

Supplementary Papers

Council

held on Wednesday 20 February 2013 at 7.00pm
in the Guildhall, Abingdon

Open to the public including the press

10. Budget 2013/14 (Pages 2 - 46)

The Cabinet's budget proposal is attached.

**Report to:
Cabinet
Council**



Report of Head of Finance

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To: CABINET 8 February 2013

To: COUNCIL 20 February 2013

Revenue Budget 2013/14 and Capital Programme to 2017/18

RECOMMENDATIONS

1. That cabinet recommends to council that it:
 - a. sets the revenue budget for 2013/14 as set out in the Medium Term Financial Plan (MTFP) shown at appendix G to this report
 - b. approves the capital programme for 2013/14 to 2017/18 as set out in appendix C to this report, together with the capital growth bids set out in appendix D of this report
 - c. sets the council's prudential limits as listed in appendix F to this report
 - d. approves the medium term financial plan to 2017/18 as set out in appendix G to this report
2. That cabinet authorises the cabinet member for finance to make minor adjustments to this report and the prudential indicators, in conjunction with the head of finance, should they prove necessary prior to its submission to council on 20 February 2013

Purpose of report

1. This report:
 - brings together all relevant information to allow cabinet to recommend to council a revenue budget for 2013/14 and a capital programme for 2013/14 to 2017/18;
 - details changes from the information presented in the “2013/14 budget update report” that was considered by scrutiny committee on 17 January 2013;
 - recommends the prudential indicators to be set by the council in accordance with ‘the Prudential Code’ introduced as part of the Local Government Act 2003;
 - contains the opinion of the council’s chief financial officer on the robustness of estimates and adequacy of the council’s financial reserves;
 - contains the medium term financial plan which provides details of the forward budget model for the next five years.
2. This report should be read in conjunction with the scrutiny report, as it builds on the base budget information contained in that report and does not seek to cover the whole budget setting process.

Strategic objectives

3. Setting the budget in accordance with prescribed timetables enables the council to comply with its strategic objective of managing our business effectively.
4. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The objectives identify where investment, including proposed growth, will take place in order to help the council achieve its corporate plan targets. The budgets also identify disinvestment from non-priority services in order to pay for new investment without the whole burden falling on the council tax.
5. Where officers have made growth proposals (known as growth bids), each bid sets out how it will help achieve the council’s objectives. The cabinet member for finance has chosen to include some officer growth bids in his budget proposals and these are identified in appendix A3 (revenue) and appendix D (capital). The full set of growth bids is available as background papers on request.

Revenue budget 2013/14 – changes since scrutiny report

6. The scrutiny report discussed the composition of the council’s base revenue budget for 2013/14, and reported at that time that the provisional budget funding requirement for 2013/14 was £10,486,724 (after use of general fund balances). Since that report was considered there has been further review of the budget by both officers and the cabinet member for finance and also details of the final settlement from government. As a result, the proposed budget funding requirement is now £10,340,117; this equates to £11,777,693 before use of general fund balances and earmarked reserves).

7. **Appendix A1** show the movements in the budget since the scrutiny report was completed, which are discussed in the following paragraphs.

Growth and Savings

8. Paragraphs 48-50 of the scrutiny report discussed revenue and capital growth, with growth bids submitted being shown in appendices D and F to that report.
9. For the 2013/14 budget, the cabinet member for finance proposes:
- Savings from service budgets amounting to £41,480 (line 25 of the MTFP) – these are detailed in Appendix A2.
 - Service growth proposals amounting to £508,090 (lines 27 and 28) – these are detailed in Appendix A3.
 - New capital projects (see para 16) which have a revenue impact of £16,000 (line 29)

Other budget revisions

10. Officers have continued to refine budgets since the scrutiny committee report and a number of revisions to budgets have resulted from this work. The net effect of these revisions amount to a budget saving of £291,115 and are detailed in **appendix A4**.

Investment income

11. Since the scrutiny report was written, the estimated investment earnings for future years have been reviewed and a more prudent view of future interest rates has been taken – the revised estimates are in line 34 of the MTFP. Interest earned in year is used to support the revenue budget and therefore any over-estimate could lead pressures on reserve balances.

Council tax reduction scheme grant – payments to town and parish councils

12. Line 45 of the MTFP shows the amount of council tax reduction scheme grant Council has resolved to pass onto the town and parish councils. In 2013/14 this amount has been identified by central government and the intention is to pass on the town and parish share in entirety (£200,742 in total). For future years the amount of grant is not known and it is assumed that no grant at all will be received. Therefore to partly mitigate the impact on town and parish budgets, the intention is to continue to support the town and parish precepts, but to gradually phase out support over the MTFP (ie: a 20% reduction year on year)."

Use of general fund balance

13. The difference between expenditure requirement and the funding available is smoothed over the medium term plan by transfers to and from earmarked reserves and the general fund balance. The net impact of the finance portfolio holders proposals detailed in this report, the anticipated use of general fund balances is now estimated at £1,148,891. This represents an increased use of £164,917 from the scrutiny committee report.

Cabinet member for finance’s revenue budget proposal

14. Based on the amendments detailed above, and as shown in appendix A1 of this report, the cabinet member’s budget proposal, including growth, is for a net expenditure budget of **£11,777,693**. This revenue budget proposal includes a two-year freeze of the current band “D” council tax at **£116.69**. Appendix B contains an analysis of the revenue budget requirement (i.e. the net cost of delivering services in 2013/14), which is **£13,412,951**, and reconciles this to the net revenue budget. It also provides a breakdown of how the cabinet member for finance proposes to fund the difference between the two figures.

Capital programme 2013/14 to 2017/18

Current capital programme

15. The scrutiny report gave details of the current capital programme as it then stood and also how it was being funded. The latest capital programme (before any new growth) is attached at **appendix C** and is summarised in table 1 below. It is the capital programme as set by council in February 2012 plus:-

- slippage (caused by delays to projects) carried forward from 2011/12;
- new schemes approved by council in February 2012 and any supplementary approvals by Council during 2012/13;
- reprofiling of expenditure on schemes from the 2012/13 financial year to future years where delays to schemes have occurred;
- the deletion of previously agreed schemes that have completed or are no longer to be pursued.

Table 1: current capital programme (before growth)

2012/13 latest estimate £000	2013/14 estimate £000	2014/15 estimate £000	2015/16 estimate £000	2016/17 estimate £000	2017/18 estimate £000
2,548	4,594	1,637	1,163	1,162	1,147

Cabinet capital programme proposals

16. **Appendix D** contains a list of new capital schemes that the cabinet member for finance is putting forward as part of his budget proposals. All of these stem from capital growth bids put forward by officers (details of each are available on request). Accountancy officers will update the capital programme to include the proposals if approved by cabinet and council.

Financing the capital programme

17. Where permitted, capital expenditure is funded in the first instance from specific government grants and any other external contributions. The balance of the programme is funded from the council's capital receipts reserve. The council is permitted to borrow to fund the programme, provided any borrowing is prudent, sustainable and affordable. At present there is no requirement to borrow to fund the programme as proposed. Any future borrowing would require a provision to be made in the revenue budget for repayment.

Future pressures on the capital programme

18. Appendix C also shows the use of capital receipts to fund the capital programme and the balance of receipts over the five-year programme. Officers advise cabinet not to earmark all available resources in proposing the budget to council, as the prudential code requires local authorities to set sustainable budgets. By retaining an unallocated balance, cabinet can demonstrate that through a combination of this and future income (that can be expected beyond the period of the budget) it can fund future pressures.

The prudential code and prudential indicators

19. In setting its revenue and capital budgets for 2013/14, the council must agree prudential indicators in accordance with the prudential code (see below). When recommending its budgets to council, cabinet must also recommend the prudential indicators.
20. From 1 April 2004, government control of local authorities' borrowing was abolished and replaced by a prudential system of self-regulation. Authorities are able to borrow based on need and affordability, which they demonstrate through compliance with the prudential code developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and given statutory force by government regulation.
21. The key objectives of the prudential code are to ensure that the capital investment plans of the authority are affordable, prudent and sustainable. To demonstrate that authorities have had regard to these objectives, the prudential code sets out a number of indicators that must be considered covering five distinct areas – capital expenditure, affordability, prudence, external debt and treasury management. The council must approve the indicators through the budget process before 1 April each year, but they can be revised during the year if required.
22. The key indicators that will drive the capital budget decision making process will be those concerning affordability, as these measure the impact of capital investment decisions on the overall revenue budget and in particular the precept against the collection fund.
23. In setting or revising the prudential indicators the council is required to have regard to:
- affordability e.g. implications for the precept;
 - prudence and sustainability e.g. implications for external borrowing;

- value for money e.g. option appraisal;
- stewardship of assets e.g. asset management planning;
- service objectives e.g. strategic planning for the council;
- practicality e.g. achievability of the forward plan.

24. Under the code, the strategic director and chief finance officer is responsible for ensuring that the council considers all relevant matters when setting or revising indicators through a report. The strategic director and chief finance officer is also required to establish procedures to monitor performance against all forward-looking indicators; and report upon any significant deviations from forward forecasts with proposed actions.

25. **Appendix F** contains the recommended prudential indicators, which have been calculated based on the budget proposals. The strategic director and chief finance officer is satisfied that these indicators show that the council's capital investment plans are affordable, prudent and sustainable.

The medium term financial plan

26. The medium term financial plan (MTFP) provides a forward budget model for the next five years, and highlights the known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

27. **Appendix G** contains the MTFP for 2013/14 to 2017/18. This is a projection of the revenue budget up to 31 March 2018. The projection identifies budget pressures in later years and assumes that council approves all the budget proposals within this report. Officers have made no adjustments for the costs of contracts that will be re-let during this period. These could rise or fall depending on market conditions.

28. The MTFP identifies some significant challenges ahead for the council. It has built in the reduction in government funding for 2014/15 as outlined in the provisional settlement published on 19 December 2012 and updated by the final settlement on 4 February 2013. It assumes that government grant funding will fall by a further 25 per cent from 2015/16 to 2017/18. This is only an estimate by officers, and the fall may well be greater or less. It also incorporates assumptions on interest income, and other known pressures on the council, such as inflation and salary increments.

29. The scrutiny report considered new homes bonus. At that time officers only had the estimates of the income that were calculated for the previous year's MTFP. These have now been updated to reflect the latest projections of the income due over the whole MTFP period. The results are shown in table 2 below, and are also included in the MTFP (detailed in row 36). These projections reflect officers' forecasts and represent an optimistic projection. In 2013/14 all NHB income is being credited to an earmarked reserve. A policy on the use of NHB going forward is the subject of a separate cabinet paper.

Table 2: New Homes Bonus

	Base budget 2013/14	Indicative 2014/15	Indicative 2015/16	Indicative 2016/17	Indicative 2017/18
New Homes Bonus - tranche 1 11/12	451,595	451,595	451,595	451,595	
New Homes Bonus - tranche 2 12/13	546,050	546,050	546,050	546,050	546,050
New Homes Bonus - tranche 3 13/14	376,309	376,309	376,309	376,309	376,309
New Homes Bonus - tranche 4 14/15 (estimate)		596,000	596,000	596,000	596,000
New Homes Bonus - tranche 5 15/16 (estimate)			648,000	648,000	648,000
New Homes Bonus - tranche 6 16/17 (estimate)				1,135,000	1,135,000
New Homes Bonus - tranche 7 17/18 (estimate)					1,098,000
	1,373,954	1,969,954	2,617,954	3,752,954	4,399,359

30. Officers consider that any pressures in the period covered by the MTFP are manageable in light of the level of reserves and balances available to the council, particularly when combined with our ability to vary budgets and redirect funding in the later years of the plan. However, it is expected that further savings may be required to balance the budget in future years, and this represents a significant challenge. Management team are already looking at ways in which the budget requirement in future years can be managed without continual calls upon the council's reserves. A summary of the councils earmarked and special purpose reserves over the life of the MTFP is attached at Appendix G1.

The robustness of the estimates and the adequacy of reserves

31. The Local Government Act 2003 places a duty on the chief finance officer (i.e. the strategic director and chief finance officer) to report on the robustness of the estimates and the adequacy of reserves. The council must have regard to this report when making decisions about the setting of the budget.

32. The construction of the budget has been managed by qualified accountants and has been subject to challenge, specifically by the strategic director and chief finance officer, head of finance, other heads of service, management team and the cabinet member for finance. Informal meetings of cabinet have considered the budget, and a report detailing the base budget has gone to the council's scrutiny committee. In view of the process undertaken and his own knowledge of the budget, the strategic director and chief finance officer is satisfied that the budget is both prudent and robust.

33. The strategic director and chief finance officer is satisfied that this allows retention of sufficient uncommitted balances at the end of the period to ensure that the overall level of reserves is adequate in relation to the proposed revenue budget and capital programme and that the budgets are sustainable.

34. **Appendix H** contains the strategic director and chief finance officer's full report.

Legal Implications

35. The cabinet needs to make recommendations to the council on its spending proposals. Under the Local Government Act 2000 it is the council that must agree the revenue and capital spending plans, and then set the council tax. Council will meet on 20 February 2013 in order to set the budget, and the council tax (including amounts set by Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley).
36. The requirement placed on the council by the Local Government Act 2003 to set prudential indicators and for the chief finance officer to make a report to the authority on the robustness of the estimates and the adequacy of reserves are addressed within the body of this report.

Other Implications

37. Agreement of the revenue and capital budgets authorises expenditure in accordance with the council's delegated powers and financial procedure rules. The officer, councillor or councillor body taking those decisions will take into account the human resources, sustainability and equality and diversity implications of individual spending decisions.
38. The shared equalities officer assessed the budget savings proposals proposed by officers, in line with the public sector equality duties (PSED). One saving proposal has been assessed as having medium equality impact (see appendix E), cabinet are asked to take this into consideration when reaching its final decision. If cabinet decide to proceed, the equalities officer will work with the service team to ensure that the implementation takes account of our PSED. All other proposals have no or minimal equality impact.

Conclusion

39. This report provides details of the revenue base budget for 2013/14, the capital programme 2013/14 to 2017/18, government grants (the settlement), uncommitted reserves and balances, the cabinet member for finance's budget proposals and the resulting prudential indicators.
40. In light of the information provided cabinet must make a number of recommendations to council regarding the revenue budget, the capital programme and the prudential indicators.

Appendices

Appendix A1	Revenue budget funding requirement 2013/14
Appendix A2	Service reductions
Appendix A3	Revenue growth bids
Appendix A4	Other budget revisions
Appendix B	Service budget analysis
Appendix C	Capital programme before growth
Appendix D	Capital growth bids
Appendix E	Equality Implications
Appendix F	Prudential indicators
Appendix G	Medium term financial plan
Appendix G1	Council earmarked and special purpose reserves 2013/14 to 2017/18
Appendix H	Report on the robustness of the estimates and the adequacy of reserves and balances

Background Papers

- Provisional settlement papers (December 2012)
- Final settlement figures (February 2013)
- Budget update report considered by scrutiny committee – 17 January 2013.
- Draft services revenue budget 2013/14
- Revenue and capital growth bids

Vale of White Horse District Council
Revenue budget funding requirement 2013/14

	£	£
Previous provisional budget funding requirement (as reported in scrutiny committee report of 17 January 2013)		10,486,724
1) Amendments to items included in scrutiny committee report		
Base budget savings		
Net revisions - a full list of revised savings can be seen in appendix A2	(41,480)	
One off and ongoing revenue growth		
Net revisions - a full list of revised growth can be seen in appendix A3	508,090	
Revenue consequences of capital growth		
Net revisions - a full list of revised growth can be seen in appendix D	16,000	
	-----	482,610
2) Further budget adjustments		
Other budget revisions (appendix A4)	(291,115)	
Funding changes		
Treasury Investment income adjustment	500	
Council tax freeze grant	(53,636)	
Other Government grants	(20,049)	
Transfers to / from earmarked reserves	(100,000)	
Use of general fund balances	(164,917)	
	-----	(629,217)
Revised budget funding requirement for 2013/14		10,340,117
Funded by:		
Start-up funding allocation		(5,182,595)
Parish contribution - council tax support funding		200,742
Shortfall against Government NNDR baseline		155,283
Balance on collection fund		(149,903)
Council tax		(5,363,644)
Total funding		(10,340,117)
Council tax at band 'D' equivalent 2013/14		116.69
Council tax at band 'D' equivalent 2012/13		116.69
Percentage increase / reduction		0.0%
Reconciliation of funding requirement to the net expenditure MTFP (line 35)		
Budget funding requirement for 2013/14		10,340,117
Use of General Fund balances (planned)		1,148,891
Council tax freeze grant		53,636
Sparse efficiency support grant		20,049
Net use of earmarked reserves		215,000
Net expenditure (planned)- line 35 of the MTFP (Appendix G)		11,777,693

Vale of White Horse DC - 2013/14 budget build changes
Service reductions (Line 25 of MTFP)

		One-off / ongoing	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
CORPORATE STRATEGY							
1	Partnership Grants, do not put RPI onto the CAB and WIAC grants	Ongoing	4,500	4,500	4,500	4,500	4,500
2	Remove the budget for data analysis	Ongoing	3,680	3,680	3,680	3,680	3,680
6	Increase the cost of emptying dog bins to parish councils so that it reflects the true cost of the service	Ongoing	8,000	16,000	16,000	16,000	16,000
			16,180	24,180	24,180	24,180	24,180

ECONOMY, LEISURE AND PROPERTY							
8	The Vale Council has supported the Choose Abingdon Partnership at £20,000 a year since 2009/10. The aim is to encourage the partnership (now well established) to be less reliant on public funds and to attract more private funding from local business (particularly for project delivery). It is anticipated that Abingdon Town Council (who are taking over the hosting of accountable body role from the Vale Council in 2013/14) will continue to provide funding at £20,000 a year and, therefore, it is anticipated that there should be no major impact on service provision. There are no one-off costs.	Ongoing	5,000	5,000	5,000	5,000	5,000
			5,000	5,000	5,000	5,000	5,000

Vale of White Horse DC - 2013/14 budget build changes
Service reductions (Line 25 of MTFP)

		One-off / ongoing	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
HEALTH & HOUSING							
14	Cease all housing enabling work in partnership with ORCC. A partial reduction in grant would allow some work to continue (subject to agreement with ORCC)		6,500	6,500	6,500	6,500	6,500
19	Reduce budget for low income families who cannot afford private pest control costs		2,600	2,600	2,600	2,600	2,600
22	reduce the housing development consultancy budget		5,000	5,000	5,000	5,000	5,000
23	sundry food and safety savings from existing budgets,		1,200	1,200	1,200	1,200	1,200
			15,300	15,300	15,300	15,300	15,300
PLANNING							
30	Design and Environment - charging for advice target for LB, tree and landscape/ecological advice	Ongoing	5,000	5,000	5,000	5,000	5,000
			5,000	5,000	5,000	5,000	5,000
Overall total			41,480	49,480	49,480	49,480	49,480

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
One-off growth bids								
CORPORATE STRATEGY AND WASTE								
JCORREV2	Membership of Green Deal Community Interest Company	The councils have an opportunity to join other authorities in setting up a Community Interest Company (CIC) with the purpose of becoming a Green Deal Provider. South Oxfordshire and the Vale of White Horse District Councils can jointly become a shareholder member of the CIC at a combined one off cost of £35,000. Green Deal is a mechanism which will allow householders to get energy efficiency measures installed without having to pay for them up front. This is a commercial operation and the councils would exercise shared control over the uses to which the profits generated by the CIC might be put, to benefit residents.	Joint	17,500	0	0	0	0
NEW	NHB - area grants	Cabinet want to earmark £100,000 for 2013/14 for grants funded from the New Homes Bonus grant	Vale	100,000				
				117,500	0	0	0	0
ECONOMY, LEISURE AND PROPERTY								
ELPREV1	GO Active project	GO Active was initially a three year externally-funded project that ran from December 2008 – December 2011 focussing on adult (16 plus) participation in sport and activity. Additional funding and arrangements were made to continue the project into 2012/13. Currently there are three members of staff in the team, which consists of a GO Active co-ordinator working two days a week until April 2013, and two activators whose contracts are due to end in July 2013. To extend the project until August 2014 would enable the team to continue delivering sport and activity programmes across the district, capitalising on one of the most exciting sporting times Great Britain has had through hosting the Olympics, and also tie in with when the leisure contracts are to be renewed. Potential external funding of £12,600 is available and if any of this funding is secured the bid will be adjusted.	Vale	36,540	24,550	0	0	0

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
ECONOMY, LEISURE AND PROPERTY (CONTINUED)								
VELPREV2	Property consultancy fees	Following a growth of the budget for consultancy fees for the current year of £50,000, the budget would revert to the previous level of £17,000 in 2013/14. However, there will be significant demands on this budget, including work arising from the strategic property review, ongoing strategic projects, notably Westway, Botley, the proposal to outsource asset valuations of Vale council properties and for a more comprehensive approach to be adopted, and the ongoing office accommodation project. A one off growth bid of £25,000 is sought to address these matters.	Vale	25,000	0	0	0	0
VELPREV3	Scanning of deed packets relating to property portfolio	To digitise all legal deeds relating to council-owned property so that accurate information can be accessed electronically and held centrally with access to relevant officers. There are 994 deeds currently held by the council that require scanning to allow them to be accessed electronically by officers using the new asset management software. Scanning the deeds will create more accurate and up to date records and will enable smoother management of property records, saving staff time in both legal and strategic property. It also helps to identify where records are missing. This process has been undertaken for the South deeds in 2012/13 and has been a useful exercise in record management. It is proposed that the funding is used to fund the member of staff (based in the legal team) who has undertaken the work for South to continue the process with the Vale deeds.	Vale	16,000	8,000	0	0	0

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
ECONOMY, LEISURE AND PROPERTY (CONTINUED)								
VELPREV7	Student to help out with flooding	Vale only has one engineer to carry out all work on land drainage. Employing a student would be beneficial to the council to increase resilience and support the engineer in delivering all aspects of land drainage. In particular, this would provide the necessary resources to support the lead local flood authority (OCC) in all aspects of the Flood and Water Management Act 2010. This would be a one-off employment of a student for 15 months and form part of an Environment Agency-sponsored degree course (River and Coastal Engineering Foundation Degree) whereby the student is able to apply knowledge and get experience in the work place.	Vale	13,000	7,000	0	0	0
JELPREV1	Strategic property technical support officer	The strategic property team requires a part-time post to assist with ongoing project, such as assisting with initial population and upkeep of data for the new estate management software, and assisting with the voluntary registration process planned for Vale in 2013/14. They would also free up existing officers for other tasks, such as fulfilling a more pro-active role in inspections of corporate property, by taking responsibility for Agresso function and providing additional clerical support. The proposal is that the cost would be split on a one third/two thirds basis between South and Vale respectively.	Joint	9,000	0	0	0	0
JELPREV3	Additional leisure staff – five year leisure projects officer post and leisure administration assistant (apprenticeship) post	SMB has agreed some additional staff to manage and support the procurement of the 2014 leisure management contract(s) and in parallel, the procurement and construction process for the new leisure centre for Didcot and any other facilities that are agreed during this time period (potentially Berinsfield and Wantage / Grove). The two members of staff are being recruited in 2012 and will be funded by existing ELP budgets until the end of this financial year. This bid will extend that funding for a further three years	Joint	19,990	19,990	19,990	31,080	0

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
HR, IT & CUSTOMER SERVICES								
VHICREV1	Temporary resource for geographic data capture	Now that we have implemented a geographic information system (GIS) at the Vale , it is possible to move away from reliance on manual records and to work more efficiently using spatial data plotted on the GIS. The time to find information is much reduced, and the quality of what we present to the public is greatly enhanced. This bid is for a geographic data capture specialist to be employed for 12 months on a temporary contract to scan historic data for this purpose.	Vale	27,000	0	0	0	0
JHICREV1	Enabling mobile websites	The council websites are not optimised for viewing on mobile devices. Although they do mostly work, the rendition is slow and some functionality is poor. More and more users want to browse websites from mobile devices, particularly smart phones. If we are serious about extending our reach and making council services accessible then we need to develop our websites so that they provide a fully-featured and responsive service to smart phone users. We anticipate that the necessary research and development could be done within a total budget of £20,000, shared equally between the two councils.	Joint	10,000	0	0	0	0
				37,000	0	0	0	0
LEGAL AND DEMOCRATIC								
VLEGREV3	Land Charges Vale data capture project.	The vale land charges team need to capture all Local Land Charges Registrations electronically in order to improve the Local Land Charges Register (a statutory function), and all CON29 (local search) data to improve the quality of information provided in response to local authority searches submitted. At present, there is no clear set of electronic records. This growth bid is based on an estimated 12 months work full time by a temp to create the database	Vale	20,460	0	0	0	0
				20,460	0	0	0	0

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
PLANNING								
VPLAREV1	Up-to-date aerial photographs	This bid is to update our coverage of aerial photographs across the district. This will allow better and quick desk top assessments for planning enforcement investigations and planning applications. Such information provides valuable evidence in planning assessments and at the planning committee and is used regularly by other council teams to help deliver services or in consultations. The last set of aerial photos date from 2009.	Vale	10,000	0	0	0	0
				10,000	0	0	0	0
	Total one-off			321,240	59,540	19,990	31,080	0

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Ongoing growth bids								
CORPORATE STRATEGY AND WASTE								
JCORREV4	Garden waste scheme price increase	This growth bid would mean that the cost of the garden waste service would remain the same rather than be increased by 2.9 per cent. This would mitigate the concern that customers who have reluctantly moved to DD would phone or write to complain about the increased charge	Vale	16,950	16,950	16,950	16,950	16,950
New- cabinet	Festival Grants	The original 2012/13 bid was one-off for £10,000. Cabinet now want to make this an on-going budget but a £5,000 each	Vale	5,000	5,000	5,000	5,000	5,000
				21,950	21,950	21,950	21,950	21,950

ECONOMY, LEISURE AND PROPERTY								
VELPREV4-6 Consolidate	Wantage civic hall	Following the Fit for the Future review of Wantage Civic Hall, a business plan is now being procured that will aim to build the business and increase both usage and income, making the Civic Hall a vibrant and inviting venue for the community. The draft business plan should be received in January 2013 and approved in February 2013. In view of this timetable, we are submitting a bid to ensure that we have some resources in place to support the proposals arising from the business plan. These are likely to include areas such as additional staff, promotion and marketing, re-branding, improvements to the exterior of the building, equipment, fixtures and fittings, signage and improvements in IT. We will amend the bid in the light of the draft	Vale	71,750	45,750	45,750	45,750	45,750
JELPREV2	New shared South and Vale post to assist emergency planning officer	The Civil Contingencies Act places a legal obligation upon local authorities to have an emergency planning officer to ensure their organisation is in compliance with the Act and share information with other responders. Currently the shared technical and facilities manager carries out the role of emergency planning officer. This new part time post would provide resilience for both councils and cover for the shared technical and facilities manager in order to react and co-ordinate resources in times of emergency.	Joint	5,850	5,850	5,850	5,850	5,850
				77,600	51,600	51,600	51,600	51,600

Vale of White Horse - 2013/14 revenue growth bids

No	Title of bid	Summary	Vale only or joint bid?	Spending profile:				
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
HR, IT & CUSTOMER SERVICES								
JHICREV2	Harmonisation of pay	When employees' terms and conditions of service were harmonised with effect from April 2010, the councils committed to harmonise pay and grading by 31 March 2013. This commitment was enshrined in a collective agreement with UNISON. 78 Vale employees remain on the old Vale pay scales. This bid is the anticipated cost of harmonising these posts.	Joint	22,300	22,300	22,300	22,300	22,300
				22,300	22,300	22,300	22,300	22,300
CONTINGENCY								
VHAHREV1	Reduced income from Council owned Temporary Accommodation	The government have indicated their intention to change the rules regarding the rent levels that councils can charge for temporary accommodation. At present we have no indication what these new rules will be other than it will be a cut to the rent levels we can charge. An indicative 20 per cent income reduction is suggested until final government decisions are published. At this stage exact figures will be calculated and the growth bid amended as required.	Vale	35,000	35,000	35,000	35,000	35,000
VHAHREV2	Benefit cap relating to income from council owned temporary accommodation	Officers estimate that as a result of the £26,000 benefit cap being implemented from April 2013, approx five per cent of temporary accommodation tenants will be unable to pay rents at the current level. Officers believe that the best course of action in such circumstances would be to reduce the rent charged on the accommodation we provide. We suggest this as we believe that to offer accommodation as part of a homeless duty that is not sustainable could be legally challenged, although a formal legal view on this has not yet been secured. We estimate the impact to be reduction in rental income of £30,000 and would suggest that this be part of contingency until legal advice is received	Vale	30,000	30,000	30,000	30,000	30,000
				65,000	65,000	65,000	65,000	65,000
Total ongoing				186,850	160,850	160,850	160,850	160,850
GRAND TOTAL				508,090	220,390	180,840	191,930	160,850

Vale of White Horse DC - 2013/14 other budget build changes

Budget adjustments

Scrutiny Ref: (If relevant)	Summary	Spending profile:				
		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
CORPORATE MANAGEMENT TEAM						
VCMTSS2	Essential growth bid revised - now assessed as £42,540 pa not £17,880. Increase in essential growth of £24,660	24,660	24,660	24,660	24,660	24,660
		24,660	24,660	24,660	24,660	24,660
CORPORATE STRATEGY & WASTE						
1	Bi annual residents survey	24,000	0	24,000	0	24,000
2	Corporate communications budgets for external printing and software no longer required	(25,620)	(25,620)	(25,620)	(25,620)	(25,620)
		(1,620)	(25,620)	(1,620)	(25,620)	(1,620)
ECONOMY LEISURE AND PROPERTY						
CP21/2300	Reduction in car parks business rates	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
FINANCE						
	Revised housing benefit cost estimates from capita have resulting in a reduction of related budgets	(83,640)	(83,640)	(83,640)	(83,640)	(83,640)
	Removal of budgets associated with NNDR discretionary reliefs, costs now within collection fund	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
	Quote from Ernst & Young for 12/13 audit costs which is lower than audit commission costs has resulted in a reduction in the external audit budget for 13/14	(27,030)	(27,030)	(27,030)	(27,030)	(27,030)
VFINSS2	HB costs no longer a growth item (see above)	(16,500)	(16,500)	(16,500)	(16,500)	(16,500)
		(217,170)	(217,170)	(217,170)	(217,170)	(217,170)

Vale of White Horse DC - 2013/14 other budget build changes

Budget adjustments

Scrutiny Ref: (If relevant)	Summary	Spending profile:				
		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
HEALTH & HOUSING						
	Correction to base housing budgets	12,732	12,732	12,732	12,732	12,732
		12,732	12,732	12,732	12,732	12,732
HR, IT & CUSTOMER SERVICES						
	Removal of team leader post - Abingdom LSP	(20,930)	(20,930)	(20,930)	(20,930)	(20,930)
	Other	193	193	193	193	193
		(20,737)	(20,737)	(20,737)	(20,737)	(20,737)
LEGAL & DEMOCRATIC						
	Reduction in CCTV recharge to south oxfordshire district council as a result of process harmonisatin	13,300	13,300	13,300	13,300	13,300
	Removal of budgets no longer required	(5,200)	(5,200)	(5,200)	(5,200)	(5,200)
VLEGREV5	Essential growth - licensing fee income reduction. Situation not as bad as first anticipated	(23,080)	(23,080)	(23,080)	(23,080)	(23,080)
		(14,980)	(14,980)	(14,980)	(14,980)	(14,980)
PLANNING						
	Increase in major applications fees anticipated for 13/14	(50,000)				
	Neighbourhood planning officer net of grant funding agreed during 2012/13	36,000	36,000	36,000		
SPLAREV1	Essential growth - confirmed as South only	(50,000)				
		(64,000)	36,000	36,000	0	0
Total other changes		(291,115)	(215,115)	(191,115)	(251,115)	(227,115)

Vale of White Horse Service budget analysis 2013/14

Budget head	Final Budget £
Corporate management team	437,796
Corporate strategy	4,759,264
Economy leisure & property	1,531,763
Finance	1,977,451
Health & housing	1,316,812
Human resources, IT & customer services	1,739,991
Legal & democratic services	939,629
Planning	664,039
Fit for the future savings	(42,600)
Sub-total	13,324,146
Budget contingency (net of MVF)	88,805
Net cost of delivering services	13,412,951
Net property income	(1,279,758)
Gross treasury income	(355,500)
Net expenditure	11,777,693
Government grant funding:	
Council tax freeze grant	(53,636)
New Homes Bonus	(1,373,954)
Other Government Grants	(20,049)
Transfer to reserves	
New Homes Bonus	1,373,954
Transfers to earmarked and special purposes reserves	105,000
Funding from existing resources:	
Local Development Framework	(200,000)
Insurance excess reserve	(20,000)
NHB - Area grant funding	(100,000)
Contribution to/from General fund balances	(1,148,891)
Total net revenue budget	10,340,117

KEY TO PROJECT MANAGERS

AB Abigail Brown
BW Bob Watson
CW Chris Webb
CC Carole Cummings
GH Graham Hawkins
HN Helen Novelle
IRM Ian Matten
JB John Backley

Jbo Jayne Bolton
JD Jon Dawson
JP Jo Patterson
KC Karen Claridge
KA Kate Arnold
LB Lee Brown
LH Liz Hayden
LS Lyn Scaplehorn

MT Miles Thompson
PD Peter Dela
PH Paul Holland
PS Paul Staines
SB Susan Baker
SM Suzanne Malcolm
STr Sally Truman
STu Simon Turner

SW Shona Ware
TG Trudy Godfrey

Corporate Strategy

Scheme	No.	Cost ctre	RP DC	Project Mgr	Approved Programme									
					Note	Scheme Total £'000	Spend to 31/03/12 £'000	2012/13 Original Budget £'000	2012/13 Working Budget £'000	2013/14 Proposed £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000
New and Upgraded Parks Facilities		YC03	RP	IRM		N/A	28	15	36	15	15	15	15	15
Additional Wheeled Bins for New Properties		YC23	RP	IRM		N/A	2,845	47	47	47	47	47	47	47
Community Grants Fund		YC30	RP	Jbo		N/A	0	100	100	100	100	100	100	100
Climate Change Investment Fund		YH15		STr		200	139		61					
Econsultation Software		YH20		STr		13	0	13	13					
Lottery and Other Grant Support (Preston Rd Comm Ctre)		YP10		CC	(1)	3	0	0	3					
						215	3,012	175	260	162	162	162	162	162

Notes

(1) £2,610 added to 2012/13 Working Budget to fund grant to Preston Road Community Centre, as per Cabinet Member decision 15.12.2011. To be funded from earmarked capital receipts.

Economy, Leisure and Property

Scheme	No.	Cost ctre	RP DC	Project Mgr	Approved Programme									
					Note	Scheme Total £'000	Spend to 31/03/12 £'000	2012/13 Original Budget £'000	2012/13 Working Budget £'000	2013/14 Proposed £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000
Flood Prevention		YA01	RP	PD		N/A	82	195	220	45	45	45	45	45
Sewage Works		YA02		PD		101	71		10	20				
MHP - Junct. Box Replacement		YA05		JD		116	78	20	17	21				
Upgrade of Sewage Treatment Works - Challow & Sparsholt		YA14		PD		50	0	50	25	25				
Development of Additional Plots at MHP		YA18		JD		849	13	740	0	836				
Dean Court Social Club Rebuild		YA24		GH	(1)	380	0		190	190				
Pitches, Pathways at Mably Way Grove		YC06		IRM	(2)	91	91		0	0				
Public Art Projects (funded by contributions)		YC15	DC	AB		276	187	25	14	74				
Replacement Pitches at Tilsley Park Abingdon		YC16		CW		350	0	350	0	350				
Leisure Centre Facilities		YC20		CW		58	58		0	0				
Maintain Building Fabric - Leisure Facilities		YC24		CW		585	198	200	80	307				
Grant to Vale & Downland Museum		YC26		TG	(3)	190	0		190					
Wi-fi for Vale Towns		YC27		TG		19	0	19	5	13	1	1		
Faringdon Pool Refurbishment		YC28		CW		25	0	25	25					
Wantage Civic Hall Carpets		YC29		JP		23	0	23	19	4				
Leisure Centre Essential Works 2014/15		TBC		CW		250	0		0		250			
Essential Refurbishment of Operational Property Assets		TBC		GH		400				400				
Refurbishment of Emcor House, Hatfield		TBC		GH		150					150			
West Way Shopping Centre Refurbishment		TBC		GH		50				50	0	0		
						3,962	778	1,647	795	2,334	446	46	45	45

Notes

- (1) £380k added to scheme per Council 24.10.12. Rebuild of Dean Court Social Club. Costs of this scheme will be covered by insurance.
- (2) Scheme completed in prior year. Budget originally slipped into 2012/13 (£12,270) no longer required so removed from approved programme.
- (3) £100k added to scheme per Council 16.05.12.

Finance

Scheme	No.	Cost ctre	RP DC	Project Mgr	Approved Programme										
					Note	Scheme Total	Spend to 31/03/12	2012/13 Original Budget	2012/13 Working Budget	2013/14 Proposed	2014/15 Proposed	2015/16 Proposed	2016/17 Proposed	2017/18 Proposed	
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Capita Computer Equipment Fixed Asset System		YF04 YF04		BW BW		633 7	623 7	3	10						
						640	630	3	10	0	0	0	0	0	0

Notes
(1)

HR, IT and Customer Services

Scheme	No.	Cost ctre	RP DC	Project Mgr	Approved Programme										
					Note	Scheme Total	Spend to 31/03/12	2012/13 Original Budget	2012/13 Working Budget	2013/14 Proposed	2014/15 Proposed	2015/16 Proposed	2016/17 Proposed	2017/18 Proposed	
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Interactive Forms on Website		YD05		LB		30	27		0	3					
Replace existing PCs		YD06		STu		38	35		0	3					
IT Infrastructure Investment		YD09		STu		320	59	40	38	153	70				
IT Applications Investment		YD10		LB		30	0	25	0	30					
						418	122	65	38	188	70	0	0	0	0

Notes
(1)

Health and Housing

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Approved Programme								
						Scheme Total £'000	Spend to 31/03/12 £'000	2012/13 Original Budget £'000	2012/13 Working Budget £'000	2013/14 Proposed £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000
Support Development of Social Housing		YH01	DC	PS		1,305	918	387	0	387				
Disabled Facilities Grants		YH05	RP	PH		N/A	1,802	1,000	1,109	1,000	850	850	850	850
Home Repairs Target		YH06	RP	PH		N/A	104	50	122	50	90	90	90	90
IT for Mobile Working in EH		YH16		PH		12	0	12	0	12				
Online Housing Applications		YH17		LS		20	7		0	13				
Open Market Homebuy Scheme		YH21		HN		250	0	250	0	250				
Implementation of Online Housing Advice		YH22		LS		25	0	25	0	25				
						1,612	2,832	1,723	1,231	1,736	940	940	940	940

Notes
(1)

Legal and Democratic Services

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Approved Programme								
						Scheme Total £'000	Spend to 31/03/12 £'000	2012/13 Original Budget £'000	2012/13 Working Budget £'000	2013/14 Proposed £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000
CCTV Capital Works		YH12		LH		150	83	65	0	22	15	15	15	
Community Safety Partnership Grants		YH19		LH		24	0		0	24				
Legal Case Management System		YL02		LH		8	0	8	0	8				
Fireproof Storage Cabinets		YL03		SB		10	0	10	0	10				
						192	83	82	0	63	15	15	15	0

Notes
(1)

Planning

Scheme	No.	Cost ctre	RP DC	Project Mgr	Approved Programme										
					Note	Scheme Total £	Spend to 31/03/12 £	2012/13 Original Budget £	2012/13 Working Budget £	2013/14 Proposed £	2014/15 Proposed £	2015/16 Proposed £	2016/17 Proposed £	2017/18 Proposed £	
ABITS Implementation		YP01		MT		210	95		115						
Wantage & Grove Integrated Transport Study		YP02		MT		44	14	30	30						
Electronic Delivery of Planning Service		YP05		KC		100	78		22						
New Paths/Cycleways		YP06	DC	MT		80	3			77					
C Online Payment for Planning Applications		YP12		KC	(1)	155	155								
C Electronic Consultation on Planning Applications		YP13		KC	(2)	0	0								
C Planning Workflow Software		YP14		KC	(3)	0	0								
Computerising Property Planning Software		YP15		KC		74	0	18	36	34	3				
Capture Planning Constraints		YP17		KC		10	0		10						
						671	344	48	214	111	3	0	0	0	0

Notes

- (1) Scheme completed in 2011/12. Budget originally slipped into 2012/13 (£5,100) no longer required so removed from approved programme
- (2) Scheme completed in 2011/12. Budget originally slipped into 2012/13 (£8,000) no longer required so removed from approved programme
- (3) Scheme completed in 2011/12. Budget originally slipped into 2012/13 (£10,000) no longer required so removed from approved programme

Vale of White Horse DC - 2013/14 capital growth bids

No	Title of bid	Summary	Vale only or joint bid?	CAPITAL SPEND					One-off or rolling	REVENUE CONSEQUENCES										
				Spending profile:						Spending profile:										
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £						
CORPORATE MANAGEMENT TEAM																				
New	Capital Contingency	Creation of a contingency budget for the capital programme to cover the costs of unforeseen capital project requirements in the financial	Vale	100,000	200,000	200,000														
				100,000	200,000	200,000	0	0		0	0	0	0	0	0	0	0	0	0	
ECONOMY LEISURE AND PROPERTY																				
VELPCAP1, 2 & 4 Con-soliated	Wantage Civic Hall capital works (composite bid)	Following the Fit for the Future review of Wantage Civic Hall, a business plan is now being procured that will aim to build the business and increase both usage and income, making the Civic Hall a vibrant and inviting venue for the community. The draft business plan should be received in January 2013 and approved in February 2013. In view of this timetable, we are submitting a bid to ensure that we have some resources in place to support the proposals arising from the business plan. Key areas identified as needing improvement include the toilets on the ground floor, the lighting in the King Alfred's Suite and the installation of air conditioning. We will amend the bid in the light of the draft business plan.	Vale	55,000						One off										
		Section 106 funding for above. NB: it should be considered that as the council has discharged its obligation for the under the original s.106 agreement that it is proposed to use this unspent and now unringfenced monies to support this bid. Links with s.106 for VELPCAP9 below		(55,000)																
VELPCAP3	White Horse Leisure and Tennis Centre – car park extension	The need for increased car parking space at the White Horse Leisure and Tennis Centre is well documented and currently the lack of car parking space is the largest cause of customer dissatisfaction. Currently, the cost of creating approximately 50 additional parking spaces is estimated to be in the region of £250,000 – although the findings of the feasibility work due in December 2012 will confirm this figure	Vale	250,000						One off										
VELPCAP5	Replacement of public conveniences in Hales Meadow	The removal of the two existing APCs and build a traditional public convenience with compliant disabled facility for a one-off cost of some £100,000 with a life expectancy of at least 20 years. The facility would require an additional revenue budget for cleaning and maintenance of some £7,000 per year although there is a current revenue budget of £24,000 per year for the two JCDecaux APCs. Same to be applied to the APC at Grove (Millbrook Square). Revenue saving to be taken and re-invested in the service area - hence ongoing revenue costs of 2 x £7,000	Vale	200,000						One off	14,000	14,000	14,000	14,000	14,000					
VELPCAP6	Leisure centre essential works 2015/16	Essential capital maintenance works at the Vale leisure centres for 2015/16. The funds will be used to maintain the physical condition of the facilities, including plant and equipment, to a standard that maintains customer satisfaction, use and income.	Vale			250,000				One off										
VELPCAP7	Repair/reinstatement of Great Coxwell Wall	Under section 215 of the Local Government Act 1974, responsibility for maintenance of closed church yards can be passed to the district council. The Vale Council is responsible for the maintenance of the church yard at Great Coxwell. The wall of the church yard is in poor and potentially dangerous condition. The cost of the work is provisionally estimated at £25,000.	Vale	25,000						One off										

Vale of White Horse DC - 2013/14 capital growth bids

No	Title of bid	Summary	Vale only or joint bid?	CAPITAL SPEND					One-off or rolling	REVENUE CONSEQUENCES					
				Spending profile:						Spending profile:					
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	
ECONOMY LEISURE AND PROPERTY (CONTINUED)															
VELPCAP8	Microphones for council chamber	A cordless system including a mobile audio induction loop. The estimated cost is £1,000 per microphone plus the cost of a central routing system and the cost of any other audio visual equipment that would need to be connected to it. Therefore, officers anticipate a cost of £30,000 for 25 microphones.	Vale	30,000						One off					
VELPCAP9	Provision of leisure facilities in the Wantage area (s106 developer contribution)	This growth bid seeks to move the 'tennis court contribution' of £100,000 (index linked) from the former St Mary's School s106 agreement into the approved capital programme for 2013/14. The sum available now stands at £101,400 due to inflation. Options under consideration at present include allocating this contribution towards the works recommended in the future leisure provision in Wantage / Grove options study (draft anticipated 30 November 2012) e.g. refurbishment / rebuild of leisure centre on existing site or new build leisure centre on an alternative land. An alternative suggestion has been made that these monies are allocated to investment into Wantage Civic Hall to address items prioritised in the business case (due February / March 2013). Section 106 funding for above. NB: it should be considered that as the council has discharged its obligation for the under the original s.106 agreement that it is proposed to use this unspent and now unringfenced monies to support this bid.	Vale	46,400											
VELPCAP10	Chilton public art	Funding has already been received from s106 developer contributions for public art at Chilton. We wish to include these monies in the approved capital programme in order to secure authorisation to spend the monies on this public art project. s106 funding for the above.	Vale	20,000	62,800										
JELPCAP1	Public art at Great Western Park	Some £76,480 has already been received from s106 developer contributions for public art at Great Western Park. Some of this funding has already been spent, with Cabinet member approval, on consultant's fees researching and producing the strategy. The developers contributions are held by SODC as the accountable body, although some of the monies relate to VWHDC since the development straddles the district boundary. We wish to include the remaining funding in the approved capital programme in order to secure authorisation to spend the monies in line with the recommendations set out in the councils' adopted Great Western Park public art strategy. s106 funding for the above.	Joint	13,970	13,970										
VELCAP11	Improvements to infrastructure on mobile home parks	There has been a recent increase in reports of damage to road surface and walkways as well as problems with surface water drainage and lighting at the two Mobile home sites at Pebble Hill and Woodlands. Officers are still to investigate more thoroughly these issues but this may pose a threat to the health and safety of park residents and their property if they turn out to be extensive and cannot be covered from within normal revenue budgets for repairs and maintenance works.	Vale	65,000											
				570,000	0	250,000	0	0			14,000	14,000	14,000	14,000	14,000

Vale of White Horse DC - 2013/14 capital growth bids

No	Title of bid	Summary	Vale only or joint bid?	CAPITAL SPEND					One-off or rolling	REVENUE CONSEQUENCES					
				Spending profile:						Spending profile:					
				2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £		2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	
HR, IT& CUSTOMER SERVICES															
JHICCAP1	IT infrastructure	The IT infrastructure for both councils is rapidly approaching its end of life. A review has been carried out as part of the Fit For The Future programme, and our consultant partners have recommended a series of actions. At present the programme is only costed at a very high level, broken into six elements totalling £905,000 although some funds already exist in the programme.	Joint	215,000	35,000										
				215,000	35,000	0	0	0		0	0	0	0	0	0
HEALTH AND HOUSING															
JHAHCAP1	Implementation of new Housing Allocations Policy	Both councils are currently reviewing their Allocations Policies in response to the Localism Act. New policies will be agreed late 2012/early 2013. The ICT provider cannot provide definitive costings until the Allocations Policies are approved by Council. However they have provided indicative costings, which are in the region of £13,000 per authority. There will also be a need to re-canvass all applicants which will cost approximately £2,000. Total bid of £15k per authority	Joint	13,000					One off	2,000					
				13,000	0	0	0	0		2,000	0	0	0	0	0
	GRAND TOTAL			898,000	235,000	450,000	0	0		16,000	14,000	14,000	14,000	14,000	14,000

Equality implications

The shared equalities officer has carried out an equality impact assessment on the budget saving proposals¹, in line with our public sector equality duties to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity for people protected by the Equality Act²
- foster good relations for people protected by the Equality Act.

Consideration was also given to those groups not protected by legislation such as low income groups and children, in line with the requirement of the Equality Framework for Local Government.

The following proposal poses medium equality impact

'Cease all housing enabling work in partnership with ORCC. A partial reduction in grant would allow some work to continue (subject to agreement with ORCC)'

Equality impact - Rural exception schemes (achieved through the work of the Oxfordshire Rural Housing Partnership) ensure that a site provides 100 per cent affordable housing with priority given to people with a strong local connection, in perpetuity. Affordable housing could be achieved on other types of development but this is generally allocated in respect of housing priority across the whole district. This could result in local residents who need to remain living in the same village due to work, family responsibilities, support network etc. being unable to be allocated any housing.

Mitigating action - If the grant is withdrawn, work on rural housing would have to come in house, streamlined to focus only on villages that express an interest in rural housing and promotional work on other villages would cease.

¹ rated minimal, low, medium or high equality impact

² Race, disability, gender, gender reassignment, pregnancy and maternity, age, sexual orientation, religion or belief

Prudential indicators

1 Affordability

1.1 Ratio of financing costs to net revenue stream

These indicators compare the net interest payable less investment income receivable to the overall net revenue spending of the council. Because the council has a high level of investment income and no long term borrowing this indicator is negative.

Indicator A-1	2013/14	2014/15	2015/16	2016/17	2017/18
Ratio of financing costs to net revenue stream	estimate	estimate	estimate	estimate	estimate
Non – HRA	(11.1%)	(8.2%)	(9.4%)	(9.1%)	(9.3%)

Even though this indicator is negative it is still important for the council as it shows a slight increase over the period. This is due to the expected slow rise in interest rates, which will impact on the investment income earned by the council, and the expected fall in the council's net revenue spending as government grant income falls.

The key point to note for this authority is that in the Medium Term Financial Plan (MTFP) the council will be using the projected returns from investment income to help mitigate the effects of the reduction in government grant income over this period.

1.2 Estimated incremental impact of capital investment decisions on the council tax

This indicator estimates the incremental impact of capital investment decisions on the council tax by comparing the likely council tax based on the current capital programme and the likely council tax based on the proposed capital programme.

Indicator A-2	2013/14	2014/15	2015/16	2016/17	2017/18
Incremental impact of capital investment decisions on council tax	estimate	estimate	estimate	estimate	estimate
	£	£	£	£	£
Band D council tax	0.29	0.08	0.19	0.00	0.00

This demonstrates the potential increase in band D council tax if this was viewed in isolation. However the MTFP shows that the capital expenditure proposals, when viewed alongside the revenue proposals, are sustainable over the medium term, in accordance with the assumptions included in the MTFP.

2 Prudence

2.1 Net borrowing and the capital financing requirement

It is prudent to ensure that borrowing is only used to fund capital (as opposed to revenue) expenditure. The indicator to measure whether this is achieved is to demonstrate that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. For this council this means that the value of investments should be equal to or higher than the capital financing requirement.

<i>Indicator P-1</i>	2013/14 estimate £000	2014/15 estimate £000	2015/16 estimate £000	2016/17 estimate £000	2017/18 estimate £000
Capital financing requirement	(21)	(21)	(21)	(21)	(21)
Average level of investments	23,735	25,035	29,284	29,284	29,284

In this instance the capital financing requirement is shown as negative; this reflects the on-going debt-free status of the council.

The head of finance reports that the authority had no difficulty meeting this requirement in 2011/12, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in the 2013/14 budget.

3 Capital expenditure

3.1 Capital expenditure

The first indicator shows the total capital expenditure plans of the council's existing programme not including the capital growth proposals put forward.

<i>Indicator C-1</i>	2012/13 estimate £000	2013/14 estimate £000	2014/15 estimate £000	2015/16 estimate £000	2016/17 estimate £000
Estimates of capital expenditure	2,548	4,594	1,637	1,163	1,162

The second indicator records actual capital expenditure for the previous financial year.

<i>Indicator C-2</i>	2011/12 estimate £000	2011/12 actual £000
Actual capital expenditure	3,826	2,846

3.2 Borrowing need

This indicator reflects the authority's underlying need to borrow for a capital purpose, its Capital Financing Requirement (CFR). This borrowing may not need to take place externally, and the council may judge it prudent to make use of cash that it has already invested for long term purposes.

<i>Indicator C-3</i>	31/3/2012 estimate £000	31/3/2013 estimate £000	31/3/2014 estimate £000	31/3/2015 estimate £000	31/3/2016 estimate £000	31/3/2017 estimate £000
Estimate of capital financing requirement						
Non-HRA	-21,050	-21,050	-21,050	-21,050	-21,050	-21,050
Estimate of movement in year						
Non-HRA	0	0	0	0	0	0

The capital financing requirement as at 31 March each year is derived from specific balances within the balance sheet, and adjustments are made for capital expenditure, and the resources applied to finance the expenditure. As all the authority's capital expenditure is resourced immediately from capital receipts, reserves, grants, contributions and directly from revenue, the CFR remains constant throughout.

The actual CFR for 31 March 2012 is shown below.

	31/3/2012
<i>Indicator C-4</i>	actual
	£000
Actual capital financing requirement	
Non-HRA	-21,050
Actual movement in year	
Non-HRA	0

	A	H	I	J	K	L
1	Vale of White Horse District Council	Budget	Indicative	Indicative	Indicative	Indicative
2		2013/14	2014/15	2015/16	2016/17	2017/18
3		£000	£000	£000	£000	£000
4	Base budget					
5	Corporate management	523	523	523	523	523
6	Corporate strategy	4,552	4,552	4,552	4,552	4,552
7	Economy, leisure and property	1,443	1,443	1,443	1,443	1,443
8	Finance	1,990	1,990	1,990	1,990	1,990
9	Housing and health	1,222	1,222	1,222	1,222	1,222
10	HR, IT, customer	1,747	1,747	1,747	1,747	1,747
11	Legal and democratic	863	863	863	863	863
12	Planning	676	676	676	676	676
13	Contingency	161	215	215	215	215
14	Total base budget	13,179	13,232	13,232	13,232	13,232
15	Revisions to base budget					
16	Opening budget adjustments	(371)	(408)	(417)	(425)	(416)
17	Inflation, salary increments and adjustments	336	694	1,043	1,399	1,762
18	Essential growth - one-off	79	20	20	20	20
19	Essential growth - ongoing	373	423	473	523	523
20	Base budget savings	(176)	(176)	(176)	(176)	(176)
21	Managed vacancy factor	(156)	(159)	(162)	(165)	(169)
22	Fit for the Future savings	(43)	(223)	(243)	(243)	(243)
23	Total revised base budget	13,221	13,404	13,770	14,165	14,534
24	Growth, savings and other budget adjustments					
25	Service reductions	(41)	(49)	(49)	(49)	(49)
26	Growth proposals					
27	Revenue - one-off	321	60	20	31	
28	Revenue - ongoing	187	161	161	161	161
29	Capital (revenue consequences of)	16	14	14	14	14
30	Other budget adjustments	0	100	200	300	400
31	Changes post Scrutiny	(291)	(215)	(191)	(251)	(227)
32	Net cost of services	13,413	13,474	13,924	14,370	14,832
33	Net property income	(1,280)	(876)	(876)	(876)	(876)
34	Gross treasury income	(356)	(375)	(586)	(586)	(659)
35	Net expenditure	11,778	12,223	12,463	12,908	13,297
36	New Homes Bonus	(1,374)	(1,970)	(2,618)	(3,753)	(4,399)
37	CT freeze grant 2013/14 tranche	(54)	(54)			
38	Other government grants	(20)				
39	Transfers to / (from) earmarked reserves	1,159	1,649	(455)	63	131
40	Amount to be financed	11,489	11,848	9,390	9,218	9,029
41	Financing					
42	Revenue support grant	(3,112)	(2,390)	(1,895)	(1,526)	(1,107)
43	Business rates retention scheme	(2,070)	(2,134)	(2,177)	(2,220)	(2,265)
44	Total start-up funding allocation	(5,183)	(4,524)	(4,072)	(3,746)	(3,371)
45	Less - Parish share of council tax support grant	201	161	120	80	40
46	+ / - estimated NNDR over/under collection	155	160	163	167	170
47	Collection fund (surplus)/deficit	(150)	(100)	(100)	(100)	(100)
48	Council tax requirement before use of reserves	6,513	7,545	5,502	5,619	5,768
49	Use of general fund balance	(1,149)	(2,155)	24	45	(39)
50	Council tax requirement after use of reserves	5,364	5,390	5,526	5,664	5,807
51	Tax base	45,964.9	46,194.7	46,425.7	46,657.8	46,891.1
52	Band D Council tax (£)	116.69	116.69	119.02	121.40	123.83
53	Council tax increase from previous year					
55	Reserves at year end					
57	General fund balance	3,378	1,223	1,247	1,292	1,331
58	Earmarked revenue reserves	3,225	4,874	4,419	4,482	4,613

RESERVES FUNDING (Lines 38, 56 and 57 of the MTFP)

Earmarked revenue reserves	Budgeted Balance 31.3.13 £	Budgeted Contrib to funds £	Budgeted Use of Funds £	Budgeted Balance 31.3.14 £	Budgeted Contrib to funds £	Budgeted Use of Funds £	Budgeted Balance 31.3.15 £'000	Budgeted Contrib to funds £	Budgeted Use of Funds £	Budgeted Balance 31.3.16 £'000	Budgeted Contrib to funds £	Budgeted Use of Funds £	Budgeted Balance 31.3.17 £'000	Budgeted Contrib to funds £	Budgeted Use of Funds £	Budgeted Balance 31.3.18 £'000
Building Regulations Trading	(27,964)			(27,964)			(27,964)			(27,964)			(27,964)			(27,964)
Community Grants Awards	(34,808)			(34,808)			(34,808)			(34,808)			(34,808)			(34,808)
Election Equalisation reserve	(40,000)	(40,000)		(80,000)	(40,000)		(120,000)		120,000	0	(40,000)		(40,000)	(40,000)		(80,000)
Local Development Framework	(224,645)	(45,000)	200,000	(69,645)	(45,000)	60,000	(54,645)	(45,000)	60,000	(39,645)	(45,000)	60,000	(24,645)			(24,645)
Rent Deposit Guarantee Scheme	(12,000)			(12,000)			(12,000)			(12,000)			(12,000)			(12,000)
Reservoir reserve	(10,000)			(10,000)			(10,000)			(10,000)			(10,000)			(10,000)
Insurance excess reserve	(59,058)	(20,000)	20,000	(59,058)	(20,000)	20,000	(59,058)	(20,000)	20,000	(59,058)	(20,000)	20,000	(59,058)	(20,000)	20,000	(59,058)
Cabinet Grant Fund	(50,000)			(50,000)			(50,000)			(50,000)			(50,000)			(50,000)
Besselsleigh Wood management	(927)			(927)			(927)			(927)			(927)			(927)
Total Earmarked Reserves	(459,401)	(105,000)	220,000	(344,401)	(105,000)	80,000	(369,401)	(65,000)	200,000	(234,401)	(105,000)	80,000	(259,401)	(60,000)	20,000	(299,401)
Revenue Government Grant	Balance 31.3.13 £	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	Balance 31.3.14 £	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	Balance 31.3.15 £	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	Balance 31.3.16 £	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	Balance 31.3.17 £	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	Balance 31.3.18 £
Performance reward grant - revenue	(157,677)			(157,677)			(157,677)			(157,677)			(157,677)			(157,677)
New Homes Bonus																
Service and Infrastructure reserve	(1,380,920)	(1,286,314)	100,000	(2,567,234)	(1,882,314)	346,000	(4,103,548)	(2,530,314)	2,938,000	(3,695,862)	(3,665,314)	3,715,000	(3,646,176)	(4,311,719)	4,308,000	(3,649,895)
Affordable Homes element	(68,320)	(87,640)		(155,960)	(87,640)		(243,600)	(87,640)		(331,240)	(87,640)		(418,880)	(87,640)		(506,520)
Total external contributions	(1,606,917)	(1,373,954)	100,000	(2,880,871)	(1,969,954)	346,000	(4,504,825)	(2,617,954)	2,938,000	(4,184,779)	(3,752,954)	3,715,000	(4,222,733)	(4,399,359)	4,308,000	(4,314,092)
Contributions to/usage of	(2,066,319)	(1,478,954)	320,000	(3,225,273)	(2,074,954)	426,000	(4,874,227)	(2,682,954)	3,138,000	(4,419,181)	(3,857,954)	3,795,000	(4,482,135)	(4,459,359)	4,328,000	(4,613,494)

Report of the chief financial officer on the robustness of the budget estimates and the adequacy of the reserves.

1. Section 25 of the Local Government Act 2003 places a duty on the chief finance officer (at this council the strategic director and chief finance officer) to make a report to the council on the robustness of the estimates and the adequacy of the reserves. This report fulfils this requirement and provides councillors with assurance that the budgets have been compiled appropriately and that the level of reserves is adequate. It is a statutory requirement that councillors must consider this report when considering and approving a budget.
2. In presenting this report the strategic director and chief finance officer is mindful of other associated statutory safeguards designed to prevent the authority from over-committing itself financially, namely:
 - Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the strategic director and chief financial officer has personal responsibility for such administration;
 - Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget;
 - The Prudential Code introduced as part of the Local Government Act 2003 sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates;
 - the external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money').
3. To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the strategic director and chief finance officer to report to all the authority's councillors, in consultation with the monitoring officer, if there is or is likely to be unlawful expenditure or an unbalanced budget.

Robustness of the budget estimates

PREPARATION, REVIEW & SCRUTINY

4. In accordance with best practice and using accruals accounting, the council provides for realistic estimates of costs and known liabilities.
5. The detailed budget estimates have been prepared jointly by the heads of service and appropriately qualified staff from the council's financial services team. These have been reviewed and challenged by the chief accountant, the head of finance, and the council's management team.
6. The 2013/14 budget update report presented to the scrutiny committee on 17 January 2013 provided a detailed explanation of the factors taken into account in determining the base budgets.

REVENUE BUDGET

7. The most significant costs within the revenue budget are:
 - staff salaries and related costs
 - payments under contracts for services
 - housing and council tax benefit payments.
8. The estimates of staff costs are prepared by calculating the cost of employing each member of staff for the full year. The budget also includes the costs of recruiting to posts that are currently vacant, unless it has been decided that the post will not be filled. The costs include incremental progression and an allowance for the cost of any locally agreed pay award. All of these are known when the budgets are set.
9. The risk of overspending on staff costs is therefore considered negligible. The risk of under-spending on staff costs is high, so SMB have assumed a level of expected vacancy savings and this year, the council's has budgeted at 98 per cent of the expected salary level.
10. The costs of the most significant council contracts are linked to increases in the various price indices, usually the Retail Prices Index (RPI). The applicable RPI is known when the budgets are set and the budget reflects any estimated contract inflation. Allowance has also been made within the budget for additional costs arising from demographic growth and increased demand for services (e.g. additional properties leading to increased waste collection costs).
11. The risk of overspending on contract costs is therefore considered small. There remains a financial risk from a contractor failing to deliver services in accordance with the contract. Such risks are managed through the council's contract monitoring and risk management procedures, but cannot be eliminated.
12. The cost of housing benefit is largely met through government subsidy. The financial risk to the council should this cost increase significantly is small, because a very high percentage of the cost is met by the subsidy.
13. The level of local authority benefit errors has caused a loss in subsidy which has so far been reimbursed by the financial services contractor. The error rate in the level of local authority benefit errors has fallen recently due to active management by officers of the council and the financial services contractor; the level of local authority errors in the latest grant subsidy claim for 2011/12 is safely below the government's threshold. The risk of any cost falling on the council is therefore low and continues to be mitigated by close contract management.
14. The government has reformed council tax benefit, which becomes a local 'council tax reduction scheme' (CTRS) from April 2013. This change has resulted in immediate extra cost pressures for the council which has been factored into the proposed budget. The change also transfers the financial risk (and reward) from central government to the council for any significant changes in the numbers of residents claiming CTRS. We will closely monitor caseloads to assess any significant financial variation.

15. The areas of expenditure where there is a greater level of risk are within the demand led budgets such as the costs of homelessness (including temporary accommodation). Experience of demand in the current and recent years has been used to inform the 2013/14 budget.
16. However, these form a relatively small part of the council's gross revenue expenditure and heads of service manage these risks through monitoring activity and the performance management and budget monitoring processes.
17. As part of the budget setting process consideration has been given to income streams which could change as a result of recent and pending legislation. These include:
 - council tax freeze grant. Details regarding the council tax freeze grant for both 2011/12 (four years), and 2013/14 (two years) (note that 2012/13 was one year only) have been clarified and these have been included in the budget;
 - New Homes Bonus (NHB). The council has had confirmation of the first three tranches of NHB; these figures are provided by the Department of Communities and Local Government (CLG) and they have been included in the budget, and transferred to reserves in 2013/14 – with the exception of £100,000 being used for area grants in 2013/14. Future year estimates have been provided by council officers - some based on the availability of land for development (old methodology) and another using trend analysis on the delivery of new housing to date (new methodology). The old methodology produces higher value estimates which the Cabinet has included in its budget proposal. In my opinion the new methodology produces more accurate and prudent estimates; therefore the budget contains optimistic predictions which will have to be revised downwards in later years. The difference in the overall impact on balances between the two methodologies is £1.6 million by the end of year 5, which does not cause the medium term financial plan to become unsustainable.
 - The government's Comprehensive Spending Review (CSR) in 2010 indicated that later tranches of NHB would be funded from reductions in formula grant – and consequently (like many other councils) the later years of the MFP rely heavily on using NHB funds to support the revenue account;
 - planning fees – full cost recovery. Legislation allowing the council to set its own planning fees in order to recover the costs of the planning service (within certain limitations), has been further delayed. It is possible that it will be implemented in 2013/14, but this is not certain. Therefore no significant increase in planning fee income has been included in the budget except for the 15% national increase in planning fees which government introduced in late 2012/13.

Apart from the NHB estimates, there is no other significant optimism or estimation risk has been built into the 2013/14 budget. There is however greater risk for the Medium Term Financial Plan (MTFP) viability, should any of the government grants alter significantly – however this level of risk is considered acceptable in the light of known factors.

18. A number of revenue income streams are sensitive to changes in market conditions and therefore there will always be a risk that budget targets are not met. These include planning fees, building control fees, and land charge fees which all respond directly to the fluctuating characteristics of the housing market. Car parking income can also be volatile and responds to the general economy and retail market. Previous budget-setting exercises have made adjustments to reflect prevailing market conditions. Further adjustments have been made for 2013/14 refining budgets in light of actual patterns.
19. In order to minimise the risk of budgeted income not being achieved, the council takes a prudent approach when calculating the revenue income budgets and debts due and makes appropriate provisions for bad debts.

INVESTMENT INCOME

20. The council has a substantial investment portfolio which it partially relies upon to support the cost of services. The council is very sensitive to changes in investment income. The continuing impact of the low interest rates, and the predicted slow rise, have been factored in to the MTFP reported as part of the budget setting report.
21. Investments have been diversified in accordance with the treasury management strategy, and the earnings assumptions in the budget are set prudently. Investment income is used in year to support the revenue, therefore there could be some uncertainty about the amount available when the budgets are set, but the estimates are considered prudent enough to reduce the risk of this to acceptable levels.

REVENUE CONTINGENCY SUM & OVERALL REVENUE BUDGET

22. The 2013/14 budget includes a contingency sum of £244,620. This is considered a prudent amount to cover unforeseen circumstances and the inevitable uncertainty within the budget.
23. Because of the prudent approach to budgeting outlined above it is considered that the risk of overspending on the revenue budget is small. Should this occur the council has adequate revenue reserves to cover such additional costs. Major or longer term pressures would mean the MTFP would have to be reviewed.

FUNDING FROM CENTRAL GOVERNMENT

24. The revenue financial projections for future years included in the MTFP show budget pressures emerging across the next five years and beyond. A major factor in this is the predicted reduction in central government funding. On 19 December 2012, the provisional settlement provided a two-year funding projection for 2013/14 and 2014/15. The 2013/14 settlement was finalised on 4 February 2013 with negligible changes – 2014/15 remains provisional. Future years have had to be based on prudent estimates for 2015/16 – 2017/18. There is a risk that the assumptions are proven to be under-estimated, in which case the council's revenue reserves are considered adequate to compensate. Furthermore, savings from the council's Fit for the Future (FFTF) programme and other savings schemes will help to combat reduced funding, but the council may still need to draw heavily on its revenue balances (including NHB receipts) to cover any funding deficit.

25. For 2013/14, the government has proposed changes to the National Non-Domestic Rates (NNDR) system which previously made up the majority of our formula grant when it was redistributed by the government. These changes are based on the council's estimated collection levels of local business rates, and then (in the case of Vale of White Horse) a tariff is paid to central government. The government sets a retention level that the council is allowed to keep. If the council achieves a higher collection level than our retention level, any surpluses are distributed to central government, the county council and the district. Any collection deficit is borne by the council, however, a safety net cuts in at 92.5% and it is estimated, that the council will be below this safety net level for some years. As such the level of business rate funding in the MTFP is estimated to be at 92.5% of the retention level set by government.
26. There is a risk that the assumptions about government grant reductions are proven to be under-estimated, in which case the council's revenue reserves are considered adequate to compensate until the MTFP can be reviewed. Additionally further FFTF savings and other invest-to-save schemes will help to offset reduced funding, but the council may still need to temporarily draw on its revenue balances to cover any funding deficit.

CAPITAL PROGRAMME

27. Over recent years the council has adopted a more rigorous approach to the preparation of its capital programme. The council has implemented a project management system that is used to manage capital schemes. These measures reduce the risks of both overspends and slippage in the programme
28. For major projects the council engages skilled advisors to assist it. While these measures can reduce and manage risks, by their nature some capital schemes will still contain significant financial risks. This is particularly the case with major redevelopments where the council has chosen to be an active partner, sharing both risks and rewards.
29. In the capital programme recommended to the cabinet, allowance has been made for works considered necessary to the council's land and property assets including, in the case of leisure centres, those needed in order to maintain the facilities and retain customers.
30. In estimating additional capital receipts a view has been taken of the income to be obtained from future asset disposals.
31. The council has a sufficient capital contingency and capital reserves to meet any potential capital programme overspends, although the programme shows the level of capital reserves temporarily dipping below the 'self-imposed' £5 million threshold. While the use of these reserves would reduce the interest income earned, the current low rates available mean the impact would not be significant.

MEDIUM TERM FINANCIAL PLAN

32. The 2013/14 budget update report presented to the scrutiny committee on 17 January 2013 included a draft MTFP. An updated version of this has been included in the budget report taking account of all budget changes since that date.

The plan sets out provisional revenue spending plans and the estimated use of reserves through to 2017/18.

PRUDENTIAL INDICATORS

33. The prudential code requires the calculation of a number of prudential indicators, which measure the sustainability of the council's medium term financial strategy, explicitly with regard to affordability, prudence, value for money, stewardship, service objectives and practicality. This is backed up by a specific requirement to monitor performance against forward-looking indicators and report and act on significant deviations.

BUDGET MONITORING

34. The council has a budget monitoring process for both its revenue budget and capital programme. System reports are produced monthly for heads of service, management team and the cabinet member for finance. Formal reports are considered by cabinet quarterly.

RISK MANAGEMENT & INSURANCE

35. We adopted a risk management strategy in July 2005. Management Team regularly revises the corporate risk register in light of changing conditions. Service teams have taken account of the risk management work in their service plans for 2012/13 and will review their risk management plans before finalising their 2013/14 service plans. In 2006 we worked with Garrison Security to prepare business continuity plans, which are now in place.

36. In addition to the various mitigation measures outlined above, certain financial risks are mitigated by the council's insurance arrangements which are reviewed annually.

37. The main risks inherent in the council's MTFP are:

- government grant funding being less than estimated;
- NHB income being less than that shown in the MTFP;
- substantial increases in council tax reduction scheme caseload and costs
- further council tax freezes in the later years of the MTFP;
- macro-economic deterioration, such as slower interest rate rises, higher inflationary pressures and slower housing growth.

Currently, there are sufficient usable revenue balances and New Homes Bonus income to compensate for costs arising over the medium term should the above risks materialise.

Adequacy of reserves

38. The Chartered Institute of Public Finance and Accountancy has issued guidance on local authority reserves and balances in LAAP Bulletin 55. It sets out the three main purposes for which reserves can be held.

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – which forms part of general reserves.
 - a contingency to cushion the impact of unexpected events or emergencies – also part of general reserves.
 - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
39. The council held £4.03 million in its general fund as at 1 April 2012 and, over the term of the MTFP intends to maintain this at a level that is no less than approximately 10% of the annual budget requirement (when the Audit Commission previously recommended at least 5%); this is likely to be sufficient to cover uneven cash flow and all but the most serious emergency. In addition, the recommended revenue budget contains an adequate contingency sum to cover unanticipated costs.
40. Finally the council has unspent capital receipts of £5.56 million at 1 April 2012 which form the capital reserve.

Conclusion

41. The budget estimates have been prepared following a properly controlled and professionally supported process. They have been subject to due consideration and the identifiable risks should be capable of management.
42. Overall, the level of reserves is adequate in relation to the proposed revenue budget and capital programme and the budgets are sustainable.
43. The reserves are not reduced other than by the sums already earmarked. The income earned on these reserves is therefore a sustainable source of funds for the council.

Steve Bishop (Strategic director and chief finance officer)

5 February 2013