

MEETING	CABINET
DATE	1 NOVEMBER 2011
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, FRASER (NOT PRESENT FOR AGENDA ITEMS 1 & 2 - MINUTES 54 & 56 REFER) , GUNNELL, LOOKER, MERRETT, POTTER (NOT PRESENT FOR AGENDA ITEMS 6-10; MINUTES 59-65 REFER) AND SIMPSON-LAING (VICE-CHAIR)
IN ATTENDANCE	COUNCILLORS BARNES, FITZPATRICK AND WARTERS

PART B - MATTERS REFERRED TO COUNCIL

64. CAPITAL PROGRAMME - MONITOR 2

[See also under Part A Minutes]

Members considered a report which informed them of the likely out-turn position of the Council's 2011/12 Capital Programme, based upon the spend profile and information to September 2011, and sought approval for slippage resulting from changes to the programme.

The report detailed changes that would result in a revised programme of £72.122m – a net increase of £0.587m on the current approved programme of £71.535m, made up of:

- Adjustments to schemes increasing expenditure by £1.708m
- Net re-profiling of -£1.121m of schemes from future years to the current year.

There had been £23.94m capital spend up to the end of September, representing 33.3%% of the revised budget.

Budget variances in each portfolio area were summarised in Table 2 at paragraph 5 of the report and detailed in paragraphs 8-16. They included the re-profiling and adjustment of budgets in relation to Highway Resurfacing & Reconstruction (£150k), York Pools Strategy (£200k), the Local Transport Plan programme (£158k), the Administrative Accommodation project

(£930k) and the IT Development Plan (£41k). The addition of a further £1.550m to the programme for the purchase of land to bring forward developments at York Central had already been approved by the Staffing Matters & Urgency Committee.

RECOMMENDED: That Council approve the following net adjustments to the capital programme, as detailed in the report and Annex A:

- an increase of £0.587k in 2011/12
- an increase, as a result of re-profiling, of £1.121m in 2012/13

REASON: To enable the effective management and monitoring of the Council's capital programme.

65. TREASURY MANAGEMENT MONITOR 2 MID YEAR REVIEW AND PRUDENTIAL INDICATORS 2011/12

[See also under Part A Minutes]

Members considered a report which provided an update on the Council's treasury management activities for the first six months of the 2011/12 financial year, in compliance with statutory requirements. It also recommended changes to the 2011/12 Treasury Management Strategy Statement (TMSS) and Prudential Indicators, in the light of the Housing Revenue Account (HRA) reform changes.

The report set out details of treasury management performance against the current national background of a stagnating economy, falling employment and rising inflation. It was noted that investments had remained within the Council's approved credit limits and that investment activity had earned an interest rate return of 1.5%, which was higher than the average London Inter-Bank Deposit rate and base rate for the period. Loans taken in 2011/12 were below the original target of 5%; the target rate at this stage for the remainder of the year was 4.3%.

Reform of the HRA subsidy arrangements was expected to take place on 28 March 2012. It would involve the Council paying £112m to the Department of Communities and Local Government (CLG), removing the obligation to make annual payments to the CLG through the housing subsidy system. This payment would increase the Council's level of borrowing,

requiring approval of a revised borrowing limit as a change to the Prudential Indicators included in the TMSS approved by Council in February 2011.

RECOMMENDED: That Council:

- (i) Approve the changes to the Prudential Indicators in the light of the HRA reform; specifically, the Authorised Borrowing Limit at £347m.
- (ii) Note that the HRA reform is to be approved by the Government White Paper in November 2011, and that the payment of £112m is to be made to the CLG on 28 March 2012.
- (iii) Note the expected impact on the capital and treasury activities of the HRA reform.

REASON: To ensure the inclusion of the effects of the HRA reform on treasury management activities.

J Alexander, Chair

[The meeting started at 5.30 pm and finished at 7.00 pm].