



Leicester
City Council

**Performance & Value for MoneySelect
Committee
Cabinet**

23rd September 2009

5th October 2009

2009/10 CAPITAL PROGRAMME MONITORING – PERIOD 3

Report of the Chief Finance Officer

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members on the progress of spending on the capital programme for 2009/10 to the end of June (period 3), and the forecast spend to the end of the year.
- 1.2 Further reports will be produced showing cumulative expenditure and full year forecast on a periodical basis.

2 SUMMARY

- 2.1 The actual level of expenditure at the end of period 3 totalled £11.4 million, which represents 9.7% of the projected spend for the year of £114.8m.

3 RECOMMENDATIONS

- 3.1 Cabinet is recommended to:

- i) approve a revised level of programmed expenditure of £114.8million;
- ii) note the level of expenditure to the end of June 2009 of £11.4 million;
- iii) note the current level of spend (10%) of the programme;
- iv) note the downturn in capital receipts;
- v) note the prudential indicators for 2009/10.

- 3.2 The Select Committee is asked to:

- i) consider the overall position relating to the capital programme and make any observations to Cabinet as it sees fit; and
- ii) consider whether they would wish to further scrutinise the performance of any individual schemes where they have concerns over progress.

4 CAPITAL MONITORING

4.1 The capital programme is split into 4 main categories:

- i) the Transport programme;
- ii) the Education programme;
- iii) the Housing programme; and
- iv) the Corporate programme, which covers all other services.

This categorisation is determined by the way Government support is allocated.

4.2 This report details the actual level of expenditure to the end of June 2009.

4.3 The report also considers the extent to which the Council has achieved its programme of asset sales, which help fund the programme.

4.4 Monitoring information is included in relation to Prudential Indicators.

5 POSITION AT THE END OF JUNE 2009

5.1 The overall financial position for each division is shown in Appendix A.

5.2 At the end of period 3, 10% of the 2009/10 revised programme of £116.8 million had been spent.

5.3 There is only one significant area of slippage currently forecast in the capital programme, being the planned new Customer Service Centre on Bishop Street. However this is likely to change during the year as detailed progress on other projects is identified.

5.4 The recession has had an impact on our already low target for capital receipts.

6 PROGRESS ON SPECIFIC SCHEMES

6.1 Details of progress on major schemes in the programme are given below on a Divisional basis in line with the authority's new management structure.

6.2 Social Care & Safeguarding

6.2.1 The approved programme totalled £1.455 million which now stands at £1.26 m following the 2008-09 outturn. Expenditure to period 3 of £353,000 represents 28% of the full year forecast.

6.2.2 The schemes in this division include Children's Residential Homes and Youth Projects.

6.3 Access, Inclusion & Participation

- 6.3.1 The approved programme totalled £3.86m which now stands at £3.76m following the 2008-09 outturn. Expenditure of £139k had been incurred at the end of period 3, representing 3.6% of the revised programme.
- 6.3.2 Projects included in the 2009/10 programme include Children's Centres and Short Break Pathfinder Grant (£146k).
- 6.3.3 Childrens Centres (£3.6m) for phases 1 to 3 – the approval of phase 3 schemes are subject to further cabinet approval.

6.4 **Learning Environment**

- 6.4.1 An approved programme of £33 million has been revised to £35.3 million as a result of additions to the programme of £2.3 million. These arise from the award of a new DCSF grant in June 2009 on a match funding basis. This will be used in the main on school kitchen and dining facilities and on integrated service hubs. Expenditure of £5.3 million has been incurred as at period 3 representing 15% of the revised programme.

6.4.2 **Progress and comments on major schemes detailed below:**

a) Schools Formula Capital (£4m)

This is funding which is devolved directly to schools and is therefore not subject to direct controls on expenditure and profiling. Payments are made to schools on a termly basis, based on a national formula. Spend at period 3 is £17K.

b) Humberstone Junior and Infants Restructuring (£2.4m)

The project commenced in April 2009 and is due to be completed in February 2010. Expenditure to period 3 totalled £157k.

c) New Primary Places (£13.4m)

The project includes works at a number of schools with expenditure of £2.2 million to period 3.

Significant elements of New Primary Places project are as follows:

Taylor Road Primary (£5.02m) The project is currently on programme.

Eyres Monsell & Children Hospital School (£3.06m) The project is currently on programme.

Rowlatts Hill Primary (£1m) The project is planned to commence in Jan 2010 and due to be completed in September 2010.

Mellor Primary (New School) (£1m) An option appraisal is currently being carried out and a Cabinet paper is planned to be submitted to Cabinet in October 2009.

Marriott Primary School (£900k) The works were planned to commence in July 2009 and due to be completed in September of 2010.

Evington Valley Primary (£400K): The project is planned to start Jan 2010 and due to be completed in the November 2010.

Rolleston Primary (£600K) The project is planned to commence in November 2009 and due to be completed in August 2010.

Merrydale Infants (£825K): The project commenced in April 2009 and is due to be completed in August 2009.

d) Building Schools for the Future – Phase 1

Planned school handover dates have all been achieved either on-time or early, as shown below. These are :-

Fullhurst Phase 1	05 Jan 2009	(Completed & on time)
Fullhurst Phase 2	27 Aug 2009	(Completed early)
Beaumont Leys	20 Apr 2009	(Completed early)
Judgemeadow	05 Jun 2009	(Completed & on time)
Soar Valley	05 Jun 2009	(Completed & on time)

This remains a unique position in the National BSF programme.

Significant progress is now under way on demolition works at the completed school sites and the timetable plan remains robust. An emerging issue concerns the removal of **asbestos** which has been identified with additional costs expected and payable by the authority as the site owner of the existing buildings, over and above the sum budgeted for asbestos removal. The situation will be further reported in due course.

e) Classroom Replacement Programme (£1.2m)

Charnwood Primary: The project commenced in January 2009 and is due to be completed in August 2009.

Upland Infants: the project is currently on hold while investigation is carried out on the structural problems that have been reported on the existing building.

f) School Kitchens (£1.9m)

A new Department of Childrens, Schools and Families (DCSF) grant of £3.3m was awarded in June 2009 on a match funding basis. Some initial allocations have been made for two secondary schools and a further allocation has been earmarked for Primary schemes. A separate Cabinet report will be produced to identify the complete programme including match funding.

6.5 Learning Services

6.5.1 The approved programme of £2.614 million has been subject to additions of £291k for the local sports project at Soar Valley and for City Learning Centres. This gives a revised approved programme of £2.9 million. Expenditure of £203k has been incurred to period 3 representing 7% of the programme for the year.

6.5.2 Schemes in the Learning Services Division include IT Projects (£1.254m), Children's Play Programmes (£546k), Individual Access Needs (£226k), New

Opportunities Sports Programme (£200k), Braunstone Skills Centre (£182k) and City Learning Centres (£171k).

6.6 Highways and Transportation

6.6.1 The approved Capital programme for Highways and Transportation schemes totals £13.4 million. Additional schemes have been identified and planned resulting in forecast expenditure of £15.7 million for 2009/10. The additional expenditure will be funded from 2010/11 resource allocation. Expenditure of £1.97 million has been incurred to period 3. A full programme spend is currently being forecast.

6.6.2 The Highways and Transportation capital programme is made up of the following main areas:

	Approved Programme 2009/10 '£000	Expenditure B/Fwd '£000	Revised Programme 2009/10
Integrated Transport	£6,714	£1,790	£8,504
Capital Maintenance	£2,621	£526	£3,147
Regeneration Schemes	£3,202	-	£3,202
Other H&T Schemes	£835	-	£835
Total H&T	£13.372	£2,316	£15,688

6.6.3 The major projects within the **Integrated Transport programme** include Quality Bus Corridors (£2.8m), Park & Ride Services (£2.1m), Walking & Cycling Schemes (£0.6m), Bus Improvements (£0.45m) and Safer Roads (£0.94m). Expenditure of £1.176 million has been incurred to period 3.

6.6.4 The **Capital Maintenance** programme includes works on Old Bow, Gwendolen Road and Palmerston Road bridges, Humberstone Road resurfacing, footways and street lighting. Spend at period 3 is £343k with all schemes predicting a full spend.

6.6.5 **Regeneration** schemes include City Centre Projects (£0.951m), Growth Fund Schemes (£1.737m) and the City Centre Development Programme (£0.52m) giving a total approved programme for 2009/10 of £3.2 million. Expenditure to period 3 of £0.37 million has been incurred.

6.7 Transport Department

6.7.1 Vehicle Replacement Programme

This is a programme to replace vehicles agreed with user sections for the forthcoming financial year. It is estimated that 113 vehicles will be purchased at an estimated total cost of £2.2 million during the financial year 2009/10. Actual expenditure to period 3 amounted to £272k for the purchase of 10 vehicles. The Vehicle Replacement Programme is on schedule as originally planned and there are no areas of concern.

6.8 Culture Services

- 6.8.1 The approved Capital Programme for Culture Services totals £15.54 million with expenditure to period 3 of £1.213 million. The full year forecast is in line with the approved programme.
- 6.8.2 Within the capital programme there are projects with significant expenditure planned for 2009/10 summarised in the table below:

Scheme	Approved Programme 2009/10 '£000's	Forecast Expenditure 2009/10 '£000's	Expenditure to Period 3 2009/10 '£000's
Football Investment Strategy	8,000	8,000	14
Curve	2,068	2,068	25
Phoenix Square	3,028	3,028	963
New Parks Library	1,373	1,373	71
City Gallery Replacement	500	500	15
De Montfort Hall	135	135	13
Belgrave Hall Stable Block	129	129	101
Special Olympics 2009	100	100	2
New Walk Museum	86	86	0
Castle Options Appraisal	49	49	9
Other Culture Schemes	69	69	0
Total Culture Services	15,537	15,537	1,213

- 6.8.3 Key issues with the above programme are:

Football Investment Strategy

This is a major capital investment programme to improve football facilities at 7 sites across the City and provide 4 new or improved ball courts. The programme has been developed in partnership with the Football Foundation, Football Association, The Leicestershire and Rutland County FA, and NHS Leicester City.

Work is scheduled to commence in August 2009 and meetings are ongoing with partner clubs and strategic partners to make sure that the scheme is progressing well and on schedule.

Curve

The remaining costs, including contractual retentions are anticipated to be paid by December 2009.

Phoenix Square

Completion of the main construction works was achieved in August 2009. The fit out works have commenced and are scheduled to be completed by the end of October 2009.

The largest of the fit out works packages have been procured, and contracts awarded, by the Leicester Arts Centre Ltd. The procurement of loose furniture

and equipment, general ITC equipment, box office system and internal ICT infrastructure equipment has yet to be concluded. Incoming telecommunications infrastructure from BT (voice lines, and phone lines for lifts, alarms, etc) is now complete.

New Parks Library and Community Centre

In October 2007, The Big Lottery Fund awarded £1.3 million to build a Library and Community Learning Centre to replace the current library at New Parks. The contractor commenced work in May 2009 and has now completed the initial enabling works to the existing Customer Services building. Excavation of the site is complete, and the main construction work is now underway. Handover is scheduled for 18th Dec 2009. The building is scheduled to open in spring 2010.

Replacement of City Gallery

The options for the development of the site have been considered and a way forward now agreed. The project plan has a provisional opening date of April 2011.

De Montfort Hall

This is for the procurement of a box office system. An OJEU notice was published and the procurement process took place under the accelerated procedure route. Unfortunately no bids were received and so invitations will have to be made a second time. As a result the scheduled date for installation has slipped from November 2009 to January 2010.

6.9 Environmental Services

6.9.1 The approved programme for Environmental Services related schemes is £967,000. Although expenditure of only £16,000 has been incurred to period 3 it is anticipated that expenditure for the year will be in line with the approved programme. The significant projects within the Environmental Services programme include City Wide Allotment Strategy (£301k) and Tree Planting (£274k).

6.10 Planning and Economic Development

6.10.1 The programme for Planning & Economic Development is £2.229 million with expenditure to period 3 of £120,000. Full year expenditure is forecast to be in line with the approved programme. The main schemes are Ashton Green and Growth Fund Schemes.

6.11 Personalisation and Business Support

6.1.1 A Capital programme for personalisation and business support of £172,000 has been approved for two IT related projects within the Adults Social Care area. Whilst there has been no expenditure incurred to period 3 it is anticipated that the approved expenditure will be spent in the year.

6.12 Safer and Stronger Communities

6.12.1 The approved programme totals £460,000. Expenditure of £69,000 had been incurred at period 3, representing 15% of the forecast outturn. The major items in the programme are Safer and Stronger Communities Fund (SSCF) grant which is provided to support the delivery of projects that will contribute to the achievement of the outcomes, targets and indicators in our Local Area Agreement. Expenditure of £132,000 is forecast. Also £200k is forecast to be spent on community centre improvements which is a programme refurbishing six centres.

6.13 **Housing Services /Housing Strategy & Options**

6.13.1 The Housing Services and Housing Strategy Divisions cover Housing Revenue Account and Housing General Fund schemes respectively. The overall approved Housing capital programme totals £29.85million with expenditure to period 3 of £1.15 million – 4% of the approved programme. The forecast of usable capital receipts was £1.3m and this was to be used to entirely fund the General Fund element of the programme. In the light of the position on capital receipts outlined in section 7 below, this element of the programme is very likely to be subject to re-scheduling.

6.13.2 Subject to the comments on capital receipts above managers are confident that full spend will be achieved.

6.14 **Strategic Asset Management**

6.14.1 A capital programme of £5.4 million for Strategic Asset Management Schemes has been approved covering Accommodation Strategy and Property related projects. Expenditure to period 3 of £433,000 has been incurred – 8% of the approved programme.

6.14.2 Progress on individual schemes in the Strategic Asset Management capital programme as follows:

Accommodation Strategy

Customer Service Centre

Options for the use of spaces to meet the needs of the customer service centre have been explored and when adopted the scheme will be further designed and tendered with a view to an opening in February 2011. On this basis the actual projected spend in this financial year is expected to be £500,000 against the original forecast of £2.5 million.

1-3 Greyfriars

Refurbishment works to the first, second and third floors are now complete. Work to the ground floor has started and it is envisaged that it will be completed at the end of August.

Sovereign House – 1st Floor

Plans have been agreed to undertake refurbishment work. This will create an open plan accommodation which will allow the opportunity to increase the numbers of staff in this building. Work commenced on 27th of July.

Bowstring Bridge

The bridge is on programme to be demolished this financial year. The bridge is continuing to be monitored and, where necessary, work is undertaken to ensure it remains safe.

Hamilton Footbridge

The bridge is now complete and is in the defects liability period prior to full adoption by the City Council. The official opening of the Gateway College took place on the 3rd August, with the students commencing in September. Expenditure of £322k is forecast to pay for residual sums.

Property Maintenance, Central Maintenance Fund & Surveys

Asbestos survey schemes continue to be commissioned in accordance with the prioritised programme of work. Expenditure of £87k is forecast. A further £22k will be used to fund prioritised planned maintenance in 2009/10.

Property Schemes

Ongoing projects include work to reduce access to some roofs by vandals or children, safe access into roof spaces for servicing, undertaking fire risk assessments and fire risk reduction works and works to some unsuitable boundary fencing. Expenditure of £402k is forecast.

Town Hall Restoration

Internal redecoration and refurbishment of the main staircase, first floor corridor and the ladies and gents toilets has now been completed. The restoration and redecoration of the Clock Tower and Horsefair Street elevation will be completed towards the end of July. Designs etc for the tiled floor on the ground floor are still being worked upon.

6.15 Information and Support

6.15.1 There is one approved project of £7,000 for the installation of Telly Talk

6.16 Human Resources

6.16.1 One scheme with a value of £10,000 has been approved for works to enable disabled access within Admin Buildings.

6.17 Financial Services

6.17.1 The approved programme of £189,000 covers Resource Management System (RMS) project expenditure. Expenditure to period 3 of £100,000 has been incurred.

6.18 Assurance and Democratic

6.18.1 A capital allocation of £128,000 has been made to support the Ward community meetings in responding to suggestions for local improvements made by residents. The budgets allocated to Ward Community meetings facilitate local people in taking decisions which they consider to important for their local communities. The incidence of expenditure during the year is dependant on timing of the Community meetings, and the recommendations of the residents. Expenditure of £128,000 is forecast.

6.19 Older Peoples Services

6.19.1 The capital programme of £309,000 for Older Peoples Services covers Intermediate Care and Residential Care Home refurbishments schemes. Expenditure of £9,000 has been incurred to period 3.

6.19.2 Key schemes include the Intermediate Care facility at Butterwick House where discussions are still taking place with the Primary Care Trust (PCT) and the refurbishment of residential homes.

6.20 Community Care Services

6.20.1 The approved capital programme of £180,000 covers one Mental Health Grant scheme to be spent on a number of projects in the statutory and voluntary sectors.

7 CAPITAL RECEIPTS

7.1 The recession and in particular the subsequent effect on the commercial property market is having a serious effect on the Council's ability to raise capital receipts and thus finance the capital programme. Expectations were accordingly scaled down significantly when the programme was set. Nonetheless, even these targets are proving difficult to achieve.

7.2 Non-housing capital receipts of £213,000 have been realised at period 3 and it is estimated that a total of only £750,000 to £1,250,000 will be raised in the current financial year compared to a target of £2.3m.

7.3 The Housing usable capital receipts forecast was £1.3m earmarked to finance the General Fund elements of the capital programme. This would normally be achieved from Right to Buy sales, sales of surplus land and redevelopment sites ,disposal of Council houses beyond economic repair and sales of houses under the Empty Homes strategy.

7.4 Housing receipts to period 3 included nine Right to Buy sales which generated £143,000 of usable receipts.

7.5 In the current economic climate there seems to be little chance of achieving the Housing capital receipts target and consideration therefore needs to be given to

identify alternative sources of funding or reductions in the General Fund capital programme.

8 CAPITAL MONITORING TARGETS

- 8.1 In October 2003 Cabinet agreed a performance target for capital expenditure of 90% of the original programme, excluding schemes where there is significant 3rd party involvement.
- 8.2 For programmes excluding those schemes with significant 3rd party involvement and additions or expenditure brought forward the latest forecast of expenditure by divisional officers is 100% of the original programme.

9 PRUDENTIAL BORROWING

- 9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for 2009/10 are shown on the next page:

Approved Prudential Borrowing	2009/10 Original Estimate £000	2009/10 Latest Forecast £000
Corporately Funded		
Property Maintenance	500	500
Curve	324	324
Accommodation Strategy (CLABS)	5,749	5,749
City Centre Development Project (CCDP)	241	242
Digital Media Centre	2,796	2,796
Building Schools for the Future	2,200	2,200
Building Schools for the Future – TLE	0	500
LRC Schemes	1,109	1,109
Lewisher Road	160	160
Football Facilities	1,500	1,400
Spend to Save		
Resource Management Strategy	290	189
Hamilton Footbridge	81	81
Property Purchase	352	352
Housing HRA – General	600	600
Vehicles in lieu of leasing	1,500	2,200
New Parks Library	0	80
Energy Saving Street Lighting	0	160
Museum Collection Facility	157	157
Saw Mill	0	32
Future Spend to Save	773	500
Total Prudential Borrowing	18,333	19,331

- 9.2 The Chief Finance Officer is permitted to approve Spend to Save schemes up to £250,000.
- 9.3 The cumulative level of prudential borrowing as a proportion of gross revenue expenditure is shown in the table over (this takes into account anticipated repayments):

General Fund	Cumulative Unsupported Borrowing £000	Gross Revenue Expenditure £000	Cumulative Unsupported Borrowing as % of GRE
2006/07 (actual)	19,572	746,743	2.6%
2007/08 (actual)	29,913	772,491	3.9%
2008/09 (actual)	53,417	779,889	6.9%
2009/10 (forecast)	68,009	785,289	8.7%

Housing Revenue Account	Cumulative Unsupported Borrowing £000	Gross Revenue Expenditure £000	Cumulative Unsupported Borrowing as % of GRE
2006/07 (actual)	20,487	64,051	32.0%
2007/08 (actual)	20,121	65,017	30.9%
2008/09 (actual)	19,246	69,057	27.9%
2009/10 (forecast)	18,972	72,925	26.0%

10 PRUDENTIAL INDICATORS

- 10.1 The latest forecast of performance in 2009/10 against approved indicators is shown in Appendix B.
- 10.2 In summary, the Council will not exceed any Prudential Indicators, which were set as limits on the council's activities. There will be variations between actual and expected performance on some indicators due to changes in the forecast level of capital expenditure.

11 CONSULTATION

- 11.1 All departments have been consulted in the preparation of this report.

12 FINANCIAL AND LEGAL IMPLICATIONS

- 12.1 The report is largely concerned with financial issues.
- 12.2 Legal Implications - there are no additional legal implications.
(Peter Nicholls Extension 296302)

13 OTHER IMPLICATIONS

Other Implications	Yes / No	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable & Environmental	Yes	6.6 & 6.9
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly People / People on Low Income	No	-

Author:
Andrew Swift / Jon King
297433

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

2009/10 CAPITAL PROGRAMME
APPENDIX A

Service Areas	Approved Programme	Additions	Budget Transfers/ (Reduction)	(Slippage)	Overspend/ Payments Brought Forward	Full Year Forecast Period 3	Payments to end of Period 3	Percentage of Spend compared to Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Care & Safeguarding	1,455		(197)			1,258	353	28%
Access, Inclusion & Participation	3,861		(96)			3,765	139	4%
Learning Environment	33,083	2,263				35,346	5,309	15%
Learning Services	2,614	291				2,905	203	7%
Highways & Transportation	13,372				2,316	15,688	1,970	13%
Transport Department	2,200					2,200	272	12%
Culture Services	15,537					15,537	1,213	8%
Environmental Services	967					967	16	2%
Planning and Economic Development	2,225	4				2,229	120	5%
Personalisation and Business Support	172					172		0%
Safer and Stronger Communities	460					460	69	15%
Older People Services	309					309	9	3%
Community Care Services	180					180	0	0%
Housing Services	24,437	196	(156)	(10)		24,467	344	1%
Housing Strategy and Options	5,383					5,383	807	15%
Strategic Asset Management	5,598			(2,000)		3,598	433	12%
Information and Support	7					7		0%
Human Resources	10					10		0%
Financial Services	189					189	100	53%
Assurance and Democratic	128					128		0%
TOTAL	112,187	2,754	(449)	(2,010)	2,316	114,798	11,357	10%

	Budget	Latest Forecast
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AFFORDABILITY

Ratio of financing costs to net revenue stream

Non - HRA	8.30%	8.70%
HRA	15.35%	11.73% *

This expresses the capital financing budget as a proportion of the total budget requirement.

Level of "unsupported" borrowing for the General Fund

	£000	£000
Unsupported borrowing brought forward	48,543	53,417
New unsupported borrowing	13,524	18,731
Less unsupported borrowing repaid	<u>(4,139)</u>	<u>(4,139)</u>
Total unsupported borrowing carried forward	<u>57,929</u>	<u>68,009</u>

Some borrowing initially forecast for 2008/09 is now anticipated to be in later years.

Level of "unsupported" borrowing relating to the HRA

	£000	£000
Unsupported borrowing brought forward	19,647	19,246
New unsupported borrowing	600	600
Less unsupported borrowing repaid	<u>(890)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>19,357</u>	<u>18,972</u>

Estimated incremental impact on council tax & average weekly rents of 2009/10 capital investment decisions

	£	£
Band D council tax (£1,163.65)	0.00	0.00
HRA rent (£54.86)	0.01	0.01

PRUDENCE

Level of capital expenditure

	£000	£000
General Fund	95,701	90,331
HRA	21,377	24,467
Total	117,078	114,798

Capital Financing Requirement

This measures the authority's underlying need to borrow for capital purposes.

	£000	£000
Non HRA	292,150	301,198
HRA	211,578	211,194

General Fund Capital Financing Requirement split between unsupported and supported borrowing

	£000	£000
Supported Borrowing	222,175	233,189
Unsupported Borrowing	<u>69,975</u>	<u>68,009</u>
	292,150	301,198

Authorised Limit

This is a statutory limit relating to external debt and is consistent with the authority's plans for capital expenditure and financing and with its treasury management policies.

The currently approved limit is £500 mi

Operational Boundary

This is based on the same estimates as the Authorised Limit but reflects the Chief Finance Officer's estimate of the most likely level of debt.

The currently approved limit is £370 mi

SUSTAINABILITY

Upper limit on fixed and variable interest rate exposures, as a percentage of total debt net of investments

	%	%
Fixed interest rate	150	150
Variable interest rate	45	45

Upper limits for the maturity structure of its borrowing

	%	%
Under 12 months		
upper limit	30	30
12 months & within 24 months		
upper limit	40	40
24 months & within 5 years		
upper limit	60	60
5 years & within 10 years		
upper limit	60	60
10 years & above		
upper limit	100	100

The upper limit for principal sums invested for more than 364 days is £90 million for 2009/10 and subsequent years.

Lower limits for the maturity structure of its borrowing

Less than 5 years	5	5
Over 5 years	60	60