

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

10 FEBRUARY 2006

REPORT of the Chief Financial Officer and Director General

**AUTHORITY AND EXECUTIVE REVENUE BUDGET 2005/06 AND
2006/07**

1. MATTERS FOR CONSIDERATION

- 1.1 The revised forecast for 2005/06 and proposed budget for 2006/07
- 1.2 The Levy on District Councils for 2006/07
- 1.3 The Prudential Funding Statement

2. BUDGET SUMMARY

As previously agreed an increase in the Levy of 4% is being recommended, plus a further rise to cover the anticipated cost of the 'free' concessionary fares scheme (32%) being funded by the government. See para 3.4 to 3.6 for details of the overall increase. A summary and explanation of the overall budget and this levy increase is set out below:

	2004/05 Actual £000	2005/06 Original £000	2006/07 Revised £000	2006/07 Original £000
Net Expenditure				
Executive (PTE)	81,068	115,756	111,937	133,200
Authority (PTA)	-18,872	-50,200	-46,952	-47,996
	62,196	65,556	64,985	85,204
Use of Reserves	-5,434	-1,324	-753	-1,503
Payments to Districts	0	0	0	3,600
	56,762	64,232	64,232	87,301

District Council Levies

	Relevant Population June 04 for 06/07	Levy 2005/06 £	Levy 2006/07 £	% of levy by District
Bradford	481,118	14,642,397	19,924,822	22.8%
Calderdale	194,328	5,921,440	8,047,819	9.2%
Kirklees	393,195	11,993,879	16,283,615	18.7%
Leeds	719,626	21,919,847	29,802,294	34.1%
Wakefield	319,761	9,754,437	13,242,450	15.2%
	2,108,028	64,232,000	87,301,000	100.0%

3. OVERALL POSITION

- 3.1 The majority of the costs of carrying out the Authority's transport policies in West Yorkshire are incurred by the Passenger Transport Executive who are reimbursed by a grant from the Authority. The resultant costs of the Passenger Transport Authority's policies are met by income, national grants and a levy on the five District Councils in West Yorkshire.
- 3.2 The Authority has achieved successful capital bids and key awards for excellence over the last few years and was voted the PTA of the year for three years running. The price of the successful capital bids has been the revenue implications of delivering the capital programme, including the MyBus scheme. The overall position was considered by Members at their budget meeting in December. At that meeting the financial strategy put forward continued the previously agreed approach with the notable exception of the change to the concessionary fares scheme, as required by the Chancellor's budget statement in April 2005. The attached budget also follows the previous financial strategy and the information previously provided to Members.
- 3.3 An increase of £5m in the Executive's reserves, created in their balance sheet in accordance with the Auditors recommendations, was transferred by the Authority to the Districts in 2004/05. As a result it was agreed with the Districts that in future the Levy be increased by an amount of 4% per annum for 2005/06, for 2006/07 and for 2007/08. The second year of the 4% increase has been incorporated in the Levy as has an increase to meet the government's required change to the concessionary fares scheme.
- 3.4 The Chancellor announced in his 2005 budget that the national statutory concessionary fares scheme would, from 1 April 2006, allow all elderly and disabled pass holders to travel free on buses within their area. To pay for the increased cost the government has included the sum of £350m in the local government grant system and distributed that amount across local authorities. In the case of West Yorkshire, the allocation has been given to the District Councils. That sum is estimated to be £16.9m for West Yorkshire and has to be recovered by the PTA through the Levy on the Districts.
- 3.5 The government grant system distributes the grant unevenly between the districts compared to the distribution of the levy. Thus to 'capture' the right level of grant provided by the government has meant increasing the levy by £20.5m and repaying £3.6m to some districts to ensure that ultimately each district contributes no more or less than they are receiving from the government in additional RSG for concessionary fares. The allocations concerned are set out in the following table. It should be noted that because each district is receiving additional government grant to cover their element of the

concessionary fares cost the actual effect of transport on the level of the Council tax charged to householders is 4% in line with the 3 year strategy.

Concessionary Fares element	Levy 2006/07 £	Less gov't grants £	Net refunds £
Bradford	4,678,742	4,100,000	578,742
Calderdale	1,889,787	1,500,000	389,787
Kirklees	3,823,715	2,900,000	923,715
Leeds	6,998,167	5,300,000	1,698,167
Wakefield	3,109,589	3,100,000	9,589
	<u>20,500,000</u>	<u>16,900,000</u>	<u>3,600,000</u>

3.6 Following the review of the existing financial strategy and the change to the concessionary fares reimbursements the Authority is being recommended to formally approve a levy for 2006/07 of £87.301m or an increase of 35.9%. As stated above once this is offset by a repayment of £3.6m and the government grants received by the districts the effect on householders will be an increase of 4% which is in line with the financial strategy approved last year.

3.7 As a result of the above PTA and PTE budgets have been produced which are dealt with in the following sections of the report and combined in Appendix A.

4. PASSENGER TRANSPORT AUTHORITY BUDGET

	2004/05	2005/06		2006/07
	Actual £000	Original £000	Revised £000	Original £000
Income				
Special Rail Grant	25,843	57,982	54,740	56,116
Rural Bus Grant	981	1,019	1,019	1,019
Interest receivable	627	26	404	399
Rents and Service charges	973	1,037	1,106	1,115
	<u>28,424</u>	<u>60,064</u>	<u>57,269</u>	<u>58,649</u>
Less expenditure on				
Debt charges	8,113	8,617	8,939	9,275
Other general expenses	1,439	1,247	1,378	1,378
Net income	<u>18,872</u>	<u>50,200</u>	<u>46,952</u>	<u>47,996</u>

4.1 The Passenger Transport Authority's forecast outturn for 2005/06 and proposed budget for 2006/07 are set out above.

4.2 The Special Rail Grant and the Rural Bus Grants, although received by the Authority, are to cover the Executive's rail and rural bus expenditure, including direct expenses and staffing. They virtually match the expenditure that appears in the Rail and Subsidised Services sections of the Executive's budget.

- 4.2 The debt charges and the investment income lines reflect the continuing intention to maintain an active review of borrowing and investments allowing the refinancing of loans in the light of changes in money market interest rates and to maximise the short term nature of the funding operation, to minimise investments and hence reduce any interest payable. Slight changes have been made as there was a short term fall in interest rates allowing some advance borrowing to be achieved. The overall position is set out more fully in Appendix B.
- 4.3 It should be noted that a particular change occurred early in 2004/05 when the SRA, with only a month's notice, repaid outstanding debts of over £37m. That repayment had no long term effect on the Authority, because all such repayments are required to be offset against rail grants, but did mean a significant once only increase in the level of interest receivable in that year due to the sudden increase in surplus cash created.
- 4.4 The funding of the anticipated level of expenditure derived from the capital programme as set out in this and the attached report is set out in Appendix B which also provides the Authority's approach to Prudential Borrowing in accordance with the 2003 Local Government Act.
- 4.4 The running expenses reflect the general operation of the Authority's administration and their Headquarters building (Wellington House) and are largely offset by rents and service charges.

5 PASSENGER TRANSPORT EXECUTIVE BUDGET

	2004/05	2005/06		2006/07
	Actual	Original	Revised	Original
	£000	£000	£000	£000
Expenditure				
Concessionary travel scheme	21,595	20,740	20,740	37,640
Subsidised bus services	19,117	21,294	20,895	23,313
Passenger Services	7,002	7,172	8,110	8,364
Rail support	26,118	57,982	54,740	56,116
Pensions	1,352	2,408	1,346	1,485
Financing charges	1,482	1,566	1,780	1,549
Central contingency	0	195	0	0
Other activities	4,402	4,399	4,326	4,733
Net expenditure	81,068	115,756	111,937	133,200

5.1 PTE Budget Summary

The Passenger Transport Executive's forecast outturn for 2005/06 and proposed budget for 2006/07 are set out above. A commentary is then included in the following paragraphs on the principal items.

5.2 Concessionary Travel

Members will be well aware of the government's requirement for the Authority's concessionary fare scheme to be 'free' to the disabled and elderly for travel on buses within West Yorkshire from 1 April 2006. The budget therefore includes the estimated cost of the change to a zero fare from the previous charge of 35p, including an element for the consequential effects for cross-boundary bus travel. The fare on trains remains at 35p.

However, it is important to note that the reimbursement arrangements have not yet been formally accepted by the operators and a further report will be presented to Members later in the year when the patronage impact of the change in fare becomes apparent. More details of the changes to the scheme and the formal recommendations are set out in appendix D to this report.

5.3 Subsidised Bus Services

In general services are on 5 year rolling contracts. There is mounting concern over the national position where on average costs have increased by more than 12% and in some cases even doubled. The Tendered Services Working Group continues to review tenders ensuring Authority criteria are applied and adjusting services to achieve best possible outcomes. There have been significant de-registrations and increases on a number of the batches where operators are seeking to increase their cost recovery.

Most of the savings against the original budget are due to timing differences on externally funded schemes, such as Rural bus challenge, and these costs have been built into the 2006/07 budgets along with the income. However, these are short term savings and as indicated above it is expected that tender prices will rise significantly in the future and it has only been possible to budget at about the rate of inflation. A review of the network is therefore being conducted by the Tendered Services working group to ensure that resources are efficiently deployed.

Provision has been made for the continued implementation of the yellow bus scheme for which approval to the third phase has just been granted by the DfT.

The AccessBus budget has been increased at a rate above inflation to reflect that all the contracts are due for re-tendering after a number of years because renewals had been deferred.

5.4 Passenger Services

Essentially this budget covers all expenditure on bus stations (including the central CCTV system), shelters and stops, including

timetables and information, procurement of all subsidised bus services (including rural and accessbus services) and their monitoring and supervision, and the provision of education transport. Thus it is intended to cover all the costs entailed in the direct provision of services to the public other than the payments to bus operators shown above.

The 2005/06 outturn has increased significantly compared to the original budget. This is mainly due to the switch of pension contributions mentioned below (around £500k). However, there have been a number of areas where additional costs have had to be provided for. These included some maintenance works, in particular the protection to the Interchange roof where advisers had warned of a possible future hazard; utility costs and the effect of reducing departure charges at bus stations; failure to achieve the level expected of MyBus sponsorship (further opportunities will be pursued when the full scheme is operational); printing of additional timetables due to the increasing number of service changes by operators.

The rise in the 2006/07 budget mainly reflects pay awards and unavoidable inflation. However, in the light of the increases in the forecast outturn a number of savings had been made to pull back the budget including the attempt to re-achieve my-bus sponsorship.

5.5 Rail Support

All supported local rail services that have been operated from March 1997 through rail franchises are being maintained. Their costs continue to be funded by the Government grant shown in the Authority's budget. The significantly reduced figure for 2004/05 reflected the repayment by the SRA of the Deeds of Assumption monies which had to be used instead of rail grant to subsidise the franchise payments.

5.6 Pensions

This figure is determined by the Pensions Fund. The significant reduction from the original budget for 2005/06 reflects the tri-annual revaluation of the fund now being included in staff costs whereas before, because the details had not been established at the time of the budget, it was shown separately. The costs now only represent the effect to the Executive of the cost of pension increases for former employees and ex bus company staff of the Executive both prior to and since deregulation in 1985.

5.7 Financing Charges

This budget represents the net depreciation charged for PTE owned property and other fixed assets. It is not anticipated that there should be any significant rise in the budget as most new financing is

through the Authority. It also includes the costs of leasing external rail units which have been funded by income achieved under the 'other activities' heading of the budget.

5.8 Contingency

Past practice has been to include a sum in contingency to reflect staff pay awards. However, an award has already been announced for next year thus appropriate figures are incorporated directly into the budget.

5.9 Other Activities

This heading contains the Executive's central staffing costs plus office overheads such as rents, insurance, professional fees and a range of other administrative items. The figures are shown net of direct income, including property rents and licenses, concessionary fare permits and school agency fees. The costs of development work for new projects such as bus stations, quality bus routes, real time and smart card systems and all other new developments are also included here although much of the development work will be capitalised at the year-end in accordance with the capital programme.

The reduction in 2005/06 masks a significant increase in payroll costs of around £400k due to the reappportionment of pension recharges which were temporarily shown in the pensions line in the original budget due to their late notification. The savings which more than offset this arise from the profit on the income from the sale of the rail unit lease (£234k) approved by Members in December (the offsetting cost where that income was used to acquire new rail units is included under financing), a £200k saving on insurance premiums which was paid before July 7th and various minor increases and reductions on numerous other headings.

In 2006/07 the main element of increase relates to pay awards and inflation plus the deletion of the rail sale profit (£234k). There are then a number of other minor variations then creating the total variation of £341k.

6. GERSHON SAVINGS

6.1 The PTA is not required under Gershon to submit to the ODPM an annual efficiency statement in the same way as local authorities. However, the transport spending undertaken by the PTA on behalf of the authorities forms part of the costs of the Districts upon which the 2½% efficiency savings must be made. Regular statements and updates on progress are therefore being made to Leeds City Council who are acting as a point of contact for all the Districts on the PTA efficiency savings.

6.2 Metro has always sought to achieve efficiencies wherever possible and this has enabled it to continue delivering the highest standards

of public transport whilst for many years maintaining the levy at below inflation levels. The level of the annual efficiency savings required for 2006/07 is £1.9 million and this has been incorporated into the attached budget. The target efficiencies cover a range of activities, including bus services, procurement and better use of ICT to increase productivity.

7. REVENUE GRANT TO THE EXECUTIVE

- 7.1 The previous paragraphs set out the budgetary position of both the PTA and the PTE. Under Section 4(1) of the Transport Act 1983 the Authority is required to determine the Revenue Grant to be made to the Executive.
- 7.2 There have been a number of changes in the level of PTE expenditure for 2005/06 that prompt the need for a change in the level of the grant from the Authority. Although Appendix A shows a reduced level of grant it is suggested that, in accordance with accepted practice, any formal adjustment is only made to the revenue grant when final figures for the year are known. At that time the grant will be adjusted so that the Executive's overall reserves are maintained at the existing level.
- 7.3 Taking into account the anticipated final position for 2005/06 and the Executive's proposed budget for 2006/07, it is recommended that the PTE revenue grant for 2006/07 be set at a figure of £133.2m which is intended to ensure there is no overall alteration to the Executive's reserves during that year. It is also intended to cover expenditure met from Rail and Rural bus grants and that element of the grant may require amendment later in the year to reflect the actual grant received.

8 REVENUE RESERVES

8.1 The revenue reserves position is as follows:

		2004/05 Actual	2005/06 Latest projection	2006/07 Budget
		£000	£000	£000
Authority -	brought forward	5,544	5,110	4,357
	movement in year	-434	-753	-1,503
	carried forward	<u>5,110</u>	<u>4,357</u>	<u>2,854</u>
Executive -	brought forward	6,411	1,411	1,411
	movement in year	-5,000	0	0
	carried forward	<u>1,411</u>	<u>1,411</u>	<u>1,411</u>
Total -	brought forward	11,955	6,521	5,768
	movement in year	-5,434	-753	-1,503
	carried forward	<u>6,521</u>	<u>5,768</u>	<u>4,265</u>

8.2 The Authority previously considered the level of its financial reserves and concluded that they should be maintained at a level of at least £2m which at that time equated to just over 3% of its annual levy. Currently the reserves above of £4.1m equate to about 4.8% of the net levy of £83.7m for 2006/07 which are considered adequate for the present.

8.3 With the very significant rise in the budget for concessionary fare reimbursements the projected level of reserves ought to be reconsidered. However, the budget position for concessionary fares in the 2006/07 budget is extremely fluid and not only will the Authority have to keep the position under review during the year but it will also be considering the financing with both the government and the districts. It is therefore proposed that any decision to change the policy on the level of reserves should be delayed until February 2007.

8.4 The financial strategy mentioned earlier is designed to reduce reserves to a minimum acceptable level over the next 3 years. Officers will continue to review all aspects of the Authority's and Executive's policies to ensure best use is made of available resources and to maintain a close monitoring of the budget as set out in Section 11 of this report.

9 CAPITAL PROGRAMME

Local transport plan allocation

9.1 The Authority's bid for the capital resources required for 2006/07 formed part of the Annual Progress Report (APR) and the new 2nd

Local Transport Plan (for 2006/2011) made as a joint submission with the five District Councils in West Yorkshire in July 2005.

- 9.2 The APR for 2004/05 received a 'good' rating (the second highest category and with the highest score of any metropolitan authority) and attracted bonus funding of 5% (worth £1.4m across the partnership). This was a significant improvement on the 'average' rating in previous years and reflects the concerted effort by all partners in the last year. The Department for Transport (DfT) settlement letter refers to the 'good progress...towards implementing the first LTP' and 'the progress made on spend'.
- 9.3 The Provisional 2nd West Yorkshire Plan has been assessed as 'promising' (the categories are 'needing substantial improvement', 'promising' or 'very promising'). Nationally, the majority of plans were assessed as promising and attracted no performance bonus (or penalty). Work is underway to further improve elements of the plan. The final version of the 2nd LTP is expected to be submitted to Members for approval at a special meeting in March 2006.
- 9.4 The letter announcing the Government's decision on the 2005 submission is attached for Members information at Appendix C 1. Nationally the DfT did not approve any new major schemes (West Yorkshire schemes submitted were the A65 Quality Bus Initiative (re-submission), Wakefield Westgate capacity enhancements and Kirklees Structures). All schemes will now be referred to the new Regional Transport Board for advice and the DfT is expected to make a decision in March 2006.

Capital Allocation for 2006/07

- 9.5 In accordance with the Prudential Capital System a supported allocation for Integrated Transport has been issued to each of the Districts as a Supported Capital Expenditure (Revenue) Indicator SCE(R) with the PTA also receiving a SCE(R) the revenue support for which will be allocated to the Districts in proportion to their population. The SCA allocated to the PTA for 2005/06 was £8.443m with the SCE(R) for 2006/07 being £8.670m to reflect the allocation arrangements requested by the Authority.
- 9.6 There has also been an announcement of the planning guidelines for the next four years which show annual increases for the county as a whole of -4.7%, +7.8%, 7.7% and 7.7%. The element of these relating to the Authority will be subject to the finally agreed total (ie depends on the state of the overall economy) and discussions with the District Councils over the split in future years.
- 9.7 The Authority also had its Yellow Bus scheme continued for a further year subject to satisfactory progress reports. The DfT have subsequently informed us

that £504k of the 2006/07 funding will be deferred into 2007/08 and it is all now expected to be funded by Section 56 grant thus avoiding the need for additional debt charges. This scheme is of course the subject of regular reports to the Authority although to avoid delays it is recommended that approval to the next phase of the expenditure of £7m (being the level of the S56 approval for 2006/07) be granted at this time.

- 9.8 A draft 3 year programme is set out in Appendix C 2 as required by the regulations to allow the setting of the Authority's Prudential guidelines. It should be noted that it allows for some programmed slippage to maximize the ability to achieve the annual target spend and decisions will need to be taken by Members to determine the final approved schemes in each year. The anticipated effect of the required borrowing to fund the consequential debt charges has been incorporated within the attached revenue budget.
- 9.9 As Members will be aware the Leeds Supertram scheme has been cancelled. However, there are still a number of commitments that have to be honoured, such as land purchase notices. The sums have received approval in previous years and are not included in the attached capital programme as the funding will be through grants from Leeds City Council or monies already set aside for the purpose. They are, however, included in the prudential statement attached.
- 9.10 Following on from the demise of the Supertram studies are being undertaken on various systems of rapid transit. These include a wide variety of solutions including bus lanes, tram style bus routes, guided bus ways, road improvements and other possible solutions. In order to procure the necessary advisory services and undertake the required studies approval to a sum of £560k is requested.

Specific LTP schemes

- 9.11 As part of the Yorkshire Bus Initiative, Metro's ongoing shelter programme has been expanded to cover the replacement of Adshel shelters and provide advertising panels on other shelters to create an increase in the level of advertising income as reported to the Authority last year and to continue the programme to refurbish deteriorating Smart 4 shelters. An approval of £2.805m is therefore sought to cover the overall cost of the shelter programme for 2006/07. This does, however, exclude extending provision of timetable cases which will form part of a change in the approach to the customers services strategy and hence form part of a separate report to members. All these elements will be funded from Metro's LTP allocation.
- 9.12 The Authority has in previous years approved the use of capital resources to fund staff developing LTP projects in order to underpin the implementation of the capital programme. It is

proposed to continue this arrangement. It is also proposed to continue to meet development work on LTP2 from capital and £150k has been included for this which, together with the £350k for salaries, will be funded from Metro's LTP allocation.

General funding

9.13 In the general context of the capital programme and the statement on the prudential capital system the Authority is recommended to approve the full use of alternative sources of funding as determined by the Chief Financial Officer. In this context it will be seen from the draft capital programme that capital resources will be extremely tight in the future and the possible use of leasing eg for some schemes such as the purchase of Accessbuses is to be examined. This will, however, be subject to prior authorisation of each scheme, its expenditure, the requirements of statute and the subsequent reporting back to the Authority for their approval to the method of funding adopted.

10 BORROWING AND INVESTMENT STRATEGY

10.1 A review of the Authority's operation of the prudential capital system incorporating statutory determinations is set out in Appendix 'B'.

11 PASSENGER TRANSPORT EXECUTIVE BUDGET RESTRICTIONS

11.1 It is recommended that the controls placed on the incurring of expenditure issued in 2005/06 be reiterated for 2006/07.

11.2 The budget is divided into eight main blocks:-

- Concessionary travel
- Subsidised Services
- Passenger Services
- Rail expenditure
- Pensions
- Financing Costs
- Contingency Fund
- Other Costs (net of direct income)

11.3 The Authority's approval is required to any virement between the blocks of expenditure set out above where the expenditure of any one of the blocks is likely to be exceeded. Similarly, virement is not normally permitted from certain specific heads of expenditure (eg. staffing costs).

11.4 There is also a requirement to obtain full Authority approval for the release of expenditure from the contingency fund.

11.5 Thus **all** releases from the contingency fund and virements between blocks, where the vote is to be varied by more than £25,000 or more than 10% (which ever is the greater), are required to be authorised by the Authority.

12 RECOMMENDATIONS

It is recommended that:-

A. REVENUE BUDGETS

- (i) Approval be given to the Authority's budgets for 2005/06 and 2006/07.
- (ii) Approval be given to the Executive's budgets for 2005/06 and 2006/07.
- (iii) The implications of the budget as detailed above be noted.
- (iv) Approval be given to the use by the Executive of the PTA grant in accordance with the Capital and Revenue budgets except that the following shall require the specific approval of the Authority as defined by paragraph 11 above:
 - (a) All capital commitments,
 - (b) Releases from the Contingency Fund,
 - (c) All virements as defined in that paragraph.

B. LEVY

- (i) In accordance with the powers contained in the Local Government Finance Act 1988 (as amended) and the Transport Levying Bodies Regulations 1992 and having regard to the requirements of the Passenger Transport Authority, a levy of £87.301m be determined for the year ending 31st March 2007.
- (iii) The Chief Financial Officer be authorised to issue the levy in respect of the financial year ending 31st March 2007 to the five District Councils in West Yorkshire.

- (iv) The payment of that levy be agreed with each District Council on the basis of 10 equal consecutive monthly instalments commencing in April 2007.
- (v) That a payment of £3.6m be made to Districts Councils in accordance with the table in paragraph 3 of the report.

C. REVENUE GRANT TO EXECUTIVE

- (i) The Authority determine in accordance with Section 4(1) of the Transport Act 1983, that revenue grants up to the sum of £133.2m be made to the Passenger Transport Executive in 2006/07 (to include the Government rail and rural bus grants which are to be adjusted later to reflect the actual receipts by the Authority).
- (ii) The Authority direct the PTE under Section 11(3A) of the Transport Act 1968 to finance any deficit in 2006/07 by an appropriation from their reserves.

D. CONCESSIONARY FARES

- (i) That the recommendations for changes to the concessionary fares scheme as set out in Appendix D be approved

E. CAPITAL PROGRAMME

- (i) The position of the local transport allocation [SCE(R)] be noted in relation to the Authority's schemes and that the Executive be authorised to explore other methods of supplementing the LTP resources.
- (ii) Approval be given to the expenditure on schemes set out in paragraph 9 of the report.
- (iii) Authorisation be given to the Chief Financial Officer to arrange appropriate funding for all expenditure in 2005/06 and 2006/07 subject to statutory limitation and subsequent reporting back to the Authority.
- (iv) Grants and other sources of external funding be sought wherever possible to maximise funds available to the Authority.
- (v) No uncommitted capital schemes be commenced without the approval of the Authority who shall also determine the method of funding.

F. TREASURY MANAGEMENT

In accordance with Appendix B

- (i) That the adoption of the CIPFA Code of Practice for Treasury Management in Public Services be reaffirmed
- (ii) That the Treasury Management policy as set out in Appendix B be approved.
- (iii) That the overall capital programme and prudential limits for the next 3 years set out in the Appendix B be adopted as follows:
 - i. Operational boundary as shown
 - ii. Authorised Limit
 - iii. Maturity Loan structure as shown
 - iv. A variable rate loan limit of 40%
 - v. A fixed rate loan limit of 100%
- (iv) That the short term investment criteria be reaffirmed.

D Page Chief Financial Officer, WYPTA
K Preston Director General , WYPTE
Ref: AGD/PTA
Date: 10 February 2006