 The 2009/10 accounts, which assume local authorities have priority status, include impairments adjustments to the General Fund as prescribed by Financial Reporting Standards and LAPP updates. The risk is managed through the Risk Reserve.

9.3 Economic background for the Year to 31 March 2010

9.3.1 During 2009/10 the Monetary Policy Committee (MPC) was focused on helping the economy to turn around from plunging into the deepest and longest recession the UK economy had experienced for many years.

9.3.2 Despite keeping Bank Rate at an unprecedented historical low of 0.5% all year, the MPC also had to resort to extreme measures in terms of pumping liquidity into the economy through quantitative easing by purchasing £200bn gilts and corporate bonds. This had the effect of boosting prices for gilts and corporate bonds and therefore bringing down yields, so also reducing borrowing costs for both the corporate and public sector.

9.3.3 It was notable that the increase in money supply in the economy generated by this programme brought the credit crunch induced spread between Bank Rate and 3 month LIBID (investment rate that depositors could earn) down from 0.95% at the beginning of the financial year to zero during August 2009.

9.3.4 The dominant focus in 2009/10 was on quarterly GDP growth figures. The recession bottomed out in quarter 1 of 2009. There was then major disappointment that the end of the recession failed to materialise in quarter 3 2009 but the fourth quarter of 2009 did then see economic growth return at +0.4%.

9.3.5 Inflation has not been a major concern of the MPC as it fell back below the 2% target level from June to November. However, it did spike upwards to reach 3.5% on the back of the unwinding of the temporary cut in VAT to 15% on 1 January 2010. This was not seen as a cause for alarm as this spike was expected to fall out of the inflation index and inflation was forecast by the Bank of England to fall back under target by the end of 2010.

9.3.3 The long-term interest rate (Public Works Loan Board (PWLB) 50 year maturity) started the year at 4.57% and then peaked at 4.85% in June before falling back to a bottom of 4.18% in October. From there it rose again towards the end of the year and peaked at 4.79% in March. It finished the year at 4.70%.

9.3.4 The TMS will be kept under review specifically in terms of market conditions, benchmarks and yield.

9.4 Borrowing Performance

9.4.1 A borrowing requirement of £56.32m (£10.5m is HRA) is currently forecast for 2010/11. The capital program is kept under constant review and any changes that impact on the external borrowing will be reported to this Committee.

9.4.2 The total value of long term loans remained steady at £214.5m during the year ended 31 March 2010. Had borrowing been necessary it may have resulted in an increase in the average borrowing rate.

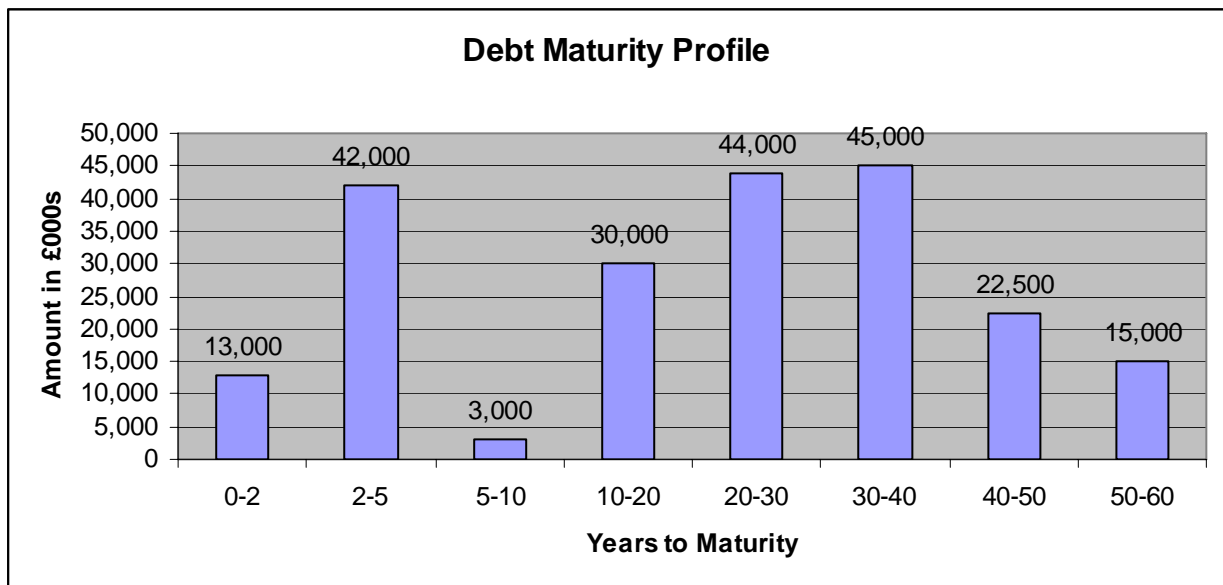
9.5 Current Portfolio

9.5.1 The Council's long term debt position at the beginning and end of the half year was as follows:

	31 March 2010		31 March 2009	
	Principal	Average Rate	Principal	Average Rate
PWLB	£147.00m	4.21%	£148.00m	4.21%
Market	£62.50m	3.82%	£62.50m	3.82%
Temporary	£5.00m	4.50%	£5.00m	4.50%
	£214.50m	4.09%	£215.50m	4.09%

9.5.2 The Council's long term debt portfolio is a mixture of PWLB and market loans in the form of LOBOs (Lender's Option Borrower's Option), loans that are at a fixed interest rate for an initial period, following which the lender can change the interest rate but the borrower has the option to repay the loan if the rate is changed and not considered value for money.

The Council's current debt maturity profile is outlined in the graph below.



9.5.3 As the cost of borrowing is expected to rise and the Council's average rate of borrowing is relatively low at 4.09%, a decision was made not to proceed with any early debt redemption. However, this will be reviewed on a quarterly basis as part of the treasury management review.

9.5.4 In order to comply with accounting standards for financial instruments, some of the market loans in the debt portfolio have been recalculated on an effective interest rate basis as apposed to being calculated on an amortised cost basis. The total value of loans in question before re-measurement was £9.5m; and additional charge of 0.36m has now been added to the carrying value of these loans.

9.6 Investment Performance

9.6.1 Deposits are managed internally. The average investment balance throughout 2009/10 was £212.36m (£71.5m of which is Pension Fund Cash), achieving an average rate of return of 0.66% (adjusted for Icelandic deposits) against a benchmark of 0.421%. Deposits placed within the first two quarters yield between 0.25% and 0.75%. The average rate of return was significantly less than in 2008/09, as pre credit crunch deposits which attracted a higher yield matured and the monies were reinvested at the lower yield rates.

9.6.2 The benchmark is the average 7-day LIBID rate (un-compounded), sourced from the Financial Times. The LIBID rate or London Interbank Bid Rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

9.6.3 The Council outperformed the benchmark return for the year by 0.24%, which based on the average balance invested for the year produced some £501,600 additional interest.

9.7 Prudential Indicators

9.7.1 The prudential indicators will be reviewed and reported to this committee before the end of September as part of the revised Treasury Management Strategy.

9.8 Compliance

9.8.1 The current TMS was approved by this Committee on 30 March 2009. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.

9.8.2 As at 31 March 2010, the Council had deposits outstanding with a total value of £209m (£71.5m of which is Pension Fund cash) of which four Icelandic deposits totalling £27.4m fell outside the TMS as approved on 17 March 2010. A list of deposits outstanding and counterparty credit ratings at 31 March 2010 is attached at appendix C.

9.8.3 Since the Scrutiny Committee identified non compliance with the TMS in March 2009, one deposit was placed outside of the TMS. The deposit was made to an Abbey call account, Abbey's credit ratings had been downgraded 2 days previously and fallen outside the limits for the TMS. This breach was discovered when the weekly approved counterparty list (as supplied by Butlers) was checked as part of Treasury Management Protocol. The money was called back and received the following working day. This process has been reviewed and amended to mitigate the risk of this happening again. As part of this review the Treasury Manager or equivalent checks that each deposit is within the TMS before the payment is processed.

9.8.4 Treasury management procedures are monitored and reviewed in light of new CIFPA guidance and current market conditions.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – PJ
CFO – AT / CM

Appendix A – Deposits Placed in the Year to 31 March 2010

Date	Deal Reference	Counter Party	Amount
01-Apr-09	2000010150	Debt Management Office	-17,500,000
01-Apr-09	2000010159	West Lothian Council	-10,000,000
01-Apr-09	2000010158	West Yorkshire Police Authority	-5,000,000
02-Apr-09	2000010151	Debt Management Office	-10,500,000
02-Apr-09	2000010153	London Borough of Newham	-10,000,000
02-Apr-09	2000010152	Gloucester City Council	-5,000,000
03-Apr-09	2000010154	Debt Management Office	-11,000,000
06-Apr-09	2000010157	Debt Management Office	-12,000,000
06-Apr-09	2000010155	Debt Management Office	-10,000,000
06-Apr-09	2000010156	Debt Management Office	-10,000,000
07-Apr-09	2000010160	Debt Management Office	-13,000,000
08-Apr-09	2000010161	Debt Management Office	-13,500,000
09-Apr-09	2000010163	London Borough of Newham	-19,500,000
09-Apr-09	2000010162	Debt Management Office	-3,800,000
14-Apr-09	2000010164	Debt Management Office	-10,000,000
14-Apr-09	2000010167	Debt Management Office	-8,000,000
14-Apr-09	2000010166	Debt Management Office	-6,500,000
14-Apr-09	2000010165	Debt Management Office	-5,500,000
14-Apr-09	2000010168	High Peak BC	-2,000,000
15-Apr-09	2000010169	Debt Management Office	-10,000,000
15-Apr-09	2000010170	Debt Management Office	-10,000,000
15-Apr-09	2000010171	Debt Management Office	-10,000,000
15-Apr-09	2000010172	Debt Management Office	-10,000,000
15-Apr-09	2000010173	Debt Management Office	-10,000,000
15-Apr-09	2000010174	Debt Management Office	-6,000,000
16-Apr-09	2000010175	Debt Management Office	-9,800,000
17-Apr-09	2000010029	Abbey UK Corporate Bank	-6,300,000
17-Apr-09	2000010176	Leeds City Council	-5,000,000
17-Apr-09	2000010177	Leeds City Council	-5,000,000
20-Apr-09	2000010178	Debt Management Office	-10,500,000
21-Apr-09	2000010179	Debt Management Office	-11,500,000
21-Apr-09	2000010180	Leicestershire County Council	-5,000,000
22-Apr-09	2000010181	Debt Management Office	-12,600,000
22-Apr-09	2000010182	The Highland Council	-1,000,000
22-Apr-09	2000010183	Woking BC	-1,000,000
22-Apr-09	2000010184	Basildon DC	-900,000
23-Apr-09	2000010186	Debt Management Office	-9,300,000
23-Apr-09	2000010185	Bolton Metropolitan BC	-3,500,000
24-Apr-09	2000010187	Debt Management Office	-12,000,000
27-Apr-09	2000010188	Debt Management Office	-3,600,000
28-Apr-09	2000010189	Debt Management Office	-1,300,000
29-Apr-09	2000010190	Debt Management Office	-8,300,000
30-Apr-09	2000010192	London Borough of Hounslow	-3,600,000
01-May-09	2000010193	Debt Management Office	-19,000,000
05-May-09	2000010198	Debt Management Office	-18,000,000
05-May-09	2000010196	Leeds City Council	-5,000,000
05-May-09	2000010195	Stockport Metropolitan BC	-4,400,000
05-May-09	2000010197	Huntingdonshire DC	-3,000,000
05-May-09	2000010194	Southampton City Council	-2,060,000
06-May-09	2000010199	Debt Management Office	-18,200,000
07-May-09	2000010202	Debt Management Office	-10,000,000
07-May-09	2000010201	Debt Management Office	-8,000,000

07-May-09	2000010200	Leeds City Council	-5,000,000
08-May-09	2000010204	Debt Management Office	-10,000,000
08-May-09	2000010203	Debt Management Office	-7,000,000
11-May-09	2000010205	Debt Management Office	-15,000,000
12-May-09	2000010206	Debt Management Office	-14,600,000
13-May-09	2000010207	Debt Management Office	-12,000,000
14-May-09	2000010208	Debt Management Office	-10,500,000
15-May-09	2000010211	Debt Management Office	-12,000,000
15-May-09	2000010209	Debt Management Office	-10,000,000
15-May-09	2000010210	Debt Management Office	-10,000,000
18-May-09	2000010212	Debt Management Office	-3,000,000
19-May-09	2000010213	Debt Management Office	-11,500,000
20-May-09	2000010214	Debt Management Office	-11,000,000
20-May-09	2000010215	Debt Management Office	-10,000,000
21-May-09	2000010216	Debt Management Office	-3,500,000
22-May-09	2000010218	Greater Manchester Waste Disposal Auth	-7,223,000
22-May-09	2000010217	Debt Management Office	-7,000,000
26-May-09	2000010219	Debt Management Office	-9,300,000
27-May-09	2000010220	Debt Management Office	-10,500,000
27-May-09	2000010222	Debt Management Office	-5,000,000
27-May-09	2000010221	Debt Management Office	-4,000,000
28-May-09	2000010223	Debt Management Office	-9,500,000
29-May-09	2000010225	Debt Management Office	-11,000,000
29-May-09	2000010224	Debt Management Office	-10,000,000
01-Jun-09	2000010227	Debt Management Office	-11,000,000
01-Jun-09	2000010226	Debt Management Office	-10,000,000
02-Jun-09	2000010228	Debt Management Office	-7,000,000
03-Jun-09	2000010229	Debt Management Office	-7,000,000
03-Jun-09	2000010230	Debt Management Office	-6,000,000
04-Jun-09	2000010231	Debt Management Office	-7,000,000
05-Jun-09	2000010233	Debt Management Office	-15,000,000
05-Jun-09	2000010232	Debt Management Office	-5,500,000
08-Jun-09	2000010234	Debt Management Office	-15,000,000
09-Jun-09	2000010235	Debt Management Office	-7,000,000
09-Jun-09	2000010237	Debt Management Office	-6,000,000
09-Jun-09	2000010236	Debt Management Office	-5,000,000
10-Jun-09	2000010238	Debt Management Office	-6,500,000
11-Jun-09	2000010239	Debt Management Office	-10,000,000
11-Jun-09	2000010241	Debt Management Office	-5,000,000
11-Jun-09	2000010240	Debt Management Office	-3,000,000
12-Jun-09	2000010242	Debt Management Office	-8,600,000
15-Jun-09	2000010243	Debt Management Office	-10,500,000
15-Jun-09	2000010246	Debt Management Office	-6,000,000
15-Jun-09	2000010244	Debt Management Office	-5,000,000
15-Jun-09	2000010245	Debt Management Office	-4,000,000
16-Jun-09	2000010247	Debt Management Office	-6,000,000
17-Jun-09	2000010248	Debt Management Office	-9,000,000
17-Jun-09	2000010249	Debt Management Office	-4,000,000
18-Jun-09	2000010250	Debt Management Office	-9,000,000
19-Jun-09	2000010251	Debt Management Office	-9,500,000
19-Jun-09	2000010252	Debt Management Office	-4,000,000
22-Jun-09	2000010253	Debt Management Office	-10,000,000
22-Jun-09	2000010254	Debt Management Office	-4,000,000
23-Jun-09	2000010255	Debt Management Office	-13,800,000
23-Jun-09	2000010256	Debt Management Office	-13,500,000

25-Jun-09	2000010257	Debt Management Office	-9,000,000
25-Jun-09	2000010258	Debt Management Office	-5,000,000
26-Jun-09	2000010259	Debt Management Office	-8,000,000
29-Jun-09	2000010260	Debt Management Office	-8,000,000
29-Jun-09	2000010261	Debt Management Office	-5,000,000
30-Jun-09	2000010262	Lancashire County Council	-15,000,000
01-Jul-09	2000010263	Debt Management Office	-7,000,000
01-Jul-09	2000010264	Debt Management Office	-5,500,000
01-Jul-09	2000010265	Debt Management Office	-5,000,000
02-Jul-09	2000010266	Debt Management Office	-9,000,000
02-Jul-09	2000010267	Debt Management Office	-5,000,000
03-Jul-09	2000010269	Debt Management Office	-10,000,000
03-Jul-09	2000010268	Debt Management Office	-6,000,000
06-Jul-09	2000010270	Debt Management Office	-6,000,000
06-Jul-09	2000010271	Debt Management Office	-4,000,000
07-Jul-09	2000010272	Debt Management Office	-12,500,000
08-Jul-09	2000010273	Debt Management Office	-11,300,000
09-Jul-09	2000010274	Debt Management Office	-20,500,000
10-Jul-09	2000010275	Debt Management Office	-9,600,000
10-Jul-09	2000010276	Salford City Council	-5,400,000
10-Jul-09	2000010277	Salford City Council	-4,000,000
13-Jul-09	2000010279	Debt Management Office	-5,000,000
13-Jul-09	2000010278	Debt Management Office	-1,500,000
14-Jul-09	2000010280	Debt Management Office	-13,000,000
14-Jul-09	2000010281	Debt Management Office	-2,500,000
15-Jul-09	2000010285	Debt Management Office	-10,000,000
15-Jul-09	2000010282	Debt Management Office	-6,000,000
15-Jul-09	2000010283	Debt Management Office	-5,000,000
15-Jul-09	2000010284	Debt Management Office	-5,000,000
16-Jul-09	2000010286	Debt Management Office	-12,000,000
16-Jul-09	2000010287	Debt Management Office	-7,000,000
17-Jul-09	2000010288	Debt Management Office	-12,500,000
20-Jul-09	2000010289	Debt Management Office	-18,500,000
21-Jul-09	2000010290	Debt Management Office	-10,000,000
21-Jul-09	2000010291	Debt Management Office	-8,500,000
22-Jul-09	2000010292	Debt Management Office	-12,000,000
22-Jul-09	2000010293	Debt Management Office	-10,000,000
23-Jul-09	2000010294	Debt Management Office	-9,500,000
24-Jul-09	2000010295	Debt Management Office	-9,700,000
27-Jul-09	2000010296	Debt Management Office	-17,000,000
28-Jul-09	2000010297	Glasgow City Council	-12,000,000
28-Jul-09	2000010298	Debt Management Office	-11,400,000
29-Jul-09	2000010299	Debt Management Office	-10,000,000
30-Jul-09	2000010300	Debt Management Office	-8,800,000
31-Jul-09	2000010301	Debt Management Office	-12,000,000
03-Aug-09	2000010302	Debt Management Office	-5,000,000
04-Aug-09	2000010305	Debt Management Office	-12,000,000
04-Aug-09	2000010303	Debt Management Office	-10,000,000
04-Aug-09	2000010304	Debt Management Office	-5,000,000
05-Aug-09	2000010306	Debt Management Office	-10,000,000
05-Aug-09	2000010307	Debt Management Office	-7,400,000
06-Aug-09	2000010308	Debt Management Office	-4,500,000
07-Aug-09	2000010309	Debt Management Office	-5,500,000
10-Aug-09	2000010310	Debt Management Office	-3,200,000
11-Aug-09	2000010311	Debt Management Office	-11,000,000

12-Aug-09	2000010312	Debt Management Office	-10,600,000
13-Aug-09	2000010313	Debt Management Office	-8,300,000
14-Aug-09	2000010314	Debt Management Office	-2,000,000
17-Aug-09	2000010315	Debt Management Office	-10,000,000
17-Aug-09	2000010316	Debt Management Office	-10,000,000
17-Aug-09	2000010317	Debt Management Office	-7,800,000
18-Aug-09	2000010318	Debt Management Office	-8,000,000
19-Aug-09	2000010320	Debt Management Office	-6,000,000
19-Aug-09	2000010319	Debt Management Office	-5,200,000
19-Aug-09	2000010321	Debt Management Office	-5,000,000
20-Aug-09	2000010322	Debt Management Office	-6,000,000
20-Aug-09	2000010323	Bank of Scotland Corporate	-5,000,000
20-Aug-09	2000010324	Royal Bank of Scotland	-5,000,000
21-Aug-09	2000010325	Debt Management Office	-12,000,000
21-Aug-09	2000010326	Royal Bank of Scotland	-6,500,000
24-Aug-09	2000010327	Debt Management Office	-16,200,000
25-Aug-09	2000010328	Debt Management Office	-16,000,000
26-Aug-09	2000010329	Debt Management Office	-17,300,000
27-Aug-09	2000010330	Debt Management Office	-16,600,000
28-Aug-09	2000010331	Debt Management Office	-13,500,000
28-Aug-09	2000010332	Royal Bank of Scotland	-5,000,000
01-Sep-09	2000010333	Debt Management Office	-15,000,000
01-Sep-09	2000010334	Bank of Scotland Corporation	-6,500,000
02-Sep-09	2000010335	Debt Management Office	-7,000,000
02-Sep-09	2000010336	Bank of Scotland Corporation	-5,000,000
03-Sep-09	2000010337	Debt Management Office	-14,600,000
04-Sep-09	2000010338	Debt Management Office	-17,000,000
07-Sep-09	2000010339	Debt Management Office	-20,500,000
08-Sep-09	2000010340	Debt Management Office	-23,000,000
09-Sep-09	2000010342	Debt Management Office	-14,000,000
09-Sep-09	2000010341	Bank of Scotland Corporation	-8,500,000
10-Sep-09	2000010343	Debt Management Office	-10,600,000
11-Sep-09	2000010345	Debt Management Office	-10,000,000
11-Sep-09	2000010346	Debt Management Office	-5,500,000
11-Sep-09	2000010344	Royal Bank of Scotland	-3,500,000
14-Sep-09	2000010347	Debt Management Office	-11,500,000
14-Sep-09	2000010348	Gloucester City Council	-1,000,000
15-Sep-09	2000010349	Debt Management Office	-12,500,000
15-Sep-09	2000010350	Debt Management Office	-11,000,000
15-Sep-09	2000010351	Debt Management Office	-11,000,000
16-Sep-09	2000010352	Debt Management Office	-10,500,000
17-Sep-09	2000010353	Debt Management Office	-6,100,000
17-Sep-09	2000010354	West Sussex County Council	-3,900,000
18-Sep-09	2000010356	Debt Management Office	-12,200,000
18-Sep-09	2000010355	Debt Management Office	-11,000,000
21-Sep-09	2000010357	Stockport Metropolitan BC	-8,000,000
21-Sep-09	2000010358	Exeter City Council	-3,000,000
22-Sep-09	2000010360	Debt Management Office	-10,000,000
22-Sep-09	2000010359	Debt Management Office	-4,000,000
23-Sep-09	2000010361	Debt Management Office	-12,500,000
24-Sep-09	2000010362	Debt Management Office	-10,000,000
24-Sep-09	2000010363	Debt Management Office	-4,000,000
25-Sep-09	2000010365	Debt Management Office	-7,500,000
25-Sep-09	2000010364	Debt Management Office	-5,000,000
25-Sep-09	2000010366	Bank of Scotland Corporation	-5,000,000

28-Sep-09	2000010367	Debt Management Office	-12,000,000
29-Sep-09	2000010368	Debt Management Office	-7,500,000
01-Oct-09	2000010370	Debt Management Office	-4,000,000
01-Oct-09	2000010369	Debt Management Office	-2,000,000
01-Oct-09	2000010341	Bank of Scotland Corporation	-600,000
02-Oct-09	2000010371	Debt Management Office	-10,000,000
05-Oct-09	2000010373	Debt Management Office	-9,000,000
05-Oct-09	2000010372	Debt Management Office	-4,000,000
05-Oct-09	2000010374	Debt Management Office	-1,000,000
06-Oct-09	2000010375	Debt Management Office	-1,800,000
07-Oct-09	2000010376	Debt Management Office	-7,500,000
08-Oct-09	2000010377	Debt Management Office	-4,000,000
09-Oct-09	2000010378	Debt Management Office	-3,800,000
12-Oct-09	2000010379	Debt Management Office	-7,500,000
13-Oct-09	2000010380	Debt Management Office	-8,500,000
14-Oct-09	2000010381	Debt Management Office	-7,000,000
15-Oct-09	2000010382	Debt Management Office	-10,000,000
15-Oct-09	2000010383	Debt Management Office	-10,000,000
15-Oct-09	2000010384	Debt Management Office	-8,500,000
16-Oct-09	2000010385	Debt Management Office	-11,200,000
19-Oct-09	2000010387	Debt Management Office	-10,000,000
19-Oct-09	2000010386	Debt Management Office	-4,000,000
19-Oct-09	2000010388	Debt Management Office	-3,000,000
20-Oct-09	2000010389	Debt Management Office	-8,000,000
21-Oct-09	2000010390	Debt Management Office	-7,500,000
22-Oct-09	2000010391	Debt Management Office	-7,400,000
23-Oct-09	2000010392	Debt Management Office	-4,000,000
26-Oct-09	2000010393	Debt Management Office	-5,100,000
27-Oct-09	2000010394	Debt Management Office	-5,200,000
28-Oct-09	2000010395	Debt Management Office	-2,200,000
30-Oct-09	2000010396	Debt Management Office	-3,700,000
30-Oct-09	2000010397	Cambridgeshire CC	-3,600,000
02-Nov-09	2000010398	Debt Management Office	-5,500,000
03-Nov-09	2000010399	Debt Management Office	-3,500,000
04-Nov-09	2000010400	Barclays Commercial Bank	-5,500,000
05-Nov-09	2000010402	Barclays Commercial Bank	-9,000,000
05-Nov-09	2000010401	Debt Management Office	-5,000,000
06-Nov-09	2000010403	Barclays Commercial Bank	-2,500,000
09-Nov-09	2000010404	Debt Management Office	-5,200,000
10-Nov-09	2000010405	Debt Management Office	-5,500,000
10-Nov-09	2000010406	Barclays Commercial Bank	-2,500,000
11-Nov-09	2000010407	Debt Management Office	-4,000,000
12-Nov-09	2000010408	Debt Management Office	-4,000,000
13-Nov-09	2000010409	London Borough of Merton	-4,500,000
16-Nov-09	2000010413	Debt Management Office	-9,300,000
16-Nov-09	2000010411	Barclays Commercial Bank	-8,000,000
16-Nov-09	2000010410	Debt Management Office	-5,000,000
16-Nov-09	2000010412	Royal Bank of Scotland	-5,000,000
17-Nov-09	2000010415	Debt Management Office	-3,500,000
17-Nov-09	2000010414	The Highland Council	-3,000,000
18-Nov-09	2000010341	Bank of Scotland Corporation	-5,000,000
18-Nov-09	2000010416	Royal Bank of Scotland	-5,000,000
18-Nov-09	2000010417	Debt Management Office	-2,800,000
19-Nov-09	2000010418	Debt Management Office	-8,800,000
20-Nov-09	2000010419	Royal Bank of Scotland	-6,500,000

20-Nov-09	2000010420	Manchester City Council	-4,400,000
20-Nov-09	2000010421	Manchester City Council	-4,000,000
23-Nov-09	2000010422	West Lothian Council	-4,500,000
24-Nov-09	2000010423	Debt Management Office	-8,800,000
25-Nov-09	2000010341	Bank of Scotland Corporation	-6,500,000
25-Nov-09	2000010424	Debt Management Office	-4,300,000
26-Nov-09	2000010425	Debt Management Office	-5,600,000
26-Nov-09	2000010426	Barclays Commercial Bank	-2,500,000
27-Nov-09	2000010428	London Borough of Lewisham	-5,000,000
27-Nov-09	2000010427	Woking BC	-1,800,000
30-Nov-09	2000010430	Aylesbury Vale DC	-5,000,000
30-Nov-09	2000010429	Northamptonshire Council	-2,500,000
01-Dec-09	2000010434	Debt Management Office	-7,000,000
01-Dec-09	2000010433	Glasgow City Council	-6,075,000
01-Dec-09	2000010431	Aylesbury Vale DC	-5,000,000
01-Dec-09	2000010432	Eastleigh BC	-2,000,000
02-Dec-09	2000010435	Debt Management Office	-1,000,000
03-Dec-09	2000010436	Debt Management Office	-9,500,000
03-Dec-09	2000010437	Royal Bank of Scotland	-3,500,000
04-Dec-09	2000010440	Debt Management Office	-7,400,000
04-Dec-09	2000010439	Sheffield City Council	-3,100,000
04-Dec-09	2000010438	Telford & Wrekin Council	-2,000,000
07-Dec-09	2000010441	Debt Management Office	-9,900,000
08-Dec-09	2000010442	Debt Management Office	-5,000,000
09-Dec-09	2000010443	Debt Management Office	-8,500,000
10-Dec-09	2000010444	Debt Management Office	-7,500,000
10-Dec-09	2000010445	London Borough of Waltham Forest	-5,000,000
11-Dec-09	2000010446	Debt Management Office	-7,500,000
14-Dec-09	2000010447	Debt Management Office	-7,400,000
15-Dec-09	2000010451	Debt Management Office	-15,400,000
15-Dec-09	2000010452	Debt Management Office	-8,200,000
15-Dec-09	2000010450	Eastleigh BC	-6,000,000
15-Dec-09	2000010448	Rochdale Metropolitan BC	-5,000,000
15-Dec-09	2000010449	Tameside MBC	-2,070,000
16-Dec-09	2000010454	Debt Management Office	-8,200,000
16-Dec-09	2000010453	Debt Management Office	-5,000,000
17-Dec-09	2000010455	Debt Management Office	-4,100,000
18-Dec-09	2000010456	Debt Management Office	-4,600,000
21-Dec-09	2000010457	Debt Management Office	-12,700,000
22-Dec-09	2000010458	Debt Management Office	-10,800,000
23-Dec-09	2000010459	Debt Management Office	-13,600,000
24-Dec-09	2000010460	Debt Management Office	-11,400,000
29-Dec-09	2000010461	Debt Management Office	-11,700,000
30-Dec-09	2000010463	Debt Management Office	-7,800,000
30-Dec-09	2000010462	Thurrock BC	-3,000,000
31-Dec-09	2000010465	Debt Management Office	-11,000,000
31-Dec-09	2000010341	Bank of Scotland Corporation	-5,000,000
31-Dec-09	2000010464	Debt Management Office	-5,000,000
04-Jan-10	2000010466	Debt Management Office	-13,000,000
05-Jan-10	2000010467	Debt Management Office	-5,500,000
05-Jan-10	2000010468	Debt Management Office	-5,000,000
05-Jan-10	2000010470	Debt Management Office	-5,000,000
05-Jan-10	2000010469	Debt Management Office	-4,000,000
05-Jan-10	1000000501	Co-Operative Bank Plc	-1,213,000
07-Jan-10	2000010473	Debt Management Office	-12,000,000

07-Jan-10	2000010472	Salford City Council	-10,000,000
07-Jan-10	2000010471	Plymouth City Council	-3,000,000
08-Jan-10	2000010474	West Berkshire Council	-5,000,000
11-Jan-10	2000010476	Debt Management Office	-6,200,000
11-Jan-10	2000010475	Plymouth City Council	-2,000,000
12-Jan-10	2000010477	Debt Management Office	-6,700,000
13-Jan-10	2000010478	Debt Management Office	-10,300,000
14-Jan-10	2000010479	Debt Management Office	-7,100,000
15-Jan-10	2000010481	Debt Management Office	-13,000,000
15-Jan-10	2000010480	Debt Management Office	-10,000,000
18-Jan-10	2000010483	Debt Management Office	-20,000,000
18-Jan-10	2000010485	London Borough of Brent	-14,500,000
18-Jan-10	2000010482	Debt Management Office	-5,000,000
18-Jan-10	2000010484	Plymouth City Council	-5,000,000
19-Jan-10	2000010486	Barclays Commercial Bank	-6,000,000
20-Jan-10	2000010487	Debt Management Office	-11,500,000
21-Jan-10	2000010489	Debt Management Office	-7,000,000
21-Jan-10	2000010488	Debt Management Office	-5,000,000
22-Jan-10	2000010490	Debt Management Office	-3,100,000
22-Jan-10	2000010491	West Yorkshire Fire & Rescue Authority	-2,400,000
25-Jan-10	2000010492	London Borough of Brent	-5,000,000
25-Jan-10	2000010495	Debt Management Office	-4,000,000
25-Jan-10	2000010494	Southampton City Council	-1,400,000
25-Jan-10	2000010493	Selby District Council	-1,000,000
26-Jan-10	2000010497	Leeds City Council	-5,000,000
26-Jan-10	2000010496	Debt Management Office	-4,500,000
26-Jan-10	2000010498	Exeter City Council	-3,000,000
27-Jan-10	2000010499	Debt Management Office	-7,000,000
28-Jan-10	2000010501	Southend-on-Sea BC	-5,000,000
28-Jan-10	2000010500	Merseyside Police Authority	-2,100,000
29-Jan-10	2000010502	Southend-on-Sea BC	-5,000,000
29-Jan-10	2000010503	Debt Management Office	-3,800,000
01-Feb-10	2000010504	Royal Bank of Scotland	-20,000,000
01-Feb-10	2000010506	London Borough of Brent	-14,500,000
01-Feb-10	2000010509	Glasgow City Council	-12,000,000
01-Feb-10	2000010510	Glasgow City Council	-6,000,000
01-Feb-10	2000010508	Southend-on-Sea BC	-5,000,000
01-Feb-10	2000010507	West Yorkshire F & R Auth	-2,000,000
01-Feb-10	2000010511	Debt Management Office	-2,000,000
01-Feb-10	2000010505	Suffolk County Council	-1,300,000
02-Feb-10	2000010514	Barclays Commercial Bank	-9,500,000
02-Feb-10	2000010512	West Yorkshire Police Authority	-5,000,000
02-Feb-10	2000010513	Stockport Metropolitan BC	-2,450,000
03-Feb-10	2000010515	Debt Management Office	-1,300,000
03-Feb-10	2000010516	Calderdale MBC	-1,100,000
04-Feb-10	2000010518	Debt Management Office	-6,500,000
04-Feb-10	2000010517	Debt Management Office	-5,000,000
05-Feb-10	2000010519	Bristol City Council	-10,000,000
05-Feb-10	2000010520	Debt Management Office	-6,800,000
08-Feb-10	2000010521	Southend-on-Sea BC	-5,000,000
08-Feb-10	2000010522	Debt Management Office	-3,000,000
08-Feb-10	2000010523	Debt Management Office	-3,000,000
09-Feb-10	2000010525	Barclays Commercial Bank	-5,900,000
09-Feb-10	2000010524	Dover District Council	-5,000,000
10-Feb-10	2000010526	Debt Management Office	-9,000,000

11-Feb-10	2000010528	Debt Management Office	-5,200,000
11-Feb-10	2000010527	Barclays Commercial Bank	-3,600,000
12-Feb-10	2000010529	Leeds City Council	-5,500,000
15-Feb-10	2000010530	Debt Management Office	-59,000,000
15-Feb-10	2000010531	Co-Operative Bank Plc	-16,600,000
16-Feb-10	2000010527	Barclays Commercial Bank	-12,500,000
16-Feb-10	2000010532	Barclays Commercial Bank	-10,000,000
18-Feb-10	2000010533	Debt Management Office	-4,500,000
19-Feb-10	2000010534	Debt Management Office	-6,200,000
22-Feb-10	2000010535	Debt Management Office	-2,400,000
23-Feb-10	2000010536	Dover District Council	-6,700,000
24-Feb-10	2000010527	Barclays Commercial Bank	-8,400,000
26-Feb-10	2000010537	Southend-on-Sea BC	-1,500,000
01-Mar-10	2000010544	Debt Management Office	-22,000,000
01-Mar-10	2000010538	London Borough of Croydon	-8,000,000
01-Mar-10	2000010541	London Borough of Haringey	-7,300,000
01-Mar-10	2000010543	Debt Management Office	-7,200,000
01-Mar-10	2000010539	Leicestershire County Council	-5,000,000
01-Mar-10	2000010540	Exeter City Council	-4,000,000
01-Mar-10	2000010542	West Yorkshire Police Authority	-1,000,000
02-Mar-10	2000010546	Debt Management Office	-8,600,000
02-Mar-10	2000010545	Salford City Council	-4,100,000
04-Mar-10	2000010550	Debt Management Office	-3,300,000
04-Mar-10	2000010547	London Borough of Croydon	-2,000,000
04-Mar-10	2000010548	Glasgow City Council	-2,000,000
04-Mar-10	2000010549	West Berkshire Council	-1,000,000
05-Mar-10	2000010552	Debt Management Office	-6,500,000
05-Mar-10	2000010551	London Borough of Croydon	-1,100,000
08-Mar-10	2000010553	Debt Management Office	-3,400,000
09-Mar-10	2000010554	London Borough of Haringey	-3,000,000
15-Mar-10	2000010561	Debt Management Office	-12,000,000
15-Mar-10	2000010556	Swindon BC	-10,000,000
15-Mar-10	2000010558	London Borough of Croydon	-10,000,000
15-Mar-10	2000010557	Eastleigh BC	-6,000,000
15-Mar-10	2000010562	London Borough of Croydon	-5,000,000
15-Mar-10	2000010560	Dunfries & Galloway Council	-3,000,000
15-Mar-10	2000010555	Vale Of White Horse DC	-2,000,000
16-Mar-10	2000010559	Leeds City Council	-5,000,000
16-Mar-10	2000010564	Debt Management Office	-4,400,000
16-Mar-10	2000010563	Brighton & Hove CC	-4,000,000
17-Mar-10	2000010567	Debt Management Office	-5,800,000
17-Mar-10	2000010565	Salford City Council	-3,400,000
17-Mar-10	2000010566	Gloucester City Council	-1,500,000
18-Mar-10	2000010569	Debt Management Office	-4,000,000
18-Mar-10	2000010568	Chesterfield BC	-2,000,000
19-Mar-10	2000010571	Salford City Council	-10,000,000
19-Mar-10	2000010570	Debt Management Office	-2,500,000
23-Mar-10	2000010572	Barnsley MBC	-1,300,000
24-Mar-10	2000010573	Debt Management Office	-10,300,000
25-Mar-10	2000010575	Debt Management Office	-6,800,000
25-Mar-10	2000010574	Blaenau Gwent County BC	-2,600,000
26-Mar-10	2000010576	Debt Management Office	-2,600,000
29-Mar-10	2000010577	Debt Management Office	-2,300,000
30-Mar-10	2000010578	Debt Management Office	-7,300,000

-3,240,991,000

Appendix B – Deposits Repaid in the Year to 31 March 2010

Date	Deal Reference	Counter Party	Amount
01-Apr-09	2000010060	Irish Nationwide BS	6,200,000
01-Apr-09	2000010148	Debt Management Office	14,000,000
01-Apr-09	2000010149	Debt Management Office	15,000,000
02-Apr-09	2000010097	Nationwide BS	7,500,000
02-Apr-09	2000010150	Debt Management Office	17,500,000
03-Apr-09	2000010151	Debt Management Office	10,500,000
06-Apr-09	2000010153	London Borough of Newham	10,000,000
06-Apr-09	2000010154	Debt Management Office	11,000,000
07-Apr-09	2000010158	West Yorkshire Police Authority	5,000,000
07-Apr-09	2000010155	Debt Management Office	10,000,000
08-Apr-09	2000010160	Debt Management Office	13,000,000
09-Apr-09	2000010099	Northern Rock	10,500,000
09-Apr-09	2000010161	Debt Management Office	13,500,000
14-Apr-09	2000010162	Debt Management Office	3,800,000
14-Apr-09	2000010163	London Borough of Newham	19,500,000
15-Apr-09	2000010168	High Peak BC	2,000,000
15-Apr-09	2000010101	Nationwide BS	6,000,000
15-Apr-09	2000010100	Barclays Bank Plc	7,000,000
15-Apr-09	2000010103	Lloyds Banking Group Plc	10,000,000
15-Apr-09	2000010164	Debt Management Office	10,000,000
16-Apr-09	2000010169	Debt Management Office	10,000,000
17-Apr-09	2000010174	Debt Management Office	6,000,000
17-Apr-09	2000010175	Debt Management Office	9,800,000
20-Apr-09	2000010029	Abbey UK Corporate Bank	6,300,000
21-Apr-09	2000005665	HSBC Bank Plc	5,000,000
21-Apr-09	2000010178	Debt Management Office	10,500,000
22-Apr-09	2000010179	Debt Management Office	11,500,000
23-Apr-09	2000010184	Basildon DC	900,000
23-Apr-09	2000010181	Debt Management Office	12,600,000
24-Apr-09	2000010186	Debt Management Office	9,300,000
27-Apr-09	2000010187	Debt Management Office	12,000,000
28-Apr-09	2000010188	Debt Management Office	3,600,000
29-Apr-09	2000010189	Debt Management Office	1,300,000
29-Apr-09	2000010122	Midlothian Council	6,000,000
30-Apr-09	2000010118	Debt Management Office	4,000,000
30-Apr-09	2000010114	Birmingham City Council	6,000,000
30-Apr-09	2000010116	West Yorkshire Police Authority	6,000,000
30-Apr-09	2000010117	Nationwide BS	6,500,000
30-Apr-09	2000010190	Debt Management Office	8,300,000
01-May-09	2000010192	London Borough of Hounslow	3,600,000
05-May-09	2000010170	Debt Management Office	10,000,000
05-May-09	2000010193	Debt Management Office	19,000,000
06-May-09	2000010198	Debt Management Office	18,000,000
07-May-09	2000010126	Debt Management Office	4,000,000
07-May-09	2000010199	Debt Management Office	18,200,000
08-May-09	2000010202	Debt Management Office	10,000,000
11-May-09	2000010112	Plymouth City Council	5,000,000
11-May-09	2000010204	Debt Management Office	10,000,000
12-May-09	2000010205	Debt Management Office	15,000,000
13-May-09	2000010206	Debt Management Office	14,600,000
14-May-09	2000010207	Debt Management Office	12,000,000
15-May-09	2000010194	Southampton City Council	2,060,000

15-May-09	2000010197	Huntingdonshire DC	3,000,000
15-May-09	2000010208	Debt Management Office	10,500,000
18-May-09	2000010113	Plymouth City Council	5,000,000
19-May-09	2000010211	Debt Management Office	12,000,000
20-May-09	2000010213	Debt Management Office	11,500,000
21-May-09	2000005691	Coventry BS	2,000,000
21-May-09	2000010214	Debt Management Office	11,000,000
22-May-09	2000010216	Debt Management Office	3,500,000
22-May-09	2000010165	Debt Management Office	5,500,000
22-May-09	2000010128	Nationwide BS	6,000,000
26-May-09	2000005313	Royal Bank of Scotland	5,000,000
26-May-09	2000010217	Debt Management Office	7,000,000
27-May-09	2000010219	Debt Management Office	9,300,000
28-May-09	2000010220	Debt Management Office	10,500,000
29-May-09	2000005694	Skipton BS	3,000,000
29-May-09	2000005315	HBOS	5,000,000
29-May-09	2000010223	Debt Management Office	9,500,000
29-May-09	2000010130	Debt Management Office	18,500,000
01-Jun-09	2000010182	The Highland Council	1,000,000
01-Jun-09	2000010183	Woking BC	1,000,000
01-Jun-09	2000010210	Debt Management Office	10,000,000
01-Jun-09	2000010224	Debt Management Office	10,000,000
02-Jun-09	2000010226	Debt Management Office	10,000,000
03-Jun-09	2000010228	Debt Management Office	7,000,000
04-Jun-09	2000010229	Debt Management Office	7,000,000
05-Jun-09	2000010231	Debt Management Office	7,000,000
05-Jun-09	2000010173	Debt Management Office	10,000,000
08-Jun-09	2000005702	Britannia BS	1,500,000
08-Jun-09	2000010233	Debt Management Office	15,000,000
09-Jun-09	2000010212	Debt Management Office	3,000,000
09-Jun-09	2000010234	Debt Management Office	15,000,000
10-Jun-09	2000010235	Debt Management Office	7,000,000
11-Jun-09	2000010238	Debt Management Office	6,500,000
11-Jun-09	2000010171	Debt Management Office	10,000,000
12-Jun-09	2000010239	Debt Management Office	10,000,000
15-Jun-09	2000010242	Debt Management Office	8,600,000
16-Jun-09	2000010243	Debt Management Office	10,500,000
17-Jun-09	1000000500	Co-Operative Bank Plc	5,000,000
17-Jun-09	2000010247	Debt Management Office	6,000,000
18-Jun-09	2000010134	Nationwide BS	2,000,000
18-Jun-09	2000005710	West Bromwich BS	3,600,000
18-Jun-09	2000010248	Debt Management Office	9,000,000
19-Jun-09	2000010250	Debt Management Office	9,000,000
22-Jun-09	2000010251	Debt Management Office	9,500,000
22-Jun-09	2000010156	Debt Management Office	10,000,000
23-Jun-09	2000010244	Debt Management Office	5,000,000
23-Jun-09	2000010253	Debt Management Office	10,000,000
23-Jun-09	2000010255	Debt Management Office	13,800,000
25-Jun-09	2000010230	Debt Management Office	6,000,000
25-Jun-09	2000010256	Debt Management Office	13,500,000
26-Jun-09	2000010257	Debt Management Office	9,000,000
29-Jun-09	2000010232	Debt Management Office	5,500,000
29-Jun-09	2000010259	Debt Management Office	8,000,000
30-Jun-09	2000010260	Debt Management Office	8,000,000
30-Jun-09	2000010159	West Lothian Council	10,000,000

30-Jun-09	2000010157	Debt Management Office	12,000,000
01-Jul-09	2000010166	Debt Management Office	6,500,000
01-Jul-09	2000010262	Lancashire County Council	15,000,000
02-Jul-09	2000010152	Gloucester City Council	5,000,000
02-Jul-09	2000010263	Debt Management Office	7,000,000
03-Jul-09	2000010266	Debt Management Office	9,000,000
06-Jul-09	2000010268	Debt Management Office	6,000,000
07-Jul-09	2000010270	Debt Management Office	6,000,000
07-Jul-09	2000010167	Debt Management Office	8,000,000
08-Jul-09	2000010272	Debt Management Office	12,500,000
09-Jul-09	2000010172	Debt Management Office	10,000,000
09-Jul-09	2000010273	Debt Management Office	11,300,000
10-Jul-09	2000010274	Debt Management Office	20,500,000
13-Jul-09	2000010275	Debt Management Office	9,600,000
14-Jul-09	2000010277	Salford City Council	4,000,000
14-Jul-09	2000010008	Bank of Scotland-Ireland	11,000,000
15-Jul-09	2000010195	Stockport Metropolitan BC	4,400,000
15-Jul-09	2000010276	Salford City Council	5,400,000
16-Jul-09	2000010176	Leeds City Council	5,000,000
16-Jul-09	2000010177	Leeds City Council	5,000,000
17-Jul-09	2000010286	Debt Management Office	12,000,000
20-Jul-09	2000010180	Leicestershire County Council	5,000,000
20-Jul-09	2000010288	Debt Management Office	12,500,000
21-Jul-09	2000010289	Debt Management Office	18,500,000
22-Jul-09	2000010185	Bolton MBC	3,500,000
22-Jul-09	2000010221	Debt Management Office	4,000,000
22-Jul-09	2000010290	Debt Management Office	10,000,000
23-Jul-09	2000010292	Debt Management Office	12,000,000
24-Jul-09	2000010294	Debt Management Office	9,500,000
27-Jul-09	2000010295	Debt Management Office	9,700,000
27-Jul-09	2000010209	Debt Management Office	10,000,000
28-Jul-09	2000010279	Debt Management Office	5,000,000
28-Jul-09	2000010282	Debt Management Office	6,000,000
28-Jul-09	2000010296	Debt Management Office	17,000,000
29-Jul-09	2000010298	Debt Management Office	11,400,000
30-Jul-09	2000010299	Debt Management Office	10,000,000
31-Jul-09	2000010196	Leeds City Council	5,000,000
31-Jul-09	2000010222	Debt Management Office	5,000,000
31-Jul-09	2000010203	Debt Management Office	7,000,000
31-Jul-09	2000010201	Debt Management Office	8,000,000
31-Jul-09	2000010300	Debt Management Office	8,800,000
03-Aug-09	2000010301	Debt Management Office	12,000,000
04-Aug-09	2000010200	Leeds City Council	5,000,000
04-Aug-09	2000010022	Cater Allen Private Bank	10,000,000
05-Aug-09	2000010303	Debt Management Office	10,000,000
06-Aug-09	2000010306	Debt Management Office	10,000,000
07-Aug-09	2000010240	Debt Management Office	3,000,000
07-Aug-09	2000010308	Debt Management Office	4,500,000
10-Aug-09	2000010241	Debt Management Office	5,000,000
11-Aug-09	2000010310	Debt Management Office	3,200,000
11-Aug-09	2000010264	Debt Management Office	5,500,000
12-Aug-09	2000010311	Debt Management Office	11,000,000
13-Aug-09	2000010312	Debt Management Office	10,600,000
14-Aug-09	2000010313	Debt Management Office	8,300,000
17-Aug-09	2000010314	Debt Management Office	2,000,000

17-Aug-09	2000010215	Debt Management Office	10,000,000
18-Aug-09	2000010315	Debt Management Office	10,000,000
19-Aug-09	2000010278	Debt Management Office	1,500,000
19-Aug-09	2000010297	Glasgow City Council	12,000,000
20-Aug-09	2000010319	Debt Management Office	5,200,000
20-Aug-09	2000010218	Greater Manchester Waste Disposal Auth	7,223,000
21-Aug-09	2000010322	Debt Management Office	6,000,000
21-Aug-09	2000010225	Debt Management Office	11,000,000
24-Aug-09	2000010236	Debt Management Office	5,000,000
24-Aug-09	2000010325	Debt Management Office	12,000,000
25-Aug-09	2000010265	Debt Management Office	5,000,000
25-Aug-09	2000010327	Debt Management Office	16,200,000
26-Aug-09	2000010328	Debt Management Office	16,000,000
27-Aug-09	2000010329	Debt Management Office	17,300,000
28-Aug-09	2000010237	Debt Management Office	6,000,000
28-Aug-09	2000010227	Debt Management Office	11,000,000
28-Aug-09	2000010330	Debt Management Office	16,600,000
01-Sep-09	2000010245	Debt Management Office	4,000,000
01-Sep-09	2000010302	Debt Management Office	5,000,000
01-Sep-09	2000010331	Debt Management Office	13,500,000
02-Sep-09	2000010333	Debt Management Office	15,000,000
03-Sep-09	2000010335	Debt Management Office	7,000,000
04-Sep-09	2000010249	Debt Management Office	4,000,000
04-Sep-09	2000010337	Debt Management Office	14,600,000
07-Sep-09	2000010338	Debt Management Office	17,000,000
08-Sep-09	2000010252	Debt Management Office	4,000,000
08-Sep-09	2000010339	Debt Management Office	20,500,000
09-Sep-09	2000010340	Debt Management Office	23,000,000
10-Sep-09	2000010254	Debt Management Office	4,000,000
10-Sep-09	2000010342	Debt Management Office	14,000,000
11-Sep-09	2000010246	Debt Management Office	6,000,000
11-Sep-09	2000010343	Debt Management Office	10,600,000
14-Sep-09	2000010258	Debt Management Office	5,000,000
14-Sep-09	2000010345	Debt Management Office	10,000,000
15-Sep-09	2000010348	Gloucester City Council	1,000,000
15-Sep-09	2000010267	Debt Management Office	5,000,000
15-Sep-09	2000010347	Debt Management Office	11,500,000
16-Sep-09	2000010349	Debt Management Office	12,500,000
17-Sep-09	2000010352	Debt Management Office	10,500,000
18-Sep-09	2000010354	West Sussex County Council	3,900,000
18-Sep-09	2000010353	Debt Management Office	6,100,000
21-Sep-09	2000010355	Debt Management Office	11,000,000
22-Sep-09	2000010261	Debt Management Office	5,000,000
22-Sep-09	2000010357	Stockport Metropolitan BC	8,000,000
23-Sep-09	2000010359	Debt Management Office	4,000,000
23-Sep-09	2000010269	Debt Management Office	10,000,000
24-Sep-09	2000010361	Debt Management Office	12,500,000
25-Sep-09	2000010363	Debt Management Office	4,000,000
25-Sep-09	2000010336	Bank of Scotland Corporation	5,000,000
25-Sep-09	2000010356	Debt Management Office	12,200,000
28-Sep-09	2000010364	Debt Management Office	5,000,000
28-Sep-09	2000010360	Debt Management Office	10,000,000
29-Sep-09	2000010367	Debt Management Office	12,000,000
30-Sep-09	2000010341	Bank of Scotland Corporation	600,000
30-Sep-09	2000010271	Debt Management Office	4,000,000

30-Sep-09	2000010280	Debt Management Office	13,000,000
01-Oct-09	2000010281	Debt Management Office	2,500,000
01-Oct-09	2000010283	Debt Management Office	5,000,000
05-Oct-09	2000010371	Debt Management Office	10,000,000
06-Oct-09	2000010374	Debt Management Office	1,000,000
07-Oct-09	2000010375	Debt Management Office	1,800,000
07-Oct-09	2000010287	Debt Management Office	7,000,000
08-Oct-09	2000010284	Debt Management Office	5,000,000
09-Oct-09	2000010377	Debt Management Office	4,000,000
12-Oct-09	2000010285	Debt Management Office	10,000,000
13-Oct-09	2000010293	Debt Management Office	10,000,000
14-Oct-09	2000010380	Debt Management Office	8,500,000
15-Oct-09	2000010381	Debt Management Office	7,000,000
16-Oct-09	2000010382	Debt Management Office	10,000,000
19-Oct-09	2000010291	Debt Management Office	8,500,000
19-Oct-09	2000010385	Debt Management Office	11,200,000
20-Oct-09	2000010386	Debt Management Office	4,000,000
21-Oct-09	2000010389	Debt Management Office	8,000,000
22-Oct-09	2000010390	Debt Management Office	7,500,000
23-Oct-09	2000010391	Debt Management Office	7,400,000
26-Oct-09	2000010304	Debt Management Office	5,000,000
27-Oct-09	2000010393	Debt Management Office	5,100,000
27-Oct-09	2000010320	Debt Management Office	6,000,000
28-Oct-09	2000010394	Debt Management Office	5,200,000
29-Oct-09	2000010395	Debt Management Office	2,200,000
30-Oct-09	2000010309	Debt Management Office	5,500,000
30-Oct-09	2000010307	Debt Management Office	7,400,000
30-Oct-09	2000010305	Debt Management Office	12,000,000
02-Nov-09	2000010396	Debt Management Office	3,700,000
02-Nov-09	2000010318	Debt Management Office	8,000,000
03-Nov-09	2000010398	Debt Management Office	5,500,000
04-Nov-09	2000010399	Debt Management Office	3,500,000
06-Nov-09	2000010321	Debt Management Office	5,000,000
09-Nov-09	2000010317	Debt Management Office	7,800,000
10-Nov-09	2000010403	Barclays Commercial Bank	2,500,000
10-Nov-09	2000010388	Debt Management Office	3,000,000
10-Nov-09	2000010404	Debt Management Office	5,200,000
11-Nov-09	2000010405	Debt Management Office	5,500,000
12-Nov-09	2000010407	Debt Management Office	4,000,000
13-Nov-09	2000010316	Debt Management Office	10,000,000
16-Nov-09	2000010409	London Borough of Merton	4,500,000
16-Nov-09	2000010332	Royal Bank of Scotland	5,000,000
17-Nov-09	2000010410	Debt Management Office	5,000,000
18-Nov-09	2000010415	Debt Management Office	3,500,000
18-Nov-09	2000010323	Bank of Scotland Corporation	5,000,000
18-Nov-09	2000010324	Royal Bank of Scotland	5,000,000
19-Nov-09	2000010417	Debt Management Office	2,800,000
19-Nov-09	2000010326	Royal Bank of Scotland	6,500,000
20-Nov-09	2000010397	Cambridgeshire CC	3,600,000
20-Nov-09	2000010418	Debt Management Office	8,800,000
23-Nov-09	2000010420	Manchester City Council	4,400,000
23-Nov-09	2000010401	Debt Management Office	5,000,000
24-Nov-09	2000010422	West Lothian Council	4,500,000
24-Nov-09	2000010334	Bank of Scotland Corporation	6,500,000
25-Nov-09	2000010406	Barclays Commercial Bank	2,500,000

25-Nov-09	2000010408	Debt Management Office	4,000,000
25-Nov-09	2000010423	Debt Management Office	8,800,000
26-Nov-09	2000010421	Manchester City Council	4,000,000
26-Nov-09	2000010424	Debt Management Office	4,300,000
27-Nov-09	2000010425	Debt Management Office	5,600,000
30-Nov-09	2000010344	Royal Bank of Scotland	3,500,000
30-Nov-09	2000010428	London Borough of Lewisham	5,000,000
30-Nov-09	2000010346	Debt Management Office	5,500,000
30-Nov-09	2000010351	Debt Management Office	11,000,000
01-Dec-09	2000010427	Woking BC	1,800,000
01-Dec-09	2000010429	Northamptonshire Council	2,500,000
01-Dec-09	2000010430	Aylesbury Vale DC	5,000,000
01-Dec-09	2000010350	Debt Management Office	11,000,000
02-Dec-09	2000010369	Debt Management Office	2,000,000
02-Dec-09	2000010434	Debt Management Office	7,000,000
03-Dec-09	2000010435	Debt Management Office	1,000,000
04-Dec-09	2000010370	Debt Management Office	4,000,000
04-Dec-09	2000010436	Debt Management Office	9,500,000
07-Dec-09	2000010440	Debt Management Office	7,400,000
08-Dec-09	2000010365	Debt Management Office	7,500,000
09-Dec-09	2000010441	Debt Management Office	9,900,000
10-Dec-09	2000010372	Debt Management Office	4,000,000
10-Dec-09	2000010443	Debt Management Office	8,500,000
11-Dec-09	2000010444	Debt Management Office	7,500,000
14-Dec-09	2000010362	Debt Management Office	10,000,000
15-Dec-09	2000010431	Aylesbury Vale DC	5,000,000
16-Dec-09	2000010433	Glasgow City Council	6,075,000
16-Dec-09	2000010452	Debt Management Office	8,200,000
17-Dec-09	2000010453	Debt Management Office	5,000,000
18-Dec-09	2000010358	Exeter City Council	3,000,000
18-Dec-09	2000010455	Debt Management Office	4,100,000
21-Dec-09	2000010366	Bank of Scotland Corporation	5,000,000
21-Dec-09	2000010368	Debt Management Office	7,500,000
22-Dec-09	2000010457	Debt Management Office	12,700,000
23-Dec-09	2000010378	Debt Management Office	3,800,000
23-Dec-09	2000010376	Debt Management Office	7,500,000
23-Dec-09	2000010379	Debt Management Office	7,500,000
23-Dec-09	2000010458	Debt Management Office	10,800,000
24-Dec-09	2000010459	Debt Management Office	13,600,000
29-Dec-09	2000010460	Debt Management Office	11,400,000
30-Dec-09	2000010456	Debt Management Office	4,600,000
30-Dec-09	2000010446	Debt Management Office	7,500,000
30-Dec-09	2000010461	Debt Management Office	11,700,000
31-Dec-09	2000010463	Debt Management Office	7,800,000
31-Dec-09	2000010373	Debt Management Office	9,000,000
04-Jan-10	1000000501	Co-Operative Bank Plc	1,213,000
04-Jan-10	2000010464	Debt Management Office	5,000,000
04-Jan-10	2000010384	Debt Management Office	8,500,000
05-Jan-10	2000010466	Debt Management Office	13,000,000
06-Jan-10	2000010467	Debt Management Office	5,500,000
07-Jan-10	2000010445	London Borough of Waltham Forest	5,000,000
07-Jan-10	2000010387	Debt Management Office	10,000,000
08-Jan-10	2000010442	Debt Management Office	5,000,000
11-Jan-10	2000010383	Debt Management Office	10,000,000
12-Jan-10	2000010476	Debt Management Office	6,200,000

13-Jan-10	2000010477	Debt Management Office	6,700,000
14-Jan-10	2000010447	Debt Management Office	7,400,000
15-Jan-10	2000010438	Telford & Wrekin Council	2,000,000
15-Jan-10	2000010439	Sheffield City Council	3,100,000
18-Jan-10	2000010392	Debt Management Office	4,000,000
18-Jan-10	2000010412	Royal Bank of Scotland	5,000,000
18-Jan-10	2000010416	Royal Bank of Scotland	5,000,000
18-Jan-10	2000010400	Barclays Commercial Bank	5,500,000
18-Jan-10	2000010411	Barclays Commercial Bank	8,000,000
18-Jan-10	2000010402	Barclays Commercial Bank	9,000,000
18-Jan-10	2000010413	Debt Management Office	9,300,000
19-Jan-10	2000010482	Debt Management Office	5,000,000
20-Jan-10	2000010479	Debt Management Office	7,100,000
21-Jan-10	2000010487	Debt Management Office	11,500,000
22-Jan-10	2000010488	Debt Management Office	5,000,000
25-Jan-10	2000010490	Debt Management Office	3,100,000
25-Jan-10	2000010454	Debt Management Office	8,200,000
26-Jan-10	2000010495	Debt Management Office	4,000,000
26-Jan-10	2000010468	Debt Management Office	5,000,000
26-Jan-10	2000010478	Debt Management Office	10,300,000
27-Jan-10	2000010496	Debt Management Office	4,500,000
27-Jan-10	2000010497	Leeds City Council	5,000,000
28-Jan-10	2000010499	Debt Management Office	7,000,000
29-Jan-10	2000010465	Debt Management Office	11,000,000
29-Jan-10	2000010451	Debt Management Office	15,400,000
01-Feb-10	2000010494	Southampton City Council	1,400,000
01-Feb-10	2000010432	Eastleigh BC	2,000,000
01-Feb-10	2000010426	Barclays Commercial Bank	2,500,000
01-Feb-10	2000010437	Royal Bank of Scotland	3,500,000
01-Feb-10	2000010503	Debt Management Office	3,800,000
01-Feb-10	2000010469	Debt Management Office	4,000,000
01-Feb-10	2000010419	Royal Bank of Scotland	6,500,000
01-Feb-10	2000010489	Debt Management Office	7,000,000
01-Feb-10	2000010485	London Borough of Brent	14,500,000
01-Feb-10	2000010483	Debt Management Office	20,000,000
02-Feb-10	2000010511	Debt Management Office	2,000,000
02-Feb-10	2000010480	Debt Management Office	10,000,000
02-Feb-10	2000010509	Glasgow City Council	12,000,000
03-Feb-10	2000010510	Glasgow City Council	6,000,000
04-Feb-10	2000010515	Debt Management Office	1,300,000
05-Feb-10	2000010516	Calderdale MBC	1,100,000
05-Feb-10	2000010500	Merseyside Police Authority	2,100,000
05-Feb-10	2000010512	West Yorkshire Police Authority	5,000,000
05-Feb-10	2000010517	Debt Management Office	5,000,000
08-Feb-10	2000010493	Selby DC	1,000,000
08-Feb-10	2000010481	Debt Management Office	13,000,000
09-Feb-10	2000010470	Debt Management Office	5,000,000
09-Feb-10	2000010518	Debt Management Office	6,500,000
10-Feb-10	2000010414	The Highland Council	3,000,000
10-Feb-10	2000010520	Debt Management Office	6,800,000
11-Feb-10	2000010526	Debt Management Office	9,000,000
12-Feb-10	2000010528	Debt Management Office	5,200,000
15-Feb-10	2000010505	Suffolk County Council	1,300,000
15-Feb-10	2000010507	West Yorkshire Fire & Rescue Authority	2,000,000
15-Feb-10	2000010522	Debt Management Office	3,000,000

15-Feb-10	2000010529	Leeds City Council	5,500,000
15-Feb-10	2000010486	Barclays Commercial Bank	6,000,000
15-Feb-10	2000010514	Barclays Commercial Bank	9,500,000
15-Feb-10	2000010506	London Borough of Brent	14,500,000
15-Feb-10	2000010504	Royal Bank of Scotland	20,000,000
16-Feb-10	2000010491	West Yorkshire Fire & Rescue Authority	2,400,000
16-Feb-10	2000010523	Debt Management Office	3,000,000
16-Feb-10	2000010531	Co-Operative Bank Plc	16,600,000
18-Feb-10	2000010492	London Borough of Brent	5,000,000
22-Feb-10	2000010533	Debt Management Office	4,500,000
22-Feb-10	2000010534	Debt Management Office	6,200,000
23-Feb-10	2000010535	Debt Management Office	2,400,000
23-Feb-10	2000010524	Dover DC	5,000,000
23-Feb-10	2000010525	Barclays Commercial Bank	5,900,000
24-Feb-10	2000010536	Dover DC	6,700,000
26-Feb-10	2000010513	Stockport Metropolitan BC	2,450,000
26-Feb-10	2000010473	Debt Management Office	12,000,000
01-Mar-10	2000010530	Debt Management Office	59,000,000
02-Mar-10	2000010543	Debt Management Office	7,200,000
02-Mar-10	2000010541	London Borough of Haringey	7,300,000
03-Mar-10	2000010546	Debt Management Office	8,600,000
05-Mar-10	2000010549	West Berkshire Council	1,000,000
05-Mar-10	2000010539	Leicestershire County Council	5,000,000
08-Mar-10	2000010545	Salford City Council	4,100,000
08-Mar-10	2000010552	Debt Management Office	6,500,000
09-Mar-10	2000010553	Debt Management Office	3,400,000
10-Mar-10	2000010554	London Borough of Haringey	3,000,000
11-Mar-10	2000010527	Barclays Commercial Bank	1,000,000
15-Mar-10	2000010542	West Yorkshire Police Authority	1,000,000
15-Mar-10	2000010449	Tameside MBC	2,070,000
15-Mar-10	2000010448	Rochdale MBC	5,000,000
15-Mar-10	2000010538	London Borough of Croydon	8,000,000
15-Mar-10	2000010544	Debt Management Office	22,000,000
16-Mar-10	2000010561	Debt Management Office	12,000,000
17-Mar-10	2000010564	Debt Management Office	4,400,000
17-Mar-10	2000010450	Eastleigh BC	6,000,000
18-Mar-10	2000010567	Debt Management Office	5,800,000
19-Mar-10	2000010548	Glasgow City Council	2,000,000
19-Mar-10	2000010569	Debt Management Office	4,000,000
22-Mar-10	2000010551	London Borough of Croydon	1,100,000
22-Mar-10	2000010527	Barclays Commercial Bank	1,500,000
22-Mar-10	2000010547	London Borough of Croydon	2,000,000
22-Mar-10	2000010570	Debt Management Office	2,500,000
22-Mar-10	2000010550	Debt Management Office	3,300,000
24-Mar-10	2000010572	Barnsley MBC	1,300,000
25-Mar-10	2000010573	Debt Management Office	10,300,000
26-Mar-10	2000010575	Debt Management Office	6,800,000
29-Mar-10	2000010576	Debt Management Office	2,600,000
29-Mar-10	2000010565	Salford City Council	3,400,000
30-Mar-10	2000010577	Debt Management Office	2,300,000
31-Mar-10	2000010462	Thurrock BC	3,000,000
31-Mar-10	2000010559	Leeds City Council	5,000,000
31-Mar-10	2000010578	Debt Management Office	7,300,000

3,260,691,000

DEPOSITS AS AT 31 MARCH 2010

APPENDIX C

Category	Deal Number	Counter Party	Deposit Date	Maturity Date	Rate of Interest	Amount Outstanding	Fitch Rating				Moody's Rating			S&P Ratings	
							S Term	L Term	Indiv	Support	S Term	L Term	Fin Stgth	S Term	L Term
Debt Management Agency Deposit Facility							Government Backed								
Local Authorities							Local Authorities								
2	2000010471	PLYMOUTH CITY COUNCIL	07-Jan-10	07-Apr-10	0.29	3,000,000.00									
2	2000010475	PLYMOUTH CITY COUNCIL	11-Jan-10	12-Apr-10	0.28	2,000,000.00									
2	2000010484	PLYMOUTH CITY COUNCIL	18-Jan-10	19-Apr-10	0.28	5,000,000.00									
2	2000010472	SALFORD CITY COUNCIL	07-Jan-10	01-Apr-10	0.28	10,000,000.00									
2	2000010571	SALFORD CITY COUNCIL	19-Mar-10	15-Apr-10	0.5	10,000,000.00									
2	2000010498	EXETER CITY COUNCIL	26-Jan-10	26-Apr-10	0.4	3,000,000.00									
2	2000010540	EXETER CITY COUNCIL	01-Mar-10	15-Apr-10	0.45	4,000,000.00									
2	2000010501	SOUTHEND-ON-SEA BC	28-Jan-10	26-Apr-10	0.5	5,000,000.00									
2	2000010502	SOUTHEND-ON-SEA BC	29-Jan-10	30-Apr-10	0.5	5,000,000.00									
2	2000010508	SOUTHEND-ON-SEA BC	01-Feb-10	30-Apr-10	0.5	5,000,000.00									
2	2000010521	SOUTHEND-ON-SEA BC	08-Feb-10	30-Apr-10	0.5	5,000,000.00									
2	2000010537	SOUTHEND-ON-SEA BC	26-Feb-10	30-Apr-10	0.4	1,500,000.00									
2	2000010519	BRISTOL CITY COUNCIL	05-Feb-10	05-May-10	0.4	10,000,000.00									
2	2000010558	London Borough of Croydon	15-Mar-10	06-Apr-10	0.4	10,000,000.00									
2	2000010562	London Borough of Croydon	15-Mar-10	15-Apr-10	0.35	5,000,000.00									
2	2000010557	EASTLEIGH B C	15-Mar-10	18-May-10	0.4	6,000,000.00									
2	2000010560	DUNFRIES & GALLOWAY COUNC	15-Mar-10	15-Apr-10	0.38	3,000,000.00									
2	2000010563	Brighton & Hove CC	16-Mar-10	15-Jun-10	0.45	4,000,000.00									
2	2000010566	GLOUCESTER CITY COUNCIL	17-Mar-10	15-Apr-10	0.45	1,500,000.00									
2	2000010568	Chesterfield B C	18-Mar-10	04-May-10	0.45	2,000,000.00									
2	2000010556	SWINDON BOROUGH COUNCIL	15-Mar-10	06-Apr-10	0.48	10,000,000.00									
2	2000010555	VALE OF WHITE HORSE DC	15-Mar-10	06-Apr-10	0.48	2,000,000.00									
2	2000010474	WEST BERKSHIRE COUNCIL	08-Jan-10	08-Apr-10	0.28	5,000,000.00									
2	2000010574	BLAENAU GWENT BOROUGH	25-Mar-10	07-Apr-10	0.45	2,600,000.00									
Banks and Building Societies with a UK Government controlling interest							F1	A-	F	1	P-1	A3	E	A-1	A-
4	2000005708	ROYAL BANK OF SCOTLAND	17-Jun-08	callable	7.57	5,000,000	F1+	AA-	D/E	1	P-1	Aa3	C-	A-1	A+
4	2000010341	BANK OF SCOTLAND CORPORAT	09-Sep-09	call account	0.75	25,000,000	F1+	AA-	C	1	P-1	Aa3	D+	A-1	A+
UK banks covered by the UK banking system support package							F1+	AA-	B	1	P-1	Aa3	C	A-1+	AA-
5	2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	call account	0.4	22,000,000	F1+	AA-	B	1	P-1	Aa3	C	A-1+	AA-
5	2000010532	BARCLAYS COMMERCIAL BANK	16-Feb-10	14-May-10	0.55	10,000,000	F1+	AA-	B	1	P-1	Aa3	C	A-1+	AA-
Building Societies							>£50billion up to 182 days or £25billion to £50 billion up to 90 days								
None															
Investments outside TMS															
							Comments on Redemption (if known)								
Icelandic Banks															
	2000005163	GLITNER BANK (ICELAND)	07-Nov-06	frozen		7,000,000									
	2000005218	GLITNER BANK (ICELAND)	24-Jan-07	frozen		3,000,000									
	2000005226	GLITNER BANK (ICELAND)	07-Feb-07	frozen		2,400,000									
	2000005511	LANDISBANKI ISLANDS H.F.	28-Sep-07	frozen		15,000,000									
TOTAL VALUE OF INVESTMENTS						209,000,000									
LESS ICELANDICS						181,600,000									
TOTAL VALUE OF INVESTMENTS OUTSIDE TMS						27,400,000									
LESS ICELANDICS						0									

**Current Counterparty Report for
London Borough of Barnet (Pure LCD) 09-10 Cabinet (30/03/09)**

Report run on: 02/07/2010 05:32:46

BUTLERS

List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term Outlook	L. Term	Indiv.	Support	S. Term Outlook	L. Term	Fin.Stgth	S. Term Outlook	L. Term	Time	Money
UK BANKS											
United Kingdom											
HSBC GROUP											
HSBC Bank plc	F1+ STA	AAA				Aaa		A-1+ NEG	AAA		
	F1+ STA	AA	B	1	P-1 NEG	Aa2	C+	A-1+ NEG	AA	92 DAYS	35
LLOYDS BANKING GROUP											
Bank of Scotland Plc	F1+ STA	AA-	C	1	P-1 STA(m)	Aa3	D+	A-1 STA	A+	92 DAYS	25 (M)
Lloyds TSB Bank	F1+ STA	AA-	C	1	P-1 STA(m)	Aa3	C-	A-1 STA	A+	92 DAYS	25 (M)
ROYAL BANK OF SCOTLAND GROUP											
Royal Bank of Scotland	F1+ STA	AA-	D/E	1	P-1 STA(m)	Aa3	C-	A-1 STA	A+	92 DAYS	25 (M)
Barclays Bank	F1+ STA	AA-	B	1	P-1 STA	Aa3	C	A-1+ NEG	AA-	92 DAYS	35
Co-operative Bank plc	F2 NEG	A-	B/C	3	P-1 STA	A2	D+			o/n or w/e	Council's Bank

**Current Counterparty Report for
London Borough of Barnet (Pure LCD) 09-10 Cabinet (30/03/09)**

Report run on: 02/07/2010 05:32:46

BUTLERS

List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term Outlook	L. Term	Indiv.	Support	S. Term Outlook	L. Term	Fin.Stgth	S. Term Outlook	L. Term	Time	Money
OVERSEAS BANKS											
Canada											
	F1+	AAA				Aaa		A-1+	AAA		
	STA				STA			STA			
Bank of Nova Scotia	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	92 DAYS	25
	STA				STA			STA			
Royal Bank of Canada	F1+	AA	A/B	1	P-1	Aaa	B+	A-1+	AA-	92 DAYS	25
	STA				NEG(m)			POS			
Toronto-Dominion Bank	F1+	AA-	B	1	P-1	Aaa	B+	A-1+	AA-	92 DAYS	25
	STA				NEG			POS			
Netherlands											
	F1+	AAA				Aaa		A-1+	AAA		
	STA				STA			STA			
Rabobank	F1+	AA+	A	1	P-1	Aaa	B+	A-1+	AAA	182 DAYS	25
	STA				NEG			NEG			
Singapore											
	F1+	AAA				Aaa		A-1+	AAA		
	STA				STA			STA			
Development Bank of Singapore	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	92 DAYS	25
	STA				STA			STA			
United States											
	F1+	AAA				Aaa		A-1+	AAA		
	STA				STA			STA			
BANK OF NEW YORK CO, INC GROUP	F1+	AA-	A/B	1	P-1	Aaa	B+	A-1+	AA	92 DAYS	25
Bank of New York	STA				STA			STA			
JP Morgan Chase Bank	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	92 DAYS	25
	STA				NEG			NEG			

**Current Counterparty Report for
London Borough of Barnet (Pure LCD) 09-10 Cabinet (30/03/09)**

Report run on: 02/07/2010 05:32:46

BUTLERS

List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term Outlook	L. Term	Indiv.	Support	S. Term Outlook	L. Term	Fin.Stgth	S. Term Outlook	L. Term	Time	Money
OTHERS											
United Kingdom	F1+	AAA			STA	Aaa		A-1+	AAA		
	STA							NEG			
DMO										364 DAYS	no limit
Local Authorities										364 DAYS	25 pa

Key

Upgraded **(U)** Positive Rating Watch **(P)** Upgraded Positive Rating Watch **(U.P)** Upgraded Negative Rating Watch **(U.N)**
 Downgraded **(D)** Negative Rating Watch **(N)** Downgraded Positive Rating Watch **(D.P)** Downgraded Negative Rating Watch **(D.N)**

(M) - Signifies that the counterparty has been manually added to the list.

* Added due to being nationalised. Guarantee can be removed by UK authorities giving no less than 3 months notice.

** Added due to significant financial support provided by UK government.

Counterparties based outside the UK can only be used if the sovereign is AAA (Stable) rated by all three rating agencies. The process is manual at the moment and therefore any change in relevant sovereign ratings will require a manual change to remove counterparties.

**Current Counterparty Report for
London Borough of Barnet (Pure LCD) 09-10 Cabinet (30/03/09)**

Report run on: 02/07/2010 05:32:46

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AGENDA ITEM: 8

Page nos. 37 - 39

Meeting	Budget and Performance Overview & Scrutiny Committee
Date	22 nd July 2010
Subject	Cabinet Forward Plan
Report of	Scrutiny Office
Summary	This report provides Members with the current published Cabinet Forward Plan. The Committee is asked to comment on and consider the Cabinet Forward Plan when identifying future areas of scrutiny work.

Officer Contributors	None
Status (public or exempt)	Public
Wards Affected	All
Enclosures	Appendix A – Cabinet Forward Plan of Key Decisions (May 2010)
Contact for Further Information:	Jeremy Williams Scrutiny Office ☎ 020-8359-2042 jeremy.williams@barnet.gov.uk

1. RECOMMENDATIONS

- 1.1 That the Committee comment on and consider the Cabinet Forward Plan for the period July to November 2010 when identifying areas of future Scrutiny work.**

2 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 The Overview and Scrutiny Committees/Sub-Committees must ensure that the work of Scrutiny is reflective of the Council's priorities.**

- 2.2 The three priority outcomes set out in the 2010/13 Corporate Plan are: –**

- **Better services with less money**
- **Sharing opportunities, sharing responsibilities**
- **A successful London suburb**

- 2.3 The Corporate Plan 2010/13 contains the following strategic objectives and performance targets that fall within the remit of the Corporate Governance Directorate and relate to Overview and Scrutiny:**

- **Improve council policy and decision making through greater involvement by non-executive members**
- **To improve the effectiveness and transparency of decision-making within the council by ensuring that Overview and Scrutiny in the year 2010/11:**
 - **Considers three decisions prior to being taken by Cabinet; and**
 - **Initiates three items of policy development.**

3. RELEVANT PREVIOUS DECISIONS

- 3.1 None.**

4. RISK MANAGEMENT ISSUES

- 4.1 None in the context of this report.**

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 In addition to the Terms of Reference of the Committee, and in so far as relating to matters within its remit, the role of the Committee is to perform the Overview and Scrutiny role in relation to:**

- **The Council's leadership role in relation to diversity and inclusiveness; and**
- **The fulfilment of the Council's duties as employer including recruitment and retention, personnel, pensions and payroll services, staff development, equalities and health and safety.**

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 None.

7. LEGAL ISSUES

7.1 None.

8 CONSTITUTIONAL POWERS

8.1 The scope of the Overview and Scrutiny Committees/Sub-Committees is contained within Part 2, Article 6 of the Council's Constitution; the Terms of Reference of the Scrutiny Committees/Sub-Committees are included in the Overview and Scrutiny Procedure Rules (Part 4 of the Council's Constitution).

9. BACKGROUND INFORMATION

9.1 Under the current overview and scrutiny arrangements, the Budget and Performance Overview & Scrutiny Committee will ensure that the work of Scrutiny is reflective of Council priorities, as evidenced by the Corporate Plan and the programme being followed by the Executive.

9.2 The Cabinet Forward Plan will be included on the agenda at each meeting of the Budget and Performance Overview & Scrutiny Committee as a standing item.

9.3 The Committee is encouraged to comment on the Forward Plan.

9.4 The Committee is asked to consider items contained within the Forward Plan to assist in identifying areas of future scrutiny work, particularly focussing on areas where scrutiny can add value in the decision making process (pre-decision scrutiny).

10. LIST OF BACKGROUND PAPERS

10.1 None.

London Borough of Barnet
Forward Plan of Key Decisions
15 July 2010

Contact: Nick Musgrove, Democratic Services, 020 8359 2024

nick.musgrove@barnet.gov.uk

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Cabinet Resources Committee – 19 July 2010					
Enablement and Home & Community Support Contracts	Award Contracts	Adults Kate Kennally			Full Report
Grahame Park Area Regeneration Project	Vary Phasing and Principal Devpt Agreement	Housing, Planning & Regeneration Stewart Murray			Full Report
Barnet Short Breaks Programme	Approval of 2010/11 commissioning strategy to secure the growth and development of services to children and young people with disabilities under the Aiming High funding stream. Waive contract regulations for a six month period so that existing provision can continue.	Education, Children & Families Graham Durham			Full Report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Residential and Foster Care Placements	Approve the use of London Care Placements framework agreements of approved providers for the provision of Independent Fostering Agency services and residential care services for children and young people who cannot be placed internally, for a period of three years with an option to extend for a further year.	Education, Children & Families Serena Hadi			Full Report
Data Loss	Consider independent investigation into data loss incident	Education, Children & Families Jeff Lustig, Robert McCulloch Graham			Full Report
Treasury Management	Receive update on treasury management activity	Resources & Performance Karen Bannister			Full Report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Monitoring 2010	Monitor the current position on revenue and capital finance.	Resources & Performance Maria Christofi			Full Report
128 Burnt Oak Broadway	Approve sale of the freehold interest to the long leaseholder	Resources & Performance Simon Shaer			Full Report
Cabinet Resources Committee –2 September 2010					
Mill Hill East Land Owners Agreement and Depot Site	Consider the current position on commercial negotiations, depot relocation issues and progress to date.	Resources and Performance Housing, Planning and Regeneration Stewart Murray			
Frith Manor School – Grant a ground lease of land within the school grounds for a Swimming Pool	Confirm granting of a ground lease at a concessionary rent and consent to build a pool in accordance with outline planning consent.	Resources and Performance Richard Malinowski			

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Housing Planning Delivery Grant	Approve formal allocation of Housing Planning Delivery Grant.	Resources and Performance Housing, Planning and Regeneration Lucy Shomali			
Growth Area Funding (Round 3) Update and Funding Re-allocation	Approve the proposed re-allocation of £1million from the Granville Road project to priority town centre projects.	Resources and Performance Lucy Shomali			
Barnet Infrastructure Delivery Plan and the Community Infrastructure Levy	Approve the Barnet Infrastructure Delivery Plan as part of the Core Strategy evidence base.	Resources and Performance Housing, Planning and Regeneration Lucy Shomali			
The Building (Local Authority Charges) Regulations 2010 – Proposed Charging Scheme	Approve London Borough of Barnet Building Regulations Charging Scheme 2010,	Housing, Planning and Regeneration Richard Morcom			

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Treasury Management Strategy	Approve new Strategy.	Resources and Performance Karen Bannister			
Monitoring 2010/11	Monitor the current position on revenue and capital finance.	Resources and Performance Maria Christofi			
Treasury Management Activity	Review current Treasury Management activity.	Resources and Performance Karen Bannister			
Cabinet 6 September 2010					
Meeting Demand for Primary School Places	Review provision of primary school places to meet the growing demand.	Children's Services Inv in Learning Robert McCulloch Graham	Consultation will be required in respect of proposals for specific schools	TBA	Full report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Local Development Framework (Core Strategy): Publication Stage	Consider outcome of consultation and approve submission draft	Planning & Environmental Protection Nick Lynch	Consultation ended 9 January 2010		Full report
Local Development Scheme	1. Approve revised scheme 2. Consider comments made by Business Management Overview and Scrutiny Sub-Committee	Planning & Environmental Protection Nick Lynch	Report initiates final stage in public consultation	TBA	Full report
Local Development Framework – Development Management Policies	Consider Preferred Option	Planning & Environmental Protection Mike Carless	Report initiates 6 week period of public consultation	TBA	Full report
Libraries	Initiate Strategic Review of the Library Service	Customer Access and Partnerships Richard Grice, Tom Pike			Full report
Corporate Parenting Strategy	Approve Strategy	Education, Children & Families Elaine Tuck			Full report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Anticipated Reference from Scrutiny: Recycling & Waste Minimisation	Consider recommendations of Scrutiny	Acting Dem Serv Manager			Report of Scrutiny Panel
Cabinet 20 October 2010					
Financial & Business Planning	Review financial and business planning issues/processes	Resources & Performance Andrew Travers			Full report
Local Development Framework – site allocations document	Consider preferred options	Housing, Planning & Regeneration Nick Lynch	Consultation ended March 2010		Full report
Housing with Support Options for Older People	Approve the outcomes of the options appraisal regarding housing with support for older people and to agree which option(s) should be worked up into a full business for change in consultation with stakeholders.	Adults Kate Kennally	Report initiates consultation	TBA	Full report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Fairer Contributions Policy	Authorise consultation	Adults Kate Kennally	Report initiates consultation on policy	TBA	Full report
Regeneration & Enterprise Strategy	Approve Strategy	Housing, Planning & Regeneration Colin Ross, Jodie Yandall			Full report
References from Scrutiny <ul style="list-style-type: none"> • Remodeling Older People's Housing with Support • Council's response to Cold Weather • Domestic Violence 	Consider report and recommendations following work of Task & Finish Groups	Scrutiny recs accompanied by any comments of Cabinet Members concerned			Full report
14 – 19 Decision Making Structures	To approve new decision-making structure	Children's Services Robert McCulloch Graham			Full report

Subject	Decision requested	Cabinet Member/ author	Consultation	Last date for reps	Documents to be considered
Cabinet 29 November 2010					
Sustainable Community Strategy	Recommend Council to approve new 2010 – 2020 Strategy.	Leader, Customer Access & Partnerships Andrew Nathan			Full report
Housing Allocations Policy	Consider outcome of consultation on proposed new policy – subject to Cabinet approval on 21/6	Housing, Planning & Regeneration Paul Shipway	Report gives details of outcome of consultation		Full report
North London Waste Authority	Consider Inter-Authority Agreement	Environment Michael Lai			Full report
New Barnet Town Centre Framework	Approve framework	Housing, Planning & Regeneration Lucy Shomali	Consultation ended March 2010		Full report

AGENDA ITEM: 9

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Meeting	Budget and Performance Overview & Scrutiny Committee
Date	22 nd July 2010
Subject	Budget and Performance Overview & Scrutiny Committee Forward Work Programme 2010/11
Report of	Scrutiny Office
Summary	This report outlines the Committee's work programme during 2010/11.

Officer Contributors	None
Status (public or exempt)	Public
Wards Affected	All
Enclosures	Appendix A – Budget and Performance Overview & Scrutiny Committee Work Programme 2010/11
Contact for Further Information:	Jeremy Williams Scrutiny Office ☎ 020-8359-2042 jeremy.williams@barnet.gov.uk

1. RECOMMENDATIONS

- 1.1 That the Committee consider and comment on the items included in the 2010/11 work programme of the Budget and Performance Overview & Scrutiny Committee (Appendix A).**

2 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 The Overview and Scrutiny Committees/Sub-Committees must ensure that the work of Scrutiny is reflective of the Council's priorities.**

- 2.2 The three priority outcomes set out in the 2010/13 Corporate Plan are: –**

- **Better services with less money**
- **Sharing opportunities, sharing responsibilities**
- **A successful London suburb**

- 2.3 The Corporate Plan 2010/13 contains the following strategic objectives and performance targets that fall within the remit of the Corporate Governance Directorate and relate to Overview and Scrutiny:**

- **Improve council policy and decision making through greater involvement by non-executive members**
- **To improve the effectiveness and transparency of decision-making within the council by ensuring that Overview and Scrutiny in the year 2010/11:**
 - **Considers three decisions prior to being taken by Cabinet; and**
 - **Initiates three items of policy development.**

3. RELEVANT PREVIOUS DECISIONS

- 3.1 None.**

4. RISK MANAGEMENT ISSUES

- 4.1 None in the context of this report.**

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 In addition to the Terms of Reference of the Committee, and in so far as relating to matters within its remit, the role of the Committee is to perform the Overview and Scrutiny role in relation to:**

- **The Council's leadership role in relation to diversity and inclusiveness; and**
- **The fulfilment of the Council's duties as employer including recruitment and retention, personnel, pensions and payroll services, staff development, equalities and health and safety.**

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 None in the context of this report.

7. LEGAL ISSUES

7.1 None in the context of this report.

8 CONSTITUTIONAL POWERS

8.1 The scope of the Overview and Scrutiny Committees/Sub-Committees is contained within Part 2, Article 6 of the Council's Constitution; the Terms of Reference of the Scrutiny Committees / Sub-Committees are included in the Overview and Scrutiny Procedure Rules (Part 4 of the Council's Constitution).

9. BACKGROUND INFORMATION

9.1 The Budget and Performance Overview & Scrutiny Committee's Work Programme 2010/11 indicates items of business previously considered by the Committee and forthcoming items.

9.2 The work programme of this Committee is intended to be a responsive tool, which will be updated on a rolling basis following each meeting, for the inclusion of areas which may arise through the course of the year.

9.3 The Committee is empowered to agree its priorities and determine its own schedule of work within the programme.

10. LIST OF BACKGROUND PAPERS

10.1 None.

BUDGET AND PERFORMANCE OVERVIEW & SCRUTINY COMMITTEE
WORK PROGRAMME 2010/11

3 JUNE 2010

ITEMS CONSIDERED	INFORMATION	REPORT ORIGIN	LINK TO CABINET / CORPORATE PLAN
Quarter Four Performance Information	A report presenting progress against the Corporate Plan performance indicators to be considered with a different area of particular focus at each meeting.	Internal - Performance	All priorities

DECISION:

1. That the Director of Corporate Services provide to the Committee a breakdown of back office support staff by department.
2. That officers provide the Committee with information as to where the customer hotline number 4600 is currently being directing to.
3. That the Committee be provided with the number of statutory (national) indicators.
4. That the Committee be provided with the original target for CPI 64, number of affordable homes delivered, and that reporting of performance information in the future contain details of targets which had changed during the course of the year.
5. That the performance information be noted.

6. That the Committee at its September meeting receive detailed information on performance relating to rising referrals to children's social care, and household waste and recycling, in addition to a complete set of Performance Indicators.

7. That the Committee be provided with the Places Analysis Tool by e-mail.

22 JULY 2010			
ITEMS TO BE CONSIDERED	INFORMATION	REPORT ORIGIN	LINK TO CABINET / CORPORATE PLAN
Treasury Management Strategy	Scrutiny of Treasury Management Strategy	Internal – Finance	Better services with less money
Quarterly Performance Indicators	A report presenting progress against the Corporate Plan performance indicators to be considered with a different area of particular focus at each meeting.	Internal - Performance	All priorities
1 SEPTEMBER 2010			
ITEMS TO BE CONSIDERED	INFORMATION	REPORT ORIGIN	LINK TO CABINET / CORPORATE PLAN
Estates Management Strategy	To be included early in the municipal year	Internal – Commercial Services	Better services with less money
Parking Policy and	Report to include:	Internal – Parking	Better services with

Performance	<ul style="list-style-type: none"> - revenue breakdown of parking - breakdown of cost, including admin, number of attendents - number of machines broken and percentage - cost of repairing machines - cost of moving to credit card machines - number of appeals - recommendations for improvements 		less money
Quarter One Performance Information	To include specific reporting on children’s social care and waste minimisation & recycling, together with an overview of performance.	Internal – Performance	Better services with less money
FUTURE MEETINGS			
INFORMATION		REPORT ORIGIN	LINK TO CABINET / CORPORATE PLAN
Budget and Financial Forward Plan	To receive regular reports on the Budget, Financial Forward Plan and Risk Register.	Internal - Finance	Better Services with Less Money
Budget Scrutiny	<ul style="list-style-type: none"> - Receiving a report outlining initial work towards the budget - Receiving a report on the draft budget headlines and discussing any issues arising - Reviewing the budget consultation proposals, including 	Internal – Finance	All priorities

	<p>the involvement of Scrutiny</p> <ul style="list-style-type: none"> - Reviewing the results of the consultation and the impact on budget decisions of Cabinet. 		
Quarterly Performance Information	To receive performance information reported on a quarterly basis.	Internal – Performance	Better services with less money
Scrutiny of Partnerships	To receive the Annual Report of Partnerships, and to examine Council partnerships with other organisations.	Internal – Partnerships	A successful London suburb
Draft Corporate Plan 2011/12	To consider and comment on the Draft Corporate Plan.	Assistant Chief Executive	All priorities
Barnet Homes Performance Information and Business Plan	To consider annual Barnet Homes Performance Information and Business Plan.	External – Barnet Homes	‘One Barnet’
Restructure of Human Resources	To be consider the restructure of Human Resources	Internal - Finance	Better services with less money
IS Strategy	Requested at committee, 3/3/10.	Internal – Information Systems	Better services with less money

Major Projects in Progress	To be updated on the progress of Major Projects currently operating.	Internal - Finance	Better services with less money
Cashless Operations	Report on Council moves towards cashless operations, including methods of payment	Internal – Finance	Better services with less money
Medium Term Financial Strategy	To receive the Medium Term Financial Strategy	Internal – Finance	Better services with less money

The Chairman issue regular invitations to external stakeholders to participate in discussions on relevant items where useful.

Future meeting dates:

- **1 September 2010**
- **27 October 2010**
- **25 November 2010**
- **20 December 2010**

- **27 January 2011**
- **22 February 2011**
- **5 April 2011**