

JOINT REPORT OF THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

SUBJECT: DRAFT BUDGET PLANNING 2013/14-2015/16

Introduction

This report presents:

- The draft Revenue and Capital budgets for 2013/14 and implications on reserves.
- The draft 2013/14 Levy on Pembrokeshire County Council.
- Prudential Indicators for the capital programme.
- An Investment Strategy & Treasury Management Policy Statement for 2013/14.

The Draft Revenue and Capital budgets for 2013/14

The financial year 2013/14 is the last year in the current Comprehensive Spending Review (C.S.R.) period and in 2011/12 the Welsh Government advised that the National Park Authority (N.P.A.) grant would remain fixed for the 3 year the C.S.R. period. Accordingly the Welsh Government's draft budget published in October 2012 confirmed that the 2013/14 N.P.A. grant would remain at the funding same as 2012/13. However in 2012/13 the Welsh Government incorporated the Sustainable Development Fund grant into the main N.P.A. grant and for 2013/14 the Welsh Government has reduced this element of the grant. The Authority will nonetheless be required to continue to pay out the Sustainable Development Fund grants at the prevailing level of £200k. As a result of this and after allowing for the impact of the Levy the Authority revenue funding for 2013/14 is down by £19k on 2012/13.

The Welsh Government has also confirmed that the capital allocation for 2013/14 would remain at the same level as 2012/13. As at the date of preparation of this report the Authority had still not received official confirmation of the N.P.A. grant but it is expected shortly in order that we can meet the levy deadline of February 15th 2013.

In cash terms the N.P.A. grant for the three year C.S.R. period has been flat lined, but when inflation is taken into consideration it is 6.6% lower at the end of the period. The Authority has however been able to balance the budget for 2013/14 by a combination of salary and efficiency savings from within the various support services. Similar to 2012/13 the Authority adopted a Zero Based Budgeting approach in preparing the 2013/14 Budget. The Zero Based budgeting exercise involved each line of the budget being evaluated thoroughly and this has helped achieve an optimal allocation of resources to the parts of the organisation where they are most needed. The process also facilitated the reallocation of surplus funds arising from efficiency savings.

The prospects for settlements in the short to medium term look to remain uncertain but the Authority's cash backed reserves are fairly strong which positions the Authority well for the years ahead. Against this back drop there will be a need to continue to review areas of activity to ensure resources continue to be allocated to

meet priority objectives. It is expected that the reserves will reduce in the three year planning cycle, the details of which are outlined later in the report.

Baseline Revenue Budgets

The draft budget has been prepared in accordance with the annual budget strategy previously discussed by Members at a workshop in December 2012. In calculating the net cost of continuing existing services the budget planning has been based on the following assumptions and factors:

- Core NPA Grant & Levy 0% increase / decrease 2013/14, 2014/15 and 2015/16
- SDF element reduced to £172k although PCNPA to make up shortfall to £200k
- Pay award increase of 1% 2013/14, 2014/15 & 2015/16
- Electricity increase of 4%
- Other cost increases of 2.5% 2013/14, 2014/15 & 2015/16
- Pensions contribution rate maintained at 13.6% 2013/14, 2014/15 & 2015/16
- The budget will draw on earmarked reserves, previously approved by Members, to contribute to specific revenue or capital projects.
- The budgets have been prepared ensuring General Reserves do not fall below £300,000 (5% approx) at the end of the planning cycle.

National Park Grant & Levy

	NPG	Levy	Total
2012 - 13	3,554,853	1,184,951	4,739,804
Reduction due to SDF	-14,078	-4,693	-18,870
2013 - 14	3,540,775	1,180,258	4,721,034
2014- 15	3,540,775	1,180,258	4,721,034
2015- 16	3,540,775	1,180,258	4,721,034

The N.P.A. Grant & Levy for 2012/13 was £4,739,804 and as shown in the table above with the reduction in SDF funding the expected N.P.A. Grant & Levy for 2013/14 will be £4,721,034. The position for 2014/15 and 2015/16 will be subject to the UK Government's next C.S.R but for this budget exercise it is assumed the N.P.A. Grant & Levy will be flat lined. Needless to say this assumption is open to speculation but it is worth bearing in mind that each percentage point increase or decrease in the N.P.A. Grant & Levy equates to £47k of funding.

The table below illustrates the impact of the inflation adjusted funding. Over the current C.S.R. in real terms funding has reduced by £304,758, or 6.6%, and highlights the continued challenge to balance the budget:

	£	% Decrease
2010 – 11 Base	4,616,853	
NPA & Levy reduction	-123,666	
PCNPA Inflation	-63,034	
2011 - 12	4,430,153	
SDF Impact	11,504	
PCNPA Inflation	-55,346	
2012 - 13	4,386,311	
PCNPA Inflation	-55,346	
SDF Impact	-18,870	
2013 - 14	4,312,095	
Real Terms Reduction over CSR Period	304,758	6.60%

Revenue Budget 2013/14 – 2015/16

The revenue budget for the current year and the baseline budgets for 2013/14 – 2015/16 are shown below and incorporate the accounting for the factors and assumptions detailed. The Net Budget is compared with the anticipated level of NPG/Levy funding and the sum remaining is added to or deducted from the General Reserve balance. There is expected to be a net surplus in 2013/14 of £6k and deficits in 2014/15 and 2015/16 of £9,000 and £31,000 respectively.

£000's

Revenue Budget	2012/13	2013/14	2014/15	2015/16
Baseline Gross Expenditure	6,114	6,084	6,181	6,319
Payrise/Inflation etc	93	88	93	95
ZZB Awards	118	146	82	
Gross Expenditure Budget	6,325	6,318	6,356	6,414
Baseline Income	-1,573	-1,590	-1,613	-1,648
Additional income	-14	-13	-13	-14
Net Budget	4,738	4,715	4,730	4,752
NPG/Levy	-4,740	-4,721	-4,721	-4,721
Surplus / - Deficit	2	6	(9)	(31)

Draft 2013/14 Capital Budget

The Draft Capital budget is presented below:

Project	Budget 2013/14	Funded by WG Grant	Funded by Other Grant	Funded by PCNPA EMR	Funded by PCNPA General Reserves 2013/14	Funded by PCNPA Capital Receipt Reserve 2013/14
Historic Towns Grant Scheme	100,000	50,000	50,000			
ICT – Equipment	20,000			20,000		
Carew Castle Retentions	15,000			15,000		
Carew Millpond	90,000	66,667		23,333		
Carew Mill Roof	70,000			70,000		
Carew Furnishings	10,000			6,667	3,333	
Poppit Sands Car Par	150,000		36,500	113,500		
Greening Park Initiatives	10,000			10,000		
Origins	380,000		330,000			
Car Par Integration	76,900			76,900		
Electronic Planning / Document Management	100,000			100,000		
Finance System / POS System	45,000			35,000	10,000	
Porthgain Harbour Walls	3,000				3,000	
St David's Airfield	2,000				2,000	
South Ranger Team Depot	120,000					120,000
Total	1,191,900	116,667	416,500	470,400	18,333	120,000

The 2013/14 Capital Programme of £1,191,900 will be funded by; the Welsh Government capital grant of £116,667, Heritage Lottery Fund and Targeted Match Funding £416,500, Cadw £50,000, Earmarked Reserves £356,900, £18,333 from General Reserves & £120,000 from Capital Receipts.

Details of the capital programme are:

- Historic Towns – funded 50% by PCNPA and 50% CADW (still awaiting funding confirmation from CADW)
- ICT – represents the usual cycle of IT equipment replacement.

- Carew Castle. The expenditure is respect of completion of Heritage Tourism Convergence Programme project with addition work planned for the Millpond Walls and Mill Roof.
- Greening Park Initiatives. The Authority intends to spend funds on energy saving green projects and the exact nature of the expenditure is yet to be determined.
- Poppit Sands Car Park. This expenditure represents the completion of the car park refurbishment project commenced in 2012/13
- Origins. This is a Heritage Tourism funded project to develop a National Centre and Hub of the origins and prehistory of Wales based at Castell Henllys.
- Car Park Integration. Work is in progress with Pembrokeshire County Council to integrate some of our car parking function. This will require an initial capital outlay but this should be recouped from efficiency saving within an acceptable time frame.
- Electronic Planning / Document Management Systems. Following the implementation of the SWIFT system further outlay has been identified as a means of improving and producing a more efficient planning process and document management system.
- Finance System / Electronic Point of Sale System. The review of the replacement of the Authority's finance systems & point of sale software used by the TIC's and Heritage Centres commenced in 2012 and the installation of the new systems is expected to be completed by the end of 2013.
- Porthgain Harbour Walls. This expenditure is for an engineering study to scope the problem of the walls and develop a maintenance and improvement programme.
- St. David's Airfield. This project is a feasibility study to review large scale photo voltaic panels on the St. David's Airfield.
- South Ranger Team Depot. These funds are for the replacement of the South Ranger Team depot.

Financial Reserves.

The projected impact for the 2013/14 to 2015/16 Budgets on the Financial Reserves of the Authority is represented below:

£000's

	Year end Position 2011/12	Movement 2012 /13	Year end Position 2012/13	Movement 2013 /14	Year end Position 2013/14	Movement 2014/15	Year end Position 2014/15	Movement 2015/16	Year end Position 2015/16
General Reserves	490	2	492	-3	489	-9	480	-32	448
Capital Receipts Reserve	249		249	-120	129		129		129
TOTAL	739	2	741	-123	618	-9	609	-32	577
Earmarked Reserves:									
Asset Management	37		37		37		37		37
IT	40	-20	20	-20					
Llanion Park	69	-25	44	-10	34		34		34
LDP	120		120	-20	100	-20	80	-20	60
Self-insurance	30		30		30		30		30
Carew Castle Dev	300	-285	15	-15					
Convergence Funding	100		100	-100					
Receipts in Advance	165	-165							
Poppit Sands Car park	80	34	114	-114					
Staff Restructuring	80		80		80		80		80
Public Sector Broadband	60	-60							
National Park Wales	25	-5	20		20		20		20
HR System	25	-25							
Finance System	35		35	-35					
Planning System	100		100	-100					
Car Par Integration	77		77	-77					
Invasive Species Eradication	20	-20							
Surface Water Drainage	30	-30							
60th Advertising Campaign	25	-25							
TOTAL EMR	1418	-626	792	-491	301	-20	281	-20	261
TOTAL	2,157	-624	1,533	-614	919	-29	890	-52	838

The predicted available reserves brought forward at the beginning of the 2013/14 financial year of £1,533k is made up of forecasted General Reserves £492k, Capital Receipts of £249k and Earmarked Reserves of £792k. The levels of reserves remain relatively high but, in light of the continued static funding position, they are not excessive. The General Reserve is forecast to fall to £448k by the end of 2015/16.

There are no definite capital disposals planned during the period but the Capital Receipts Reserve is expected to fall to £129k as a result of funding the new South Ranger premises.

Earmarked Reserves are anticipated to fall from £792k as at end of 2012/13 to £261k at the end of 2015/16 with significant movements expected to be on the Convergence funds and Planning System reserves.

Impact of Budget

Whilst the indicative NPG settlement for 2013/14 is as expected, the financial outlook suggests the Authority will continue to require stringent financial management. It is anticipated that the indicative financial constraints will be managed by the continuation of the drive to gain improved efficiencies and cost savings, reviewing opportunities to develop local income and drawing down other sources of grant aid.

The further measures that are therefore necessary and proposed include:

- Continuous review of the structure of the Authority to identify efficiency savings and or improved service delivery.
- Working with partners to continue to deliver collaborative working arrangements.
- Reviewing existing service expenditure to identify areas where savings can be made by reducing services that are not supporting the priority improvement agenda and reviewing possible additional income.
- That Capital projects not yet committed are reviewed in relation to the corporate priorities and that approval will remain subject to the availability of funds.

Recommendations

That Members:

- **APPROVE in principle the draft budget 2013/14, subject to noting that the NPG/Levy estimate has yet to be confirmed.**
- **NOTE and endorse the forward planning budgets for 2014/15 and 2015/16.**
- **APPROVE the actions proposed to improve available funds.**

Levy on Pembrokeshire County Council

The following statement is the statutory levy statement for Pembrokeshire County Council. Section 71 of the Environment Act 1995, Sub-Section 3, defines the way in which the levy is to be issued and this statement complies with the required format.

<p><u>Levy on Pembrokeshire County Council</u></p>
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The Authority must authorise the making of a levy of £1,180,144 from Pembrokeshire County Council, in accordance with Section 71 of the Environment Act 1995 and the National Park Authorities (Levies)(Wales)(Regulations) 1995 SI 1995 No.3019 as amended by the National Park Authorities (Levies)(Wales)(Amendment) Regulations 1996:

•	the sum required to meet expenditure for the Authority which will fall to be charged for that year in the Revenue account is		£6,651,436
•	making such provision as is appropriate for meeting contingencies, the expenditure on which would fall to be charged in the Revenue Account		£Nil
•	the sum required to secure the availability to the authority of adequate working balances on its Revenue Account		£Nil
•	the sum required to provide the Authority with other requirements for covering any deficit brought forward from the previous financial year		£Nil

	Sub-total		£6,651,436
	LESS		
•	Section 72, Grant (NPG)	£3,540,433	
•	Income credited to the Revenue Account	£1,930,859	
•	other sums not covered above which are likely to be available in the year	£Nil	£5,471,292
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	Levy requirement		<u>£1,180,144</u>

Members are advised that the official levy requirement must be notified to Pembrokeshire County Council by 15th February. It is recommended that the National Park Authority continue with the current arrangement of 12 equal monthly instalments receivable on or before the 12th of each calendar month, such payments to be received by bank transfer.

Recommendation

That Members AUTHORISE a levy of £1,180,144 (or other appropriate amount as determined on receipt of confirmation of the approved net funding from the WG) from Pembrokeshire County Council for the year 2013/14.

Prudential Code Indicators

The Local Authorities (Capital Finance & Accounting) (Wales) Regulations 2003 require the Authority to have regard to the *CIPFA Prudential Code* in setting annual budgets. Members are asked to consider the advice of the Chief Financial Officer in determining an affordable, prudent and sustainable capital investment programme.

The Prudential Code requires the Authority to consider Prudential Indicators encompassing estimated and actual expenditure and financing, and limits on both. These indicators are intended to support and record local decision making, and are not designed to be comparative indicators across local authorities. However, as the Authority is now debt free and there are no proposals at this time to undertake further borrowing, due to the capital expenditure plans being financed either by revenue funds, external grant aid or capital receipts, then many of the indicators are not relevant.

The indicators of affordability address the revenue implications of an authority's financial strategy since, as a fundamental principle, all the borrowings of an authority are secured on its future revenue income. The Prudential Code requires the prudential indicators in respect of external debt to be set and revised taking into account their affordability. It is through this means that the objectives of sustainability and prudence are addressed year on year.

The following table sets out the actual capital expenditure that was incurred in 2010/11 and 2011/12 together with the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval, along with the actual/estimated net revenue stream for the years:

	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	<i>2010/11</i>	<i>2011/12</i>	<i>2012/13</i>	<i>2013/14</i>	<i>2014/15</i>
Capital Expenditure	185,000	238,000	1,841,000	1,032,000	500,000
FINANCING COSTS (interest receivable only)	- 11,000	- 19,000	- 21,000	- 20,000	- 20,000
Net Revenue Funding (NPG/Levy)	4,617,000	4,491,000	4,727,000	4,727,000	4,727,000
Ratio: Financing Costs/Net Revenue Funds	-0.24%	-0.42%	-0.42%	-0.42%	-0.42%

The negative percentages demonstrate that negative financing costs (i.e. income from investments) are contributing to the Authority's funding resources.

The next indicator is the Capital Financing Requirement. This is an important component of an authority's capital strategy in that it represents capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. The balance is a measure of the underlying need to borrow for a capital purpose. As mentioned above, the draft capital programme does not propose any borrowing for capital purposes and the Authority should remain debt free for the period, so the Capital Financing Requirement is estimated at £nil for the period up to 31 March 2015.

The prudential indicators for debt relate to the scale of the Authority's borrowing rather than simply its indebtedness. The Authority will need to set an Authorised

Limit that separately identifies borrowing and other long term liabilities, and is intended to establish the outer boundary of the Authority's borrowing based on a realistic assessment of the risks. This limit is certainly not a limit that the Authority would expect to borrow up to on a regular basis, rather it is a maximum permitted limit available should the need arise during the year in relation to an unexpected need, either for capital or revenue purposes – an example being short term borrowing pending receipt of external grant. In taking your decisions on this budget report, Members are asked to note that the Authorised Limit determined for 2013/14 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	2010/11	2011/12	2012/13	2013/14
Borrowing	1,000,000	1,000,000	1,000,000	1,000,000
Other long term liabilities	0	0	0	0

The Authority also needs to set an Operational Boundary for its borrowing, based on probable rather than possible need. Breaches of the Operational Boundary would give early warning for corrective action to be taken to avoid a possible breach in the Authorised Limit of the Authority. As mentioned, the proposed capital programme does not identify the need for external borrowing, and this, coupled with a traditionally steady revenue income stream through the financial year, means that the Operational Boundary for the Authority can be set at a low level. The Chief Financial Officer recommends as follows:

Operational Boundary for External Debt	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	2010/11	2011/12	2012/13	2013/14
Borrowing	250,000	250,000	250,000	250,000
Long term liabilities	0	0	0	0

It is possible that, while an authority's financial strategy may be affordable in the short term, it is imprudent and unsustainable because in the medium term it would, if pursued, be dependent on the use of borrowing to fund revenue expenditure. For this reason the Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term Net Borrowing is only to be used for capital purposes. This is demonstrated through a comparison of Net Borrowing with the Capital Financing Requirement. Except in the short term, net external borrowing should not exceed the total Capital Financing Requirement in the previous year plus the estimates of any additional Capital Financing Requirements for the current and the next two financial years.

The Chief Financial Officer hereby reports formally that the Authority is complying with this aspect of the Code.

The Maturity Structure of Borrowing indicator is designed to be a control over an authority having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. In view of the Chief Financial Officer's

recommendation not to raise any long term borrowing for the period, it is not necessary to set upper and lower limits for the maturity structure of borrowing.

In view of the low level of cash available for investment, it is the Chief Financial Officer's recommendation that only short-term investments are entered into for the period. It is therefore not necessary to set limits on investments to final maturities beyond the year-ends.

Investment Strategy 2013/14

The remainder of this report presents an Investment Strategy for 2013/14 in compliance with statutory guidance and in support of the prudential borrowing system.

Section 12 of the Local Government Act 2003 gives the Authority power to invest for "any purpose relevant to its function under any enactment or for the purposes of the prudent management of its financial affairs". The prudent management of its financial affairs is included to cover investments which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management – being the type of investment undertaken by this Authority. Authorities are required to invest prudently the surplus funds held, with priority given to security and liquidity rather than yield.

This Strategy also supports CIPFA's *Treasury Management in the Public Services : Code of Practice and Cross-Sectoral Guidance Notes*.

The combined Investment Strategy & Treasury Management Policy for 2013/14 follows.

Recommendations

That Members:

- ***ADOPT the Prudential Indicators as presented***
- ***APPROVE the Investment Strategy & Treasury Management Policy Statement for 2013/14 (over).***

Background documents

- Welsh Assembly Government, draft budget proposals 2013/14
- Annual National Park Grant Bid
- The Local Government Act 2003
- The Local Authorities (Capital Finance & Accounting) (Wales) Regulations 2003
- Statutory Guidance on Local Government Investments
- CIPFA's Treasury Management in the Public Services : Code of Practice and Cross-Sectoral Guidance Notes.

For further information please contact Richard Griffiths on 01646 624815.

Pembrokeshire Coast National Park Authority

**INVESTMENT STRATEGY and
TREASURY MANAGEMENT POLICY STATEMENT
2013/14**



1. INTRODUCTION

1.1. *The Authority adopted CIPFA's Code of Practice for Treasury Management in Local Authorities. The Code sets out a framework of operating procedures for both Members and Officers to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority. This Strategy also complies with statutory guidance on Local Government Investments.*

1.2. *The Authority defines its treasury management activities as:*

"the management of the 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".

1.3. *This Authority regards the successful identification, monitoring and control of risk to be the most important criteria by which the effectiveness of its treasury management and investment activities will be measured. Accordingly, the major focus of the analysis and reporting of treasury management decisions and transactions will be on their risk implications for the Authority, with priority given to the security and liquidity of its investments.*

1.4. *This Authority also acknowledges that effective treasury management should provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, but always in the context of effective risk management.*

2. RESPONSIBILITIES

2.1. *The responsibilities for Investment & Treasury Management are defined as follows:*

- (a) *The Authority shall review and consider this Strategy in advance of the start of each financial year.*
- (b) *The Chief Financial Officer shall ensure that satisfactory arrangements are in place for the delivery of this Strategy.*
- (c) *The Chief Executive (National Park Officer) shall be responsible for all investment and treasury management activities, for ensuring that these activities are documented and resourced.*
- (d) *The Chief Financial Officer where appropriate, shall ensure all investment and treasury management activities are in accordance with statutory requirements and CIPFA's Code of Practice for Treasury Management in the Public Services, and for ensuring that an annual Treasury Management report is presented to the Performance Review Committee.*

3. APPROVED METHODS OF RAISING FINANCE

3.1. *Short Term (up to 1 year):*

- *Money markets*
- *Other local authorities*

- Bank overdraft
 - Internal funds
- 3.2. Long term (over 1 year)
- Public Works Loans Board
 - Money Markets
 - Leasing

3.3 However, other than for short-term cash flow requirements, there are no plans to raise external debt during 2013/14. Notwithstanding this, the Authority is obliged to set limits for external debt - and approved such limits, as follows, in setting the 2013/14 budget in February 2013:

Authorised Limit for External Debt	Estimate	Estimate	Estimate	Estimate
	2010/11	2011/12	2012/13	2013/14
Borrowing	1,000,000	1,000,000	1,000,000	1,000,000
Other long term liabilities	0	0	0	0

Operational Boundary for External Debt	Estimate	Estimate	Estimate	Estimate
	2010/11	2011/12	2012/13	2013/14
Borrowing	250,000	250,000	250,000	250,000
Long term liabilities	0	0	0	0

3.4 The Maturity Structure of Borrowing prudential indicator is designed to be a control over an authority having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. In view of the Chief Financial Officer's recommendation in the 2013/14 budget report not to raise any long term borrowing for the period, it is not necessary to set upper and lower limits for the maturity structure of borrowing. This will be reviewed annually.

4. APPROVED ORGANISATIONS FOR INVESTMENT

- 4.1. The surplus cash resources of the Authority are such that investment will be limited to specified investments through accounts held with the Authority's Bankers, for a period not extending beyond the current financial year. If surplus cash resources increase significantly in the future, alternative investment sources may be considered and included in this Policy Statement at that time, requiring the formal approval of the Authority.
- 4.2. The credit rating of institutions holding the Authority's investment will be checked by the Finance Manager periodically via Standard and Poors' website and a recommendation as to any action necessary in the event of a change in rating shall be made.
- 4.3. In terms of Treasury Management, interest rate risk management is a top priority for local authority management. While fixed-rate borrowing and investment can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance may justify, or even demand, retaining a degree of flexibility through the use of variable interest rates on at least part of a treasury management portfolio. Operational Boundaries for the exposure to interest rate risks are set below, to support the target interest receivable on short-term investments (built into the revenue baseline budget) of £5,000.

- Upper limit for variable rate exposure – 100%
- Upper limit for fixed interest rate exposure – 75%

This means that the Chief Financial Officer will manage fixed interest rate exposures within the range 0% to 75% and variable interest rate exposures within the range 0%-100%.

4.4. *In view of the low level of cash available for investment, it was the Chief Financial Officer's recommendation in the 2013/14 budget report that only short term investments be entered into for the period. It is therefore not necessary to set limits on investments to final maturities beyond the year-ends.*

5. TREASURY MANAGEMENT PRACTICES

5.1. *The following Treasury Management Practices will guide treasury management activities:*

- **TMP1 – Treasury Risk Management.**
Adequate cash balances will be maintained in the Authority's business account to fund the daily payments made from the account. Surplus cash balances will be invested only via minimum risk avenues.
- **TMP2 – Best Value & Performance Measurement**
Treasury management decisions will be made with regard to achieving best value, and performance will be measured in terms of achieving budgetary targets whilst limiting risk.
- **TMP3 – Decision Making & Analysis**
Decisions will be made as and when necessary, in a manner that balances cash requirements with cash surpluses whilst maximising investment returns and minimising risks. These decisions will be made within the boundaries set by the Authority's treasury management policies and statements.
- **TMP4 – Approved Instruments, Methods and Techniques**
Surplus cash on the Authority's business account will, at the end of every banking day, automatically be transferred to a higher interest No Notice Business Account. The Authority may also transfer funds to other reputable U.K. Financial Institutions which offer more attractive rates of return. These institutions must however have the same or superior Standard & Poors verified credit rating.
- **TPM5 – Treasury Management Organisation**
The Finance Manager will undertake the day-to-day Treasury Management activities, liaising with the Resources Manager and Chief Executive (National Park Officer) to consider longer-term issues as and when necessary.
- **TMP6 – Reporting Requirements**
Performance will be assessed as part of the Authority's budget performance monitoring. A report will be presented at the year-end comparing actual investment income with budgeted income.
- **TMP7 – Budgeting, Accounting, Audit**
Investment income from treasury management decisions is included within the Authority's budgets and accounts and is subject to inspection as part of the annual audit. Interest due on borrowings is also accounted for within the Authority's accounts.
- **TMP8 – Cash and Cash flow Management**
The annual budgeting process will determine expenditure levels and sources of finance. On a daily basis, consideration will be given to the timing of cash receipts and cash payments. The Authority's Bankers telephone banking service and on-line banking service will be used to facilitate daily cash flow reviews.
- **TMP9 – Money Laundering**
Money laundering will not be undertaken by this Authority.
- **TMP10 – Staff Training & Qualifications**
Staff training will be discussed at least within the annual appraisal process, although requests for training will be considered at anytime. Essential staff qualifications are determined by the Authority as part of the recruitment and selection procedures.
- **TMP11 – Use of External Service Providers**
The Authority will manage its treasury management arrangements without the use of external service providers.

- TMP12 – Corporate Governance
The provision for annual reports on treasury management to the Authority's members forms a key part of the corporate governance arrangements in authorities.

This Strategy will be in force for the financial year 2013/14