Appendix A

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

STRATEGIC FINANCIAL DIAGNOSTIC

REPORT BY NEIL NEWTON JULY 2007

Background

1.1 The Audit Commission undertook a Corporate Governance Inspection of the Authority which was published in February of this year. Most of the recommendations related to wider governance issues rather than financial failures. Nevertheless such issues needed to be considered in the context of a rather chequered recent financial history which involved the Authority being capped in 2005/6. A short high level financial diagnostic was requested by the Council’s partners in the improvement process to ensure the Improvement Plan had proper regard to financial resource parameters and that the financial position of the Authority was being correctly portrayed.

1.2 I have been asked to undertake this work and my bona fides are outlined in appendix 1, suffice to say in summary that I have been a Finance Director in every type of local authority during a career spanning thirty five years in the public sector. I have combined the roles of Chief Executive and Finance Director in a large authority for nearly ten years, and since my semi retirement in 2000 I have been heavily involved in the Government’s modernisation and improvement programme. This has seen me lead the improvement planning process on behalf of the Government in three poor or weak authorities and I have carried out related financial diagnostics in nine authorities.

1.3 The key questions to be covered by the diagnostic are the challenging of the forecast medium term financial gap between available resources and the Authority’s projected spending obligations and aspirations, and the efficacy of the planning processes in place to deal with the gap. In arriving at conclusions it is expected that a number of subsidiary issues will be commented on relating to the overall financial processes within the Council.

1.4 In the five days I have available, which includes report writing and formally reporting my findings, the ability to undertake detailed delving to provide my own empirical evidence is obviously limited. I have relied where I consider it appropriate, on the work of others, especially the Audit Commission, and the statements of the people I have met with. Despite these caveats, given my previous experience and knowledge I am confident in my assertions and broad conclusions.

High Level Summary Of The Financial Position Of The Authority

2.1 It is unique in my experience to be called to an authority with such underlying financial strength as is the case here. There is no imminent financial crisis, revenue and capital reserves are currently very high in relation to annual spending programmes. The Authority have the resources to manage the balancing of annual income and expenditure on both the general revenue account and the housing revenue account, as well as the capital programme, over a time frame which is much longer than is the norm with authorities which have been subjected to a CGI. General revenue balances of c.£6.5m in the context of a net revenue budget of c.£13M are very high when compared with the norm, which is generally 5% of net expenditure. It is not planned to run down these balances in the immediate future, indeed they are expected to be slightly added to in this financial year and the next, but officers have correctly identified that running them down to £1.5m. should be the long term target. Similarly the HRA which is currently showing a small excess of income over expenditure in annual terms, has a general balances position of nearly £3m. On capital account the annual programme is expected to be around £12.5m. for the next few years with net in year resources substantially less. The gap is bridged by the use of capital receipts brought forward, but this will mean that such receipts will be used up by 2010. Thus the annual capital spending imbalance is more of an urgent problem, but again current resources ensure there is enough time to plan effectively. As this is largely a housing problem I return to the issue in the relevant section below.

2.2 I do not wish to imply that the Authority can thus defer difficult decisions or go on a spending spree. The capping crisis has rightly been identified in the CGI report as in part the result of past political prevarication and the ignoring of officer advice regarding necessary tax increases in previous years. The underlying financial strength is now being used to enable the Authority to blitz the capacity issues referred to in the CGI report as the Council has approved an additional £300,000 per annum for this purpose. This will accelerate the modernisation agenda by inputting extra resources, much of them on a short term basis. More importantly the Authority has to plan to meet the challenge of providing for the very rapid expansion of the population of the District which has to be financed in part before the resources accompanying that expansion follow on. I am told by the Chief Executive and Chief Financial Officer that although the current cabinet are aware of their current financial strength, they are also aware that it would be reckless of them to repeat the errors of the recent past in not planning to balance income and expenditure without undue recourse to finite reserves.

Strength Of The Finance Function

3.1 I have relied mainly on external validation to reach the conclusion that the function is adequate. The Authority is fortunate in that, although few in number, the technical accountancy staff have largely been in post for many years. Audit opinions have never been qualified, accounts are produced in accordance with statutory deadlines, supporting working papers are described as good, financial reporting is timely and relatively easy to absorb by a lay audience, if somewhat deficient in realism on occasions. The Use of Resources score, an important part of the Corporate Performance Assessment, is judged to be adequate, and with more attention to some of the more modern expectations of the finance function could quite easily move up a grade in my view.

3.2 The financial systems used by the Authority are stable and obviously fit for purpose in the light of the above. The main platform, OpenAccounts, is not widely used in the local authority sector which may present medium term risks to continuation of technical support and familiarity problems of newly recruited staff. For the foreseeable future, however, there are no urgent problems to address and data quality is assessed as adequate by external inspection.

Council Tax and Grant Subvention

4.1 Until the turn of the century the Authority had a long history of not levying a local council tax. External support, mainly Government grant, had been more than sufficient to fund the level of service provision the Council chose to provide. Not only was there no need to levy a local tax to fund local activity, in 2000/1 the general revenue reserves had accumulated to almost £12m., a year's expenditure. The tax levy is still a long way below the district council average, despite the rapid growth in population and the pressures that brings.

4.2 The fact that the Authority was forced to levy a tax post 2000 is not the consequence of a rapid rise in the provision of local discretionary services, rather it is the consequence of increases in general grant not keeping pace with the increasing expenditure base of the Authority. There are a number of both general and specific reasons for this in my view. There has been a deliberate shift of the total tax burden from the national to the local tax payer. The average national council tax increase is way above the inflation index for the last few years. In addition there has been a tendency in recent years to shift incremental Government subvention to support specific national priorities which are not applicable to S Cambs, for example education and the regeneration agenda. Although general grant is in the end distributed on a population basis, the infrastructure to provide for that population in terms of planning etc., has to be provided before the population arrives. In addition, the current practice of using projected population figures is not sufficient for fast growing areas as the projection is based on lower historic rates of growth S Cambs also loses grant, £167,000 in 2007/08, due to floor damping whereby S Cambs and other growth authorities have their grant entitlements reduced and transferred to other district councils to ensure that all districts receive at least a 2.7% increase in grant..

4.3 More importantly there are technical issues in the general grant system which affect S Cambs adversely. Although grant is eventually distributed on a per capita basis, the sum to be distributed is calculated by determining the relative needs of an authority, which is in turn population skewed by a large number of needs characteristics, poverty, ethnicity, demographic profiles, etc. From this needs calculation is deducted a figure which represents the amount a local authority is deemed to collect locally. This calculation is not totally locally based, but rests on assumptions of a national average council tax applied to the local tax base. Because S Cambs has a low council tax, the amount assumed to be collected locally is much more than is actually the case. The deduction from the local needs calculation is thus far higher than the actual council tax income it is meant to represent This problem was alluded to in both the Lyons Inquiry on Local Government Finance, and the Barker report on housing supply. They both outlined an option using a lagged tax base to support fast growing communities. An authority displaying such characteristics would receive grant in accordance with an older smaller tax base, thus resulting in more generous funding for fast growing communities.

4.4 I am told that all the above points were referred to in some form in the Chief Executive and Chief Financial Officer's response to the consultation on the provisional 2007/08 settlement.

4.5 If for all the reasons outlined above grant increases have not kept pace with the underlying expenditure base of the Authority, then council tax and local expenditure must take the strain. S Cambs have not managed this process well in my view. For the first three years of the century council tax was levied at £50, and for the next three years held constant at £70. There was little correlation between tax levels and the underlying expenditure of the Authority, despite officers recommending that taxes be increased at a gradual rate to enable a planned strategy of balances depletion over a period of years with a gradual aligning of income and expenditure levels. Annual elections, hung councils and large reserves do not make good bedfellows when it comes to rational financial decision making. When the Authority attempted to address the problems of the expansion of the Authority and the lack of grant to keep pace, in 2005/6, by doubling the tax levy from £70 to £140, they fell foul of the capping legislation. This led to a short term hiatus when the Authority had to reduce the original 2005/6 budget by £2.6m, a very significant figure when the net budget is only £c.13m. Thus S Cambs. are hit with a double whammy, grant income is not keeping pace with their base expenditure and they cannot increase their tax levels because of the capping rules, despite being one of the lowest taxing authorities in the country. The only variable left is the net expenditure of the Authority, which despite my observations relating to perennial underspendings below, cannot be reduced further to any significant extent.

4.6 The Authority has deliberately been a low spend low tax authority for years, there is very little left to go at, especially after the budgets have been squeezed for the last two years. Balances can take the strain for the foreseeable future, but the Authority desperately want to manage the process more rationally than was the case in the years up to 2005/6.

4.7 In September 2006, soon after his appointment, the Chief Executive and Chief Financial Officer identified the need to address the most critical staffing shortages caused by the rapid expansion of the Authority, in his State of the Nation report. Further spending pressures over the next five years were identified, quantified and assessed with regard to progressing the Council's objectives. These included additional refuse rounds, planning staff, services for new communities, etc.. As mentioned above, the only variable is net expenditure so S Cambs in November 2006 had to approve further ongoing budget reductions of over £1.1 million per annum starting in 2007/08 in order to balance its Medium Term Financial Strategy.

4.8 After making total reductions of £3.7 million in the last two financial years, being 25% of the net budget, I reiterate, net expenditure cannot be expected to reduce further to any significant extent.

4.9 There is some recompense available to S Cambs to offset the costs of rapid growth, in that Cambridgeshire Horizons, a nationally funded organisation, can and do fund expenditure related to the growth areas, but the sums are not large. The normal section 106 agreements also obviously apply, but such agreements tend to fund one of capital projects rather than ongoing revenue expenditure. It is also something of a paradox that arguably the fastest growing area of the country does not benefit from the Local Authority Business Growth Incentive scheme when some 300 authorities nationally do receive assistance via the scheme.

General Revenue Fund

5.1 The historical combination of low expenditure levels and very high revenue reserves gave rise to a very relaxed attitude when it came to budgetary preparation and tax setting. I justify that comment by reference to the table below

Net District Council General Fund Expenditure £m.

	Original budget	In year forecast (Sept)	Revised (Feb)	Eventual outturn	Underspend on original budget
2007/8	12.8				
2006/7	13.9	14.1	12.7	12.2	1.7
2005/6	14.6	capping	12.6	12.0	0.6 on capped bud.
2004/5	13.8	N/A	13.5	12.2	1.6

5.2 I am told that the perennial underspendings shown above have long been a feature of the authority. I looked at the report going to cabinet on 09/07/2007, which inter alia lists the variances for the financial year 2006/7 when comparing outturn to original budget. There were fifteen items of sufficient moment to warrant comment, every single one was an underspend. There was not one budget overspent, or overspent enough to trigger comment. In authorities which receive the top Use of Resources scores, underspends are treated as just as heinous a crime as overspends, for the obvious reason that ostensibly scarce resources have not been spent on the priorities they were intended to address and/or other opportunity impacts have been lost. What is even more striking is that in 2006/7 when the substantial budget reductions to get down to capping levels had their full year effect, the budget underspent by a massive £1.7m. Approximately £ 700.000 of the underspend was due to an underestimate of interest on internal balances, which is notoriously volatile in local authority budgets, but even with this figure out of the equation, the underspend on supposedly cut to the bone budgets does not reflect well on those charged with compiling the original budgets. An audit of the submissions the Authority made to the Government at the time of capping would I suspect make embarrassing reading. More importantly such underspends severely dent the protestations of Chief Officers that services are under massive pressure. There is no doubt that short term performance has declined, but I do not believe that financial reasons should have been the main cause if closer budgeting had been in place. The growth budgets suggested by the relevant Chief Officers were cut substantially, but they did have room elsewhere in their base budgets to accommodate some growth. Given the continuing growth pressures and the capping of tax increases I do not believe the Authority has this slack built into future budgets.

5.3 I am told the Authority have made two significant changes in the very recent past to attempt to ameliorate the problem. Virement rules which enable Chief Officers and/or Portfolio Holders to switch money between budgets to cope with short term pressures in one area at the expense of other areas not under pressure, have been relaxed to give greater freedom of movement. This is meaningless of course when all major budget heads are underspending. Secondly the central precautionary budget allocation has been introduced to stop budget holders including in their budgets money to cover items which might or might not occur. Again the size of the underspends dwarfs the size of the precautionary budget, so the initiative has had limited effect.

5.4 The long history of budget underspends means habits are ingrained within the Authority. Officers have long been in the habit of being ultra cautious, the recent virement changes will help over time, but old habits die hard. I have looked for a pattern of budgets which are significantly underspent, but there is no consistency other than all budgets have been generously arrived at compared to actual spending patterns. The budget is of course dominated by expenditure on staff, approximately 75% at net expenditure level, and the practice of assuming all staff will be in post all year is obviously unrealistic and thus overgenerous in budgetary terms. This was especially the case when in the recent past the Authority had a retention and recruitment problem. For the first time in the current years budget a flat 2% vacancy rate has been assumed across all staffing budgets, which will address in whole or in part this area of perennial underspending. It is not possible for me to say with any accuracy what the effect will be, because I have not had the time or resource to back test the 2% rate, nor was it based on a detailed analysis by your officers, but the impact should be monitored closely. A flat rate across all areas can and should be more refined in future years, not only in the light of experience and more challenge by accountancy staff, but also to tease out those areas where short term vacancies have of necessity to be filled by agency staff, for example I would guess in the revenues and benefits area. I make recommendations for some sharpening of preparation and monitoring practises.

5.5 I mentioned above that a very large area of underspend last year was due to the inaccuracy of the estimate for interest on internal balances. It is a fact that this is a very difficult area to get completely right in most authorities because it usually is heavily dependent on cash flows. All local authorities are usually cash flow positive, grants and council tax are paid on time at fixed intervals, outflows for creditors and usually the capital programme are subject to drag, but the rate of cash flow is difficult to estimate accurately. In S Cambs., however, the figure is very high and more subject to cash brought forward than in year cash flows, simply because the Authority has very high balances and very high capital receipts on which interest is being earned. An income figure of £2m on a net budget of £13m is obviously important and as a volatile variable needs to be closely monitored. In the short term I believe the figure is understated in the current year’s budget as the recent rise in interest rates was not forecast. In the medium and long term as the balances are run down and the capital receipts spent the interest income figure will fall commensurately, a major factor in the long term funding gap as the MTFS correctly identifies. The gradual loss of this income which is currently funding some 15% of the net budget will need to be offset by lower growth or increased taxes.

Housing Revenue Account

6.1 The underspending characterics which apply above to the general fund, are similarly portrayed in the housing revenue account, although to a slightly lesser extent.

Housing Revenue Account (Surplus)/Deficit 000k.

	Original	In Year	Revised	Actual	Underspend on original budget
2007/8	(273)				
2006/7	404	438	(425)	(885)	(1289)
2005/6	619	n/a	652	156	(463)
2004/5	1739	n/a	1336	900	(839)

6.2 The variables in the HRA are not so staffing dominated, but there are a few major items on which both budget preparation and monitoring should be tightened up.

Capital Account

7.1 The Authority has few capital assets, aside from housing, other than the office building and a country park. The Asset Management Plan and capital appraisal processes are well documented and accord with good practice. If the Housing processes are compliant with audit guidelines, and from a relatively cursory inspection I believe this to be largely the case, following the recommendations in the background papers to the Use of Resources report should help to move the Authority up the curve.

7.2 The capital programme agreed in February sets out very clearly that the current level of capital spend of £c.12m. is not sustainable beyond 2009/10 when the existing pool of capital receipts is exhausted. Annual spend is currently about £4m. p.a. more than in year receipts. Thus the problem on capital account of income/expenditure imbalance is much more urgent than that on revenue account. As the issue is largely a housing matter and the Authority is considering its options as to future ownership, I do not need to go further. Suffice to observe that under the current rules of the game, which show no signs of being reviewed, the three year capital programme starkly portrays that on purely financial grounds the choice is obvious. With stock in reasonably good condition, repair response times reasonably good and overall tenants satisfaction ratios reasonably good that financial message will be offset by some powerful factors.

Medium Term Financial Strategy

8.1 The Authority have published a medium term financial strategy for at least the last ten years. It is robust in its overall assumptions, but suffers from spurious accuracy in the longer term and insufficient detail and linkages with other planning activity in the short term. The year on year changes have also been more dramatic than they ought to be because of the perennial underspending problem.

8.2 One of the criticisms of the Audit Commission and a factor which is an important drag on the Authority bettering their Use of Resources score, is the inability of the MTFS to demonstrate how resource movements reflect the pursuit of the objectives of the Authority and their strategic partners. As the Authority is currently in a state of flux with regard to both its corporate objectives and the Community Strategy, the ability to improve the MTFS in this regard is somewhat limited until the required planning framework is in place, which in turn is an important part of the Improvement Plan. I reiterate that the Authority has the requisite short term financial strength to blitz this problem and that the Chief Executive and Chief Financial Officer has been given the resources to rectify matters within the agreed timescale. It follows that resource issues are not then a reason for any failure. Sometimes the necessary links to priorities are in place, but not overtly demonstrated. For example if the cuts process in 2005 had been detailed in the MTFS then the four levels of reductions agreed to preserve front line services as far as possible would have demonstrated that the Authority had a rationale based on conscious prioritisation. This may seem cosmetic but it is important to be seen to be following good practice as recognised in the Use of Resources methodology.

8.3 At the next consideration of the MTFS, which will take place in the Autumn, there should be more detail of the spending pressures and the growth agenda to explain where the extra cash is going and what objectives, such as there are in place, are being responded to. This detail should cover the current and the next two or three financial years. This greater detail should also tease out which resources to meet the delivery of The Improvement Plan are time limited and which are ongoing. The longer term imbalances and the continuing reliance on the large general reserves position should still feature, but in their current highly summarised format. It is not usual for local authorities to plan in detail for longer than three years, beyond that the exercise becomes somewhat conjectural. In national terms the Comprehensive Spending Review which governs the grant regime for local authorities is a three year process. In local terms the outcome of the housing appraisal for example could have a massive impact on the Authority, it is by far the biggest service, accounts for nearly all the capital programme and approximately a third of the staff. It is true that the Community Strategy will almost certainly contain a visionary element stretching out to say twenty years, but the good ones also contain much shorter operational plans and targets over a three year time frame.

8.4 There are four major components to the MTFS as published and I have no quarrel with any of the major assumptions built in

.

1. The existing base budgets are rolled forward and inflated by 2.5% p.a. As the Authority is already one of the lowest spenders in the country, I agree it would be unrealistic to build in further savings.
2. The new growth consequences for general district council services such as additional refuse collection rounds are built in. I reiterate that there should be more detail included here. Once the basic strategies and plans are in place, the ongoing processes should be manageable by Chief Officers as part of their mainstream activity, the secondments and short term measures should disappear, but the additional £300,000 is ultimately for permanent staff and, therefore, will be on-going. The sooner the Improvement Plan is implemented the better; the public perception of the Authority, and perhaps more crucially staff morale, depends on external validation. There will inevitably be some continuing corporate capacity costs, the Authority is rapidly becoming a sizeable entity and must be governed accordingly. I have no doubt the history of frugality will keep such expansion to a minimum.
3. Council tax increases have been assumed at 4.9% p.a., to accord with current capping limits. Again I have no better assumption, but this area might have to give depending on the outcome of the discussions I refer to in the conclusion.
4. Government grant has been inflated at the same rate as base expenditure, but the growth in the tax base has been discounted by 50% to reflect the problem highlighted in para. 4.3 above. The council tax take at local levels will not match the assumption in the resources block deduction from the needs assessment block before grant is distributed. I have no idea whether the 50% reduction is a realistic proxy for this phenomena, but I support the logic and the local tax rate is not far from being 50% of the national average district council tax

8.5 The Chief Executive and Chief Financial Officer has already recognised that, when the MTFS is updated, it will need to incorporate the additional expenditure of £300,000 per annum and to exclude the savings from the Business Process Review if Council agree not to continue with this project. The specific costs relating to the new town of Northstowe, such as community facilities and landscaping, I am told have been estimated by Ernst and Young to start in 2008/09 and by 2015/16 to reach over £2 million (at constant prices and excluding lifecycle replacement and funding costs). The parish precept for Northstowe is by 2015/16 estimated to raise £0.5 million if levied at the same rate as Cambourne. The balance of expenditure not met by the parish precept may need to be included in the next MTFS update. The increase in the number of dwellings in Northstowe is already included in the forward projection of the tax base.

Recommendations For Local Action

- The authority must tighten up the budget setting and monitoring processes. The financial staff should challenge the budgets of their operational colleagues, based on their long experience. Part of the annual appraisal of corporate managers and cost centre managers should be related to the degree of accuracy of the budgets they are associated with. Members should not accept major savings proposals in future budgets without detailed implementation plans. The business process review savings for example should have only been included after they had been identified and not before.

- The profiling and monthly monitoring of major budgets by the Management Team and the relevant portfolio holder should be revisited to assess why the major budget variances are not being picked up earlier. This is especially true of the staffing budgets and the major budgets in the housing revenue account.
- The flat rate 2% vacancy rate should be revisited in next year's budgets in the light of experience, and a more rational and variable vacancy factor applied.
- The current method of monitoring the interest on internal balances should be re visited.
- The recommendations in the background papers to the Use Of Resources score should be allocated to finance staff. An improvement in some of the scores is already included in the Accountancy service plan and, where appropriate, will cascade down into their appraisals.
- The resources applied to the Improvement Plan to rectify the deficiencies referred to in the CGI report, should in my view err on the side of generosity. The Authority undoubtedly has the short term financial strength to do so. The delivery of this plan is arguably the most important task of the Chief Executive and Chief Financial Officer over the remainder of his contract, and resource levels should not be an issue.
- Growth bids for essential services should be stringently challenged, but not in my view denied simply because a pre set net budget level has to be met for tax capping reasons and/ or balances subvention restrictions. If the Authority have now squeezed out their previously padded budgets then the continuing dialogue with the Government over the consequences of meeting the national policy of rapid growth in the area should be conducted on the basis of realistic budgets.
- The Medium Term Financial Strategy should concentrate on the next three years with more detail on the growth pressures and the delivery of the Improvement Plan. It is important to highlight the longer term summary and the fact that revenue balances are being run down to normal levels, but this does not happen until the middle of the next decade in the current MTFS. Much can happen in the interim.
- The growth elements in the MTFS should be detailed and linked with such corporate and partnership priorities as are available.
- Any further savings in budgets, however limited, should be justified in relation to the lack of priority

Conclusions

It is widely accepted that the Authority faces unprecedented financial growth pressures over the next decade. The specific extra resources provided by Government relating to these pressures do not have a significant impact. The growth in the local tax base which obviously increases as the new residents arrive, has to be discounted in medium term financial planning, because the local tax level is well below the assumed national average which governs in the general grant distribution the amount that is taken from the needs element to account for the assumed local tax take.

Local expenditure cannot be reduced further to any significant extent. The Authority has long been a low spending authority, with per capita expenditure well below the district council average. Local discretionary service provision is not high. After several years of unnecessary padding, current budgets I believe are relatively accurate in overall terms, with the cuts necessitated by capping now resulting in more realism.

If specific resources to meet the growth pressures are not forthcoming and expenditure cannot be reduced, then in the absence of the threat of capping it would have been inevitable that the local tax will inexorably rise towards the district council average. However, S Cambs is a collection of 102 villages and raising taxes across the Authority to fund services in the new growth areas not widely available across the Authority, will undoubtedly cause tensions which more specific resources could ease.

Balances are very high and can take the strain for several years, but the Authority are desperate not to repeat the errors of the recent past in relying too heavily on balances subvention and not increasing tax levels in line with underlying expenditure growth.

As soon as the next MTFS is agreed the Authority should seek dialogue with the Government to try and reach agreement as to the balance between tax increase and balances support which is related to local circumstances not the relatively blunt national capping criteria. As part of that dialogue the Authority must be seen to be putting its own house in order, by demonstrating tighter budgeting and a clear focus on The Improvement Plan.

The initial key question was what is the size of the financial gap facing the Authority and are they planning to bridge that gap effectively. The latest version of the MTFS (February 2007) shows that in three years time the gap between planned spending and expected resources will be just below £1m. p.a. This gap is provisionally estimated by the Chief Executive and Chief Financial Officer to increase by around £0.6 million at outturn prices when the General Fund element of the additional £300,000 per annum is included and if the Business Process Review is discontinued, partly offset in the immediate future by increased interest on internal balances.

The assumptions behind those figures are robust enough for planning purposes, and if anything err on the side of underestimating the growth pressures, especially for Northstowe, in my subjective view. Balances in the February forecasts are shown as £5m in five years time, but can be expected to reduce below this level when the MTFS is reviewed this Autumn. The Chief Executive and Chief Financial Officer provisionally estimates they will reduce to £2m in that time frame still above normal levels although not inordinately so.

I support the Authority in their wish to take a very measured programme of balances depletion in the interests of longer term stability, and the effective case they make for greater assistance to manage the tensions which rapid population growth in the national interests, create within the existing rural population.