Appendix 1

Initial Capital Scheme Appraisal

Title:

Description of Proposal:

The council currently have a number of frontline vehicles that were purchased using capital expenditure. Some of these vehicles are now coming to the end of their serviceable life and are due for replacement in the next few years.

The proposal considers a seven year capital replacement program for these vehicles

Impact on Corporate Priorities for Improvement:

Delivering quality services to customers
Promoting Rossendale as a place to live and visit
Keeping our borough clean and Green

Outcome / Output to be delivered:

Replacement program for all vehicles without revenue funding for replacement

Timescale for implementation:

2007 – 2014

Risks to delivering Outcomes:

Failure to deliver service due to vehicle failure.
Loss of LCC 450k per annum,
Failure to reach local and national recycle targets.
Failure to comply with local and national recycling targets
Poor customer service and perception
High environmental pollution

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BOROUGH COUNCIL

Ref:

FINANCIAL IMPLICATIONS

(Note all figures must be validated by accountants and will be to the nearest £10.00)

	Total Capital Cost £
Expenditure Works Equipment Software Fees Income from external sources (itemise)	1,488,000
Net Budgetary Impact	1,488,000

:

	Full Year Revenue Impact £	**Full Year Staffing Impact FTE**
Expenditure Employees Running Expenses	£388.000	0
Income	0	
Net Budgetary Impact	£388.000	

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Key Assumptions in Costing:

VEHICLE	**REGN NO**	Remaining Life Months	Replacement Over Years	Replacement Cost £	priority	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Total	Colour
Schmidt Swingo	AF52 OGG	0	3	60,000	1	60,000			60,000			60,000	180,000	
Scarab Minor	GN54 GHU	0	3	60,000	1	60,000			60,000			60,000	180,000	
						120,000	**0**	**0**	**120,000**	**0**	**0**	**120,000**	**360,000**	
Dennis Ex-Cell (small)	X926 DAC	18	5	60,000	2		60,000					60,000	120,000	
Mercedes	MX03 OAU	18	5	140,000	2		140,000					140,000	280,000	
Applied	SN03 OGP	12	3	50,000	2		50,000			50,000			100,000	
Leyland DAF Baby Semat	V286 LRN	0	5	80,000	2	80,000					80,000		160,000	
						80,000	**250,000**	**0**	**0**	**50,000**	**80,000**	**200,000**	**660,000**	
Farm Vehicle	NEW	60	5	60,000	3	60,000					60,000		120,000	
Farm Vehicle	KE06 LHN	48	5	60,000	3					60,000			60,000	
Iveco (large) Sweeper	Y264XBN	0	5	100,000	3	100,000					100,000		200,000	
Iveco 7,5 T Flatbed	Y295 OAC	24	5	25,000	3			25,000						
Compact Tractor	P553 SFR	0	7	14,000	3	14,000							14,000	N/A
John Deere Compact Tractor	Y941 XRN	0	7	14,000	3	14,000							14,000	N/A
						188,000	**0**	**25,000**	**0**	**60,000**	**160,000**	**0**	**408,000**	
Mercedes-Benz Unimog	Q221 LBV	36	3	30,000	4			30,000			30,000		60,000	
						0	**0**	**30,000**	**0**	**0**	**30,000**	**0**	**60,000**	
						388,000	**250,000**	**55,000**	**120,000**	**110,000**	**270,000**	**320,000**	**1,488,000**	

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Appendix 2

Initial Capital Scheme Appraisal

Title:
Customer Relationship Management (CRM) Integration

Description of Proposal:

The Council has committed itself to Lancashire County Council's (LCC) share CRM system. The Council now has to ensure that the CRM is able to integrate and communicate with the Council's back office systems.

The CS&eG team have decided to use adaptors instead of a third party device such as Biztalk which would cost approximately £80,000. This approach means that the only capital costs that Rossendale are liable for are as follows:

- Revenues and Benefits from SX3 to the CRM £30,000 [Year 1]
- MVM integrator hub; for the Development Control, Building Control and Land Charges integration components; the Pickwick components total cost £19,000 (The list price for this integration package is £25,400) [Year 2 commitment]
- Anite Lite waiting cost details approx £5,000 [Year 1]
- Civica for cash receipting approx £3,000 [Year 1]

As the Council only incurs the costs when the CRM has been developed and the integration has been set up and is fully working, we will only incur a £38,000 charge this financial year. The Shared Services Contract does not include integration adaptors within the £50,000 yearly cost all of these are extra; we have restricted the integration to only the key systems. Future roll out may incorporate Environmental Services systems

Impact on Corporate Priorities for Improvement:

- Quality services to our customers

Outcome / Output to be delivered:

Ensure full integration with Lancashire County Council's shared services project and therefore a fit for purpose CRM

Timescale for implementation:

June / July

Risks to delivering Outcomes:

Reputation should the CRM not be fully integrated into the Council's back office systems and operations.

Ref:

FINANCIAL IMPLICATIONS

(Note all figures must be validated by accountants and will be to the nearest £10.00)

	Total Capital Cost £
Expenditure Works Equipment Software Fees Income from external sources (itemise)	Yr1 – 38,000 Yr2 – 19,000
Net Budgetary Impact	57,000

:

	Full Year Revenue Impact £	Full Year Staffing Impact FTE
Expenditure Employees Running Expenses Income	Yr1 - 3,800 Yr2 – 1,900	
Net Budgetary Impact	Asabove	

Key Assumptions in Costing:

Based on negotiated list price, less agreed discounts

Appendix 3

Initial Capital Scheme Appraisal

Title: Internet & Intranet based GDC GIS Mapping Application

Description of Proposal: Implementation of a new GIS based application to replace the now unsupported Planview.

Impact on Corporate Priorities for Improvement:

- Delivering quality services to customers.
- Delivering regeneration across the borough.
- Keeping the borough clean.
- Promoting Rossendale as a cracking place to live.

Outcome / Output to be delivered:

Improved customer service by providing access to council GIS services and also data. Removal of duplicated GIS activity in service areas for example Development Control, Street Scene and Liveability and Property Services.

Increase the number of services available through the Rossendale web site.

Replacement of an out dated and unsupported application.

Part of the right first time customer improvement plan.

An integral element of the CRM implementation plan.

Providing wider GIS access to Rossendale employees.

Timescale for implementation:

By the end of 2007.

Risks to delivering Outcomes:

Insufficient financial and human resources required to implement the new GIS application.

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Ref:

FINANCIAL IMPLICATIONS

(Note all figures must be validated by accountants and will be to the nearest £10.00)

	Total Capital Cost £
Expenditure Works Equipment Software Fees Income from external sources (itemise)	 £6,500 £33,900 £5,700
Net Budgetary Impact	£46,100

:

	Full Year Revenue Impact £	Full Year Staffing Impact FTE
Expenditure Employees Running Expenses Income	NIL Cost NIL Cost £8,475 revenue Costs	NIL Cost NIL Cost
Net Budgetary Impact	£8,475	

Key Assumptions in Costing:

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Initial Capital Scheme Appraisal

Appendix 4

Title: Replacement Signage

Description of Proposal:
Replacement of signage with signage reflecting the new corporate identity and consistent with current requirements in terms of health and safety etc.

Impact on Corporate Priorities for Improvement:

- Delivering quality services to customers.
- Promoting Rossendale as a cracking place to live.

Through promoting the Council's brand in a more prominent manner consistent with the fact the Council has subscribed to the LGA reputation campaign.

Outcome / Output to be delivered:

Approximately 150 signs across public buildings, parks, recycling bring sites, and other facilities.

Timescale for implementation:

By the end of July 2007.

Risks to delivering Outcomes:

These are minimal.

Ref:

FINANCIAL IMPLICATIONS

(Note all figures must be validated by accountants and will be to the nearest £10.00)

	Total Capital Cost £
Expenditure Works / Materials Equipment Software Fees @ 5%	 18,500 930
Income from external sources (itemise)	
Net Budgetary Impact	19,430

:

	Full Year Revenue Impact £	**Full Year Staffing Impact FTE**
Expenditure Employees Running Expenses	NIL Cost NIL Cost NIL Cost	NIL Cost NIL Cost NIL Cost
Income		
Net Budgetary Impact	NIL Cost	NIL Cost

Key Assumptions in Costing:

Costings based on quotes from the Council's approved supplier.

Appendix 5

Initial Capital Scheme Appraisal

Title: Ski Rossendale

Description of Proposal:

- Partial replacement of Ski Matting at Ski Rossendale (using Demdex matting).
- Poorest parts of the surface will be replaced by existing matting
- New matting will be strategically placed to maximise surface use and experience

Impact on Corporate Priorities for Improvement:

Supports:
- Delivering quality services to customers
- Promoting Rossendale as a place to live and visit
- Improving health ands well being across the borough

Outcome / Output to be delivered:

- Improved ski surface and customer experience.
- Maintains customer loyalty
- Improves Ski Rossendale reputation and brand
- Increases staff moral in seeing investment being made
- Increased customer use = increased revenues

Timescale for implementation:

June - July

Risks to delivering Outcomes:

- Delay in implementation especially as peak season emerges (late autumn / winter)
- Competition from the new Trafford Centre indoor ski slope ("Chill Factor")

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Ref:

FINANCIAL IMPLICATIONS

(Note all figures must be validated by accountants and will be to the nearest £10.00)

	Total Capital Cost £
Expenditure Works Equipment Software Fees Income from external sources (itemise)	40,000
Net Budgetary Impact	40,000

	Full Year Revenue Impact £	Full Year Staffing Impact FTE
Expenditure Employees Running Expenses Income	Nil tbc	Nil tbc
Net Budgetary Impact	tbc	tbc

Key Assumptions in Costing:

The trusts CEO has already negotiated with a number of suppliers (3 national suppliers / standards: Snowflex and PermaSnow).

Third supplier Demdex are prepared to supply at £40k (being a discount on the standard retail price) as a show case site for the wider national market

ANNUAL TREASURY REPORT

2006/07

ANNUAL TREASURY REPORT 2006/07

1. INTRODUCTION AND BACKGROUND

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management 2001 was adopted by this Council on 16th March 2005 and this Council fully complies with its requirements.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

3. Receipt by the Cabinet / Council of an annual strategy report for the year ahead and an annual review report of the previous year.

4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

Treasury management in this context is defined as:

"The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

2. THIS ANNUAL TREASURY REPORT COVERS

- the Council's current treasury position;
- performance measurement;
- the strategy for 2006/07;
- the economy in 2006/07;
- borrowing and investment rates in 2006/07;
- the borrowing outturn for 2006/07;
- compliance with treasury limits and Prudential Indicators;
- investment outturn for 2006/07;
- debt rescheduling;
- other issues.

3. CURRENT TREASURY POSITION

The Council's debt and investment position at the beginning and the end of the year was as follows:

	31st March 2007 Principal		% Rate/ Return	Average Life yrs	31st March 2006 Principal	% Rate/ Return	Average Life yrs
Fixed Rate Funding:							
- PWLB	£0				£0		
- Market	£0	£0	n/a		£0	n/a	
Variable Rate Funding:							
- PWLB	£0				£0		
- Market	£0	£0	n/a		£0	n/a	
Total Debt		***£0***	**n/a**		***£0***	**n/a**	
Investments:							
- In-House	£2,345		5.25		£4,056	4.50	
- With Managers	£0		n/a		£0	n/a	
Total Investments		***£2,345***	***5.25%***		***£4,056***	***4.50%***	

n/a = not applicable

The Council's external borrowings were repaid as a result of the Housing Stock Transfer on 27th March 2006. The investments noted above represent cleared available funds on overnight deposits.

4. PERFORMANCE MEASUREMENT

Though one of the key changes in the revision of the Code in 1996 was the formal introduction of performance measurement relating to investments, debt and capital financing activities the use of benchmarking for the Councils investments is not fully appropriate given the relatively small day to day balances and short term investment periods. That said all the Councils investments match at least the prevailing Bank of England Base Rate (see Section 10 for comparison against LIBID [London Interbank Bid Rate]).

5. THE STRATEGY FOR 2006/07

The Sector recommended treasury strategy for 2006/07, (in November 2005), was based on their view of the rate of growth of GDP in the UK economy only recovering weakly during 2006/07 and remaining at a below trend level of 2.0% in 2006; this was primarily due to weak consumer expenditure undermined by major increases in gas and electricity prices and another spike up in oil prices, plus a curtailing of the strong increases in public sector expenditure of previous years. House price inflation had fallen back to very low levels and there were no major concerns on inflation in general (recent spikes in some prices would fall out of the index eventually). In addition, continuing increases in the Fed rate in the US would reduce economic growth there to 2.5% in 2006 while growth in the Euro area was also expected to continue weak but to rise a little. Given this overall quite weak outlook, their forecast for Bank Rate was that there would need to be two cuts from 4.5% to 4.0% by the end of 2006 in order to stimulate growth in the economy. This would then be followed by quarterly 0.25% increases in Bank Rate in quarters 1 to 3 of 2007 once the economy had regained its trend growth rate of about 2.5 – 2.75% p.a.

The effect on interest rates for the UK was therefore expected to be as follows:

- **Shorter-term interest rates** - The "average" City view anticipated that weak growth in the UK, US and EU would lead to a decrease in U.K. Bank Rate from 4.5% to either 4.25 or 4.00% by the end of 2006.

- **Longer-term interest rates** - The view on longer-term fixed interest rates (PWLB 25-30 year – as longer periods did not commence until 7.12.05) was that long term PWLB rates would rise by about 0.25% to end 2006/07 at around 4.75%.

1. ***The Adopted Treasury Strategy*** – Having, however, become debt free in March 2006 it was anticipated that there would be no capital borrowings requirements during 2006/07

6. THE ECONOMY

Shorter-term interest rates – Bank Rate started 2006/07 at 4.5%, having been unchanged at this level since August 2005. The Bank of England Inflation Report of May 2006 marked a watershed in as much as their Monetary Policy Committee (MPC) switched from a loosening bias on interest rates to a tightening bias. MPC suspicions that official data had been under recording the strength of economic growth were vindicated by retrospective adjustments (increases) to annual growth figures extending back as far as 2001 in the quarter 1 2006 GDP figures. These revisions also increased the Q4 2005 and Q1 2006 GDP growth figures up from 0.6% to 0.7% q/q. This tipped previous expectations of an underperforming UK economy over into one that was running at or above its trend rate of growth. Previous expectations of cuts in Bank Rate in 2006 evaporated and were replaced by the reverse expectation i.e. at least one, if not two increases of 0.25% by the end of 2006. Bank Rate accordingly rose to 4.75% in August 2006 and then to 5.0% in November.

This was then followed by another rate increase in January to 5.25% which was a huge shock to both the financial markets and forecasters and immediately sparked inferences that the MPC had had access to some bad news on the inflation front, which was not available to the markets at that time, before it took that decision. These fears were indeed confirmed soon after by the news that CPI (Consumer Price Inflation) had jumped to 3.0% in December, a whisker away from the MPC having to write a letter of explanation to the Chancellor (if it had gone over 3.0%). The annual growth rate also hit 3.0%, the highest in two years, in Q4 2006 adding to confirmation that the recent increases in Bank Rate had done little to dampen the economy and stoking expectations that Bank Rate would have to rise even further.

Longer-term interest rates – The Public Works Loan Board (PWLB) 45-50 year rate started the year at 4.20% (25-30 year at 4.30%) and fell to a low of 4.05% several times in late September to early November (25-30 year low was 4.20% in September and November). The high point for 45-50 year was 4.50% in late March 2007 (25-30 year had several highs of 4.65% in January to March 2007) before finishing the year at 4.45% (25-30 year 4.65%). The sustained rise in long term rates in Q4 2006 and Q1 2007 was underpinned by the rise in inflation expectations.

7. BORROWING AND INVESTMENT RATES IN 2006/07

12-month bid rates: During early April, the 12 month LIBID rate hit a low of 4.63%. It then climbed steadily towards 5.0% until Bank Rate was increased to 4.75% on 3 August, when it jumped up nearly another 20 basis points. Growing expectations of the imminence of another Bank Rate increase saw the rate continue to climb to hit 5.4% when expectations were realised on 9 November when Bank Rate rose to 5.0%. This rising trend continued and the surprise Bank Rate increase on 11 January saw 12 month LIBID jump nearly another 20 basis points to 5.76%. It then ended the year at 5.81%.

5 (and 10 year) gilt yields: These yields also started off with lows for the year in early April of 4.43% (10 year 4.38%). They hit a high in early February of 5.37% (10 year 5.02% in late January) before ending the year at 5.21% (10 year 4.94%).

Longer-term interest rates – The PWLB 45-50 year rate started the year at 4.20% and then rose to 4.45% around the end of Q2. It then fell back to a year low of 4.05% on a number of occasions in late September to early November. However, it then climbed back again to 4.45% on a number of occasions in late January – March and finished on a year high of 4.50% near the year end. (The 25-30 year rate started the year at 4.30% and hit a low of 4.20% in September and November before reaching a high at the end of the year of 4.65%).

8. BORROWING OUTTURN FOR 2006/07

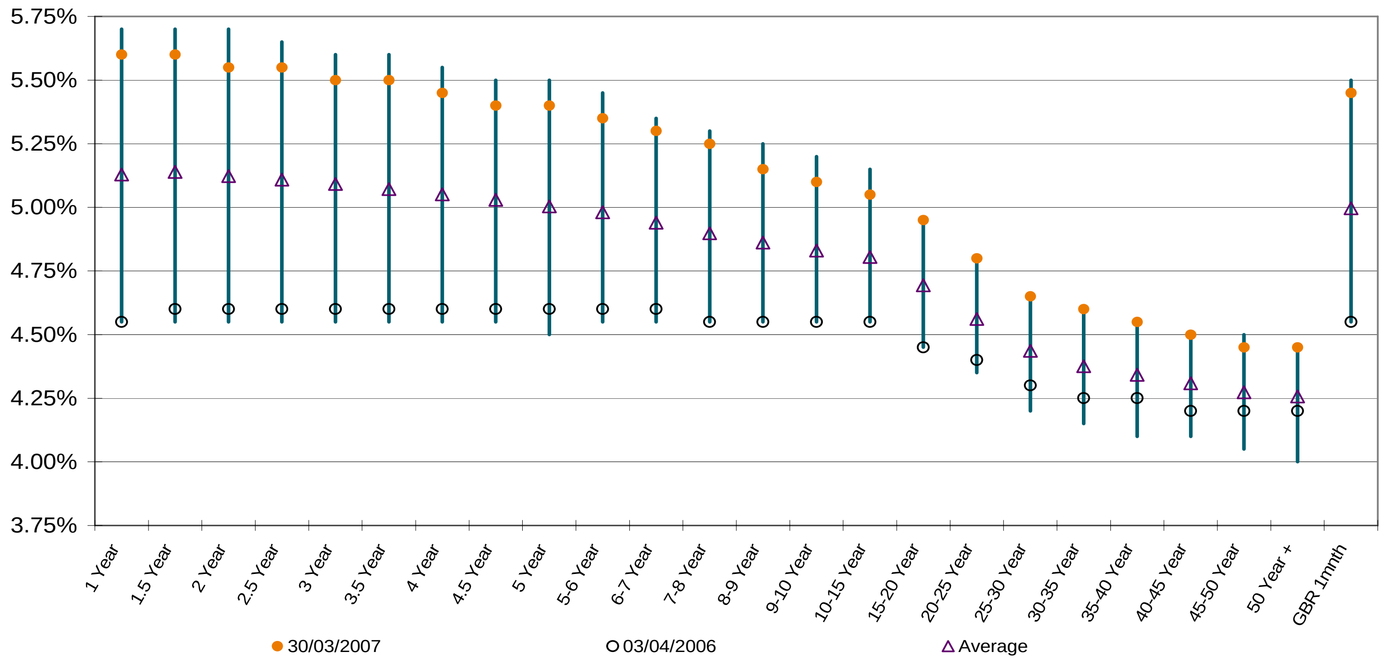
Other than some short term borrowing requirement in the last week of 2006/07, the Council remained debt free for the majority of the financial year.

For information, average PWLB maturity loan interest rates for 2006/07 were:

1 year	5.13%
9 - 10 year	4.83%
25 - 30 year	4.44%
45 - 50 year	4.27%
1 month GBR variable	5.00%

The graph below shows the range (high and low points) in rates for each maturity period during the year, and individual rates at the start and end of the financial year:

PWLB rates 2006/07



Debt Performance:
To maintain borrowing at short term rates to minimise any corresponding risk from maintaining short-term investments.

9. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement for 2006/07.

10. INVESTMENT OUTTURN FOR 2006/07

Internally Managed Investments - The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council invests for a range of periods from overnight to 365 days, dependent on the Council's cash flows, its interest rate view and the interest rates on offer. The Maximum period of investment during 2006/07 was 6 months.

Investment Strategy - The expected short-term investment strategy for in-house managed funds was based on the advice of our treasury advisors.

Our treasury advisors, Sector, in their November 2005 forecast, indicate that Bank Rate would remain at 4.50% till quarter 2 2006 when it would fall to 4.25% and again to 4.0% in quarter 4 before starting to rise back in quarter 1 2007 to 4.25%. A major reversal of inflation and growth expectations in quarter 2 of 2006 negated these expectations and replaced them instead with an expectation that Bank Rate would need to rise to 5.0%.

Until the latter months of 2006/07 Sector were fairly cautious on investment advice having initially, like the markets, felt that the Bank Rate at the start of the financial year of 4.5% would be on a falling trend. Once these expectations had reversed, Sector advised a mixed range of deal maturities to dovetail in with the forecast rate movements. Thus for the majority of the period money was placed on call to meet the revised Sector forecast.

Investment Outturn for 2006/07 - Detailed below is the result of the investment strategy undertaken by the Council.

	Average Investment £000s	Rate of Return (gross of fees)	Rate of Return (net of fees)	Benchmark Return *
Internally Managed	3,789	4.82	N/A	**4.84**
Externally Managed	n/a	n/a	n/a	**n/a**

- Average Investment is based on period end balances
- Benchmark based on:
7 day London Inter-bank Bid Rate(LIBID) (not compounded)   4.84%

11. DEBT RESCHEDULING

On 13.1.06 Sector provided a major revision of its borrowing and debt rescheduling strategy and forecasts as a result of the introduction of new longer borrowing periods by the PWLB for periods between 35 – 50 years as from December 2005. However, due to the absence of external borrowing the advice was not applicable to Rossendale Borough Council.

12. OTHER ISSUES

There are no other issues to report.

Use and Purpose of Reserves Policy Statement

The Council maintains the following cash reserves

Unearmarked Reserves

- General Reserve

Earmarked Reserves

- The Budget Volatility Reserve
- The Change Management Reserve
- The Regeneration Reserve
- The Building Control Reserve
- The Single Status Reserve
- The Contract Performance Reserve
- The Legal Liabilities Reserve

This policy statement Identifies

a) The status of the reserve, whether earmarked or not
b) The purpose for which each reserve is held
c) The mechanism through which funds may be released from the reserve

1. The General Reserve

This is an unearmarked reserve, which is available to mitigate general financial risks facing the Council. The Medium Term Financial Strategy indicates an acceptable range for this reserve as £500k to £750k, and that this reserve should not be used to artificially alter the level of Council Tax.

Use of this reserve will be as agreed by the Council on the recommendation of the Cabinet, either as part of the budget process or as a supplementary estimate arising from a monitoring report.

2. The Budget Volatility Reserve

This earmarked reserve exists to assist with managing the risk of overspending on specific budgets which are either demand led, or wholly externally influenced. These are:

- Benefit Payments
- Capital Financing and Interest
- Concessionary Fares

The acceptable level for this reserve will be determined by the Head of Financial Services based on a risk assessment of the likelihood of substantial variances on these budgets.

This reserve is not available to support the annual revenue budget and it's use will be approved by the Council when it receives the Cabinet's recommendations in relation to the financial outturn for any given year.

3. The Change Management Reserve

This earmarked reserve exists to support non recurrent projects which help further the Council's improvement journey.

The reserve is created and topped up from corporately held underspendings and there is no maximum level for this reserve.

Use of this reserve in a year may be approved by the Cabinet collectively when considering financial monitoring reports.

4. The Regeneration Reserve

This earmarked reserve holds receipts from the Local Authority Business Growth Incentive Scheme and its use is restricted to the support of spending which supports the delivery of regeneration activity within the Borough.

There is no maximum level for this reserve.

Use of this reserve will usually be agreed by the Full Council as part of the setting of the budget. However, where additional expenditure is required during the year for specific projects the Cabinet may approve such spending on the recommendation of the Head of Economic Regeneration and Strategic Housing and Head of Financial Services.

5. The Building Control Reserve

This earmarked reserve is created from accumulated surpluses on the Building Control Trading account. It's use is restricted to supporting improvements in the Building Control Service and the management of adverse trends in trading activity.

There is no maximum level for this reserve.

Use of this reserve may be approved by the Cabinet on the recommendation of the Head of Spatial Development and Head of Financial Services.

6. The Single Status Reserve

This earmarked reserve exists to meet the transitional costs, in terms of pay protection etc, of implementing the job evaluation elements of the single status process.

The reserve is financed from costs transferred from the now closed Housing Revenue Account and the level at which it is set is based on a judgment of risk.

Use of this reserve will be subject to the agreement of the Cabinet on the recommendation of the Head of Human Resources and Head of Financial Services in relation to the conclusion of the pay and grading review.

7. Contract Performance Reserve

This earmarked reserve is financed from surplus on the collection fund generated through the performance of the revenues, benefits and customer contact contract.

The purpose of the reserve is to meet the cost of performance incentives payments under the contract and to finance one off service developments agreed by the Strategic Governance Board for the contract.

The maximum level for this reserve is £300k at any one time which represents the maximum performance incentive payable over the life of the contract plus a revolving allowance for service developments.

The head of Financial Services shall be authorised to utilise the reserve to make performance incentive payments, The use of the reserve for service developments will be authorised by the Cabinet on the recommendation of the Strategic Governance Board.

8. The Legal Liabilities Reserve

This reserve exists to protect the Council against the risk of unbudgeted legal costs being incurred in the exercise of the Council's regulatory functions.

The level of the reserve will be set based upon an assessment by the Head of Finance and Head of Legal Services of the risks in relation to matters in hand at the end of each year.

Use of the reserve will be determined by the Cabinet on the recommendation of the Head of Finance and Head of Legal and Democratic Services.

The Council does not hold reserves solely for the sake of holding reserves. The bulk of available cash reserves are earmarked for specific purposes aimed at securing improved services in one form or another. However, it needs to be borne in mind that each £100,000 of reserves in the bank can earn £5-6,000 per annum in interest income. Thus there is a trade off between holding cash and using it to secure improvements. The effect of this will be highlighted to Councillors each year through the Medium Term Financial Strategy.