Cabinet Agenda

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Date: 30 January 2014
Website: www.whitehorsedc.gov.uk

A meeting of the

Cabinet

will be held on Friday 7 February 2014 at 2.00pm
Council Chamber, The Abbey House, Abingdon, OX14 3JE

Cabinet Members:

Councillors
Matthew Barber (Chairman)
Roger Cox (Vice-Chairman)
Mike Murray
Reg Waite
Elaine Ware

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M J Reed

Margaret Reed
Head of Legal and Democratic Services

Agenda

Open to the Public including the Press

Map and vision
(Page 4)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Apologies for absence

To receive apologies for absence.

2. Minutes

To adopt and sign as correct records the minutes of the Cabinet meetings held on 28 November and 6 December 2013 (previously published).

3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

5. Statements, petitions, and questions relating to matters affecting the Cabinet

Any statements, petitions, and questions from the public under standing order 32 will be made or presented at the meeting.

6. Office accommodation
(Pages 5 - 8)

To consider the strategic director's report.

7. Treasury management mid-year report 2013/14
(Pages 9 - 17)

To consider the head of finance's report.

8. Treasury management strategy 2014/15

(Pages 18 - 41)

To consider the head of finance's report.

9. Revenue budget 2014/15, capital programme and the medium term financial plan

(Pages 42 - 95)

To consider the head of finance's report.

10. Exclusion of the public, including the press

The chairman to move that in accordance with Section 100A(4) of the Local Government Act 1972, the public, including the press, be excluded from the remainder of the meeting to prevent the disclosure to them of exempt information, as defined in Section 100(I) and Part 1 of Schedule 12A, as amended, to the Act when the following items are considered:

Office accommodation
(Category 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

Exempt information under section 100A(4) of the Local Government Act 1972

The council hereby gives notice that it intends to hold part of this Cabinet meeting in private to consider the following items for the reasons set out in the 'exclusion of the public, including the press' item above.

11. Office accommodation

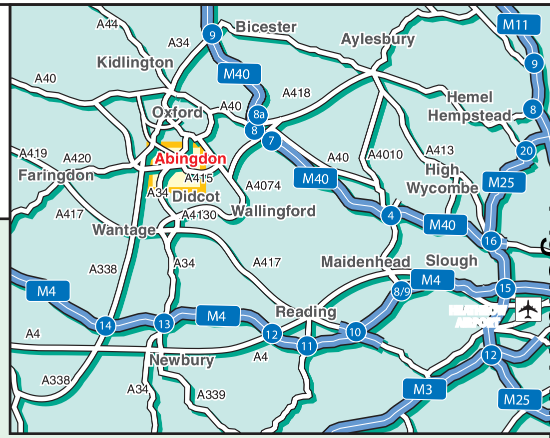
(Page 96)

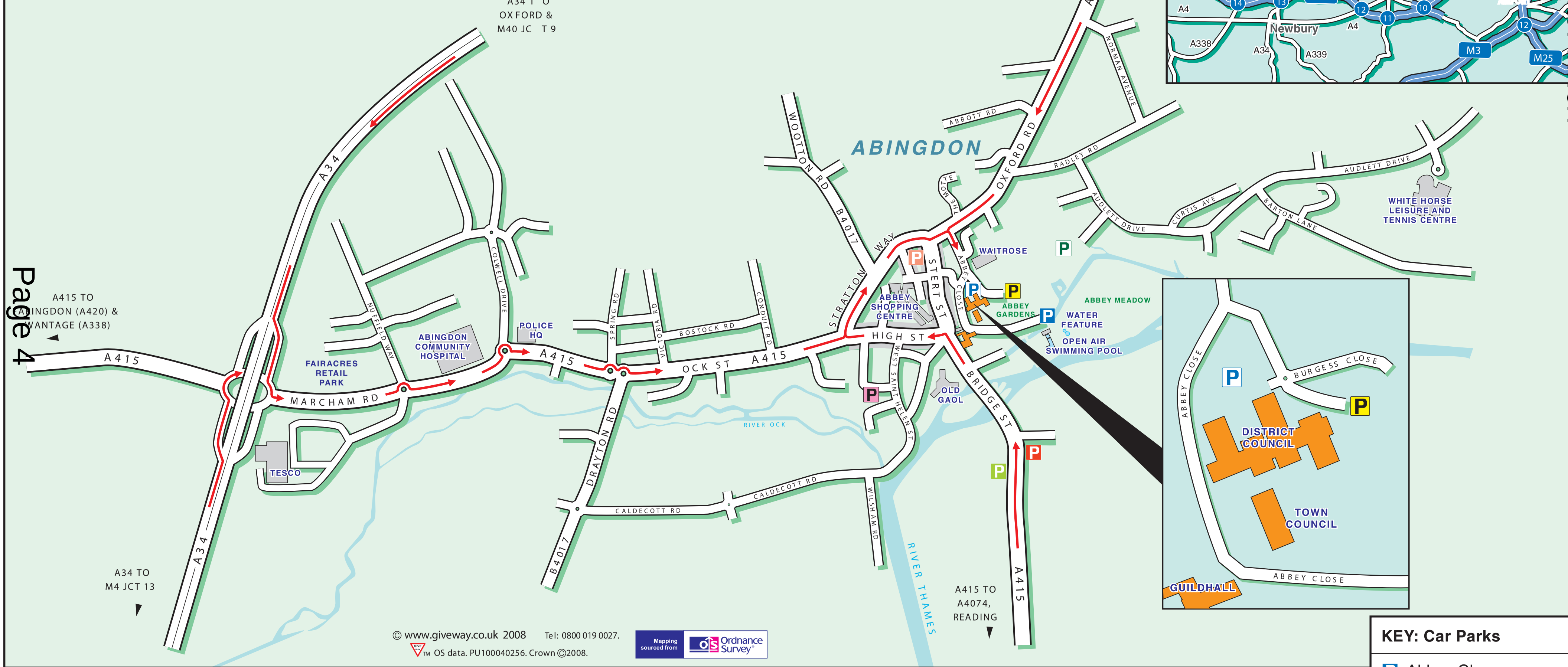
To note the confidential appendix to the office accommodation report.

Vale of White Horse District Council

Vale of White Horse District Council
Abbey House, Abbey Close, Abingdon, OX14 3JE

Tel: 01235 520202 Fax: 01235 532217
www.whitehorsedc.gov.uk





KEY: Car Parks
- P Abbey Close
- P Cattle Market
- P Charter Multi-storey
- P Civic
- P Rye Farm
- P Hales Meadow
- P Audlett Drive
- P West St Helen Street

By rail – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit www.nationalrail.co.uk or call 08457 484950

By bus – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council's website at www.oxfordshire.gov.uk. Contact details for bus operators can be found on the travel information pages on our website www.whitehorsedc.gov.uk

Parking – details of car parks charges can be found on our website

Cabinet Report

Report of the Strategic Director

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Wards affected: All

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To: CABINET

DATE: 7 February 2014

Office accommodation

Recommendations

(a) Cabinet approves a variation to its section 113 shared services agreement with South, whereby the majority of shared council staff will be based at South Oxfordshire District Council's Crowmarsh offices and Vale of White Horse District Council will pay £175,743 service charges annually to South for five years until the arrangement is reviewed.

(b) Cabinet authorises the strategic director and the head of legal and democratic services to complete the variation of the section 113 shared services agreement to reflect these changes.

(c) Cabinet recommends to Vale Council the approval of a revenue virement for £170,000 from identified underspending budgets this year to cover the refurbishment cost of Abbey House.

Purpose of Report

1. This report explains the outcome of recent negotiations between Oxfordshire County Council (the county), South Oxfordshire District Council (South) and Vale of White Horse District Council (Vale) to make better use of existing council office buildings.

2. The report seeks the agreement of cabinet to base more shared staff at Crowmarsh offices, with office accommodation costs to be recharged between the councils.

3. The report sets out the financial implications for the council. It demonstrates that the council makes significant annual financial savings. It requests a budget virement in this financial year to cover essential refurbishment works.

Corporate Objectives

4. The greater utilisation of building assets would make a significant contribution to the corporate objective of effective management of resources, as well as make significant financial savings. The co-location of whole service teams has the potential to further the objective of excellent delivery of key services.

Background

5. Following the cabinet's approval to lease Abbey House space to the county, the two councils (Vale and county) entered into an agreement for lease on 23 December 2013. The county will undertake refurbishment work to its Abbey House space from February 2014. In order to provide vacant possession to the county, the majority of South and Vale staff need to be relocated from Abbey House to the Crowmarsh offices.

6. Staff will be relocated in two phases; at the end of January and the end of February 2014. After these office moves, there will be approximately 320 South and Vale staff based at Crowmarsh and 50 staff based in Abbey House, with 40 other staff spread between Cornerstone (Didcot), Wantage Civic Hall, the CCTV control room (Abingdon) and roaming (car park inspectors).

Location of South and Vale council staff

7. Until now, South and Vale employees and onsite contractor staff have been spread evenly between Crowmarsh and Abbey House. As a result there has not been the need for the two councils to recharge one another any office accommodation costs.

8. From February 2014 there will be approximately 320 staff based at Crowmarsh and 50 staff based in Abbey House. The office accommodation costs will no longer be borne evenly between South and Vale; instead, South will incur a greater proportion of such costs. The Head of Finance, as both councils' s.151 chief finance officer, has calculated a fair service charge to ensure both councils share all office accommodation costs which prevents either council subsidising the other at the expense of taxpayers.

9. The methodology apportions all running costs (e.g., gas, water, electricity, business rates etc) proportional to the time staff spend working for each council. The apportionment has been calculated as 54:46 (South:Vale) as not all staff work 50:50 for both councils. Using this methodology South will recharge Vale for the use of the Crowmarsh offices and Vale will recharge South for the use of Abbey House. In practice South will recharge Vale the net amount. Using this methodology the net figure would be £168,853 for 2014/15.

10. The recharge could be re-calculated each year or the two councils could agree to apply a fixed inflator to the 2014/15 recharge for a duration to give both councils certainty.

11. South and Vale cabinet members discussed the above at the Joint Cabinet Board meeting on 2 January 2014. All cabinet members agreed with the methodology and expressed a strong desire to fix the recharge for five years. It was also agreed that using an inflation factor of two percent fairly apportioned future risk.

12. An annual recharge of £175,743 is arrived at when inflating the 2014/15 recharge by two percent per annum and smoothing the annual sums out to give a fixed annual recharge for each of the next five years. It is therefore proposed that the annual recharge will be £175,743 for five years, after which it should be reviewed and if necessary renegotiated.

13. Should either council suffer significant unexpected one-off costs relating to their building such costs should be shared between the councils in accordance with an agreement at the time.

14. Subject to cabinet approval, it is proposed that this change would be contractually reflected in a formal variation to the existing section 113 shared services legal agreement which was approved by both councils in 2008 and amended in 2011.

Refurbishment and improvement works

15. The county council will undertake refurbishment works to the first floor, second floor and some areas on the ground floor in Abbey House at its own cost from February 2014 before planned occupation in June. The Abingdon-based Citizens Advice Bureau (CAB) office has confirmed it intends to relocate from Old Abbey House to Abbey House when its current lease expires in June. The presence of county teams, CAB and the Vale in Abbey House will provide a more convenient customer experience to our residents and visitors.

16. The Vale needs to undertake some refurbishment work to the ground floor in order to create the CAB suite and improve the facilities for Vale services. New glass doors will be provided across the entrance door to resolve the faulty warm air curtain problem. The council chamber will be made smaller and reconfigured to eliminate the obstructive column. The one-off cost of these works is approximately £170,000, which can be funded this year using virements from other underspending council budgets. The cabinet is requested to recommend to council for approval a revenue virement for this amount. This will create a budget for this amount from other 2013/14 under-spending budgets to enable the necessary works to be completed. This virement will also reduce the council's overall corporate underspend at the year-end.

Financial Implications

17. To provide a fair apportionment of office accommodation costs between the two district councils an annual recharge of £175,743 payable by Vale to South from 1 March 2014 has been proposed. For 2013/14 a pro-rata payment will reflect one month's apportionment.

18. The lease rental and recharged service costs paid by the county council to the Vale provides sufficient funds to cover the £170,000 refurbishment works required in Abbey House as well as make a significant surplus for the benefit of Vale taxpayers.

19. All income and expenditure projections have been included in the council's 2014/15 proposed budget and medium term financial plans.

20. The confidential appendix to this report provides a financial summary setting out the net income and expenditure implications.

Legal Implications

21. The county council and Vale exchanged an agreement for lease on 23 December 2013. South and Vale cabinet members discussed and agreed the South-Vale recharge methodology and provisional amount at the Joint Cabinet Board meeting on 2 January 2014. This needs to be ratified by each Cabinet and budgetary provision made by each council before it can be incorporated in the s.113 shared services agreement. Cabinet is asked to authorise the strategic director and the head of legal and democratic services to complete the variation of the section 113 shared services agreement to reflect the changes set out in this report.

Risks

22. There are benefits and financial savings for all three councils in sharing offices. The main risk is that the parties fail to agree and fall out before moving in together. Given the considerable efforts and some cost incurred to date, the county council and Vale have entered into an agreement for lease which creates contractual obligations and reduces the risk of a falling out. An escalated dispute resolution arrangement has been included in the contract to provide multiple opportunities to avoid a catastrophic falling-out.

23. South and Vale cabinet members have been regularly briefed by officers throughout the negotiation process in order to ensure the evolving solution was politically acceptable. The joint cabinet board meeting enabled a mutually agreeable recharge methodology and amount to be agreed informally.

24. The county-Vale lease is assured for at least five years at which point the county could exercise a break clause, however ongoing efforts to accommodate the county's requirements will hopefully retain the county as tenant for considerably longer. This project generates a significant net surplus for the council over the five years so there is little financial risk.

Conclusion

25. Consistent with South's and Vale's pioneering shared service arrangements and joint procurements, the Vale Council has the opportunity to partner the county council in an innovative office rationalisation scheme. This will make further savings for the Vale, make more efficient use of a public asset, improve customer service and co-locate teams to provide further operating efficiencies.

26. Cabinet is requested to approve the South-Vale recharge methodology and amount. Cabinet is also requested to recommend approval of the refurbishment virement to full council. Cabinet is asked to authorise the strategic director and the head of legal and democratic services to complete the variation of the section 113 shared services agreement to reflect the changes set out in this report.

Report to:

Audit & Governance Committee
Cabinet
Council

Report of Head of Finance

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Wards affected: all

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To:	AUDIT & GOVERNANCE COMMITTEE on	27 January 2014
	CABINET on	7 February 2014
	COUNCIL on	19 February 2014

Treasury management mid-year monitoring report 2013/14

Recommendations

That Audit and Governance Committee:

1. notes the treasury management mid year monitoring report 2013/14, and

2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

That Cabinet:

3. considers any comments from Audit & Governance Committee and recommends council to approve the report.

Purpose of report

1. The report fulfils the legislative requirements to ensure the adequate monitoring of the treasury management activities and that the council's prudential indicators are reported to council in year. The report provides details of the treasury activities for

the first six months of 2013/14 and an update on the current economic conditions with a view to the remainder of the year.

Strategic objectives

2. An effective treasury management is required in order to meet our strategic objective of managing our business effectively. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that resources are available to deliver its services and meet the council's other strategic objectives.

Background

3. The council's treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice requires a monitoring report to be provided mid year to council. The report covers the treasury activity for the period 1 April 2013 to 30 September 2013.

4. The 2013/14 Treasury Management Strategy was approved by council on 20 February 2013. This report provides details on the treasury activity and performance for the first six months of 2013/14 against prudential indicators and benchmarks set for the year. It is also an opportunity to review and revise the limits if required. Full council is required to approve this report and amendments to the Treasury Management Strategy.

The economy and interest rates

5. An update on the economic conditions and interest rate forecasts is in appendix A.

Icelandic banks – Landsbanki

6. The council has now received £531,286 in respect of the claim for £1 million (plus interest due of £4,890) from the investment made with the failed Icelandic bank Landsbanki Islands hf. The Icelandic Supreme Court found in favour of UK local authorities to be paid before non-priority creditors and the council now expects to get back 100 per cent of the money deposited in Landsbanki.

Investments

7. The council's investments at 30 September 2013 were as follows (not including that with Landsbanki as above):

Table 1: maturity structure of investments at 30 September 2013:		
Call	13,000	29%
Money market fund	8,735	20%
Up to 4 months	6,000	14%
5-6 months	8,500	19%
6 months to 1 year	4,000	9%
Local authority	2,000	5%
CCLA - property fund	2,000	5%
Total investments	**44,235**	**100%**

8. The council currently holds the majority of its investments in the form of cash deposits, most of which have been placed for fixed terms with a fixed investment return. Almost half of the investment portfolio is currently held in call accounts.

9. During the first half of the year £2 million was placed in a pooled property fund with the CCLA. Moving cash invested directly in fixed cash deposits improves investment spread across sectors. Although the intention is to hold monies in the fund for the longer term, the property fund could be sold quickly if required for liquidity purposes.

10. Money market rates have fallen significantly. One year rates have dropped by over one and quarter per cent. The government's Funding for Lending Scheme (FLS) has provided access to cheap borrowing for both banks and building societies. This has reduced the demand within the money markets significantly and had a real impact on the investment rates. It has been difficult to find re-investment opportunities which also meet the security and risk criteria at the same rates as previously obtained.

11. The investment income earned for the first six months is shown in table 2 below.

Table 2: Investment interest earned by investment type
Interest earned April 2013 - September 2013

Investment type	Annual budget £000	Actual to date £000	Annual forecast £000	Forecast variation £000
Call accounts	132	35	102	(30)
Cash deposits	104	70	216	112
MMFs	0	1	1	1
CCLA	120	14	110	(10)
	356	**120**	**429**	**73**

Treasury activity

12. Interest earned in the first six months of the year totalled £120,000 on an average balance of £43 million. The forecast for the year is now estimated at £429,000. This equates to an average rate of return of 1.73 per cent. The benchmark for the period (3 month LIBID) was equivalent to an annual rate of 0.38 per cent.

13. Market rates are significantly lower than they were a year ago. The government's Funding for Lending Scheme (FLS) has lowered bank funding costs and has been extended to building societies. This access to cheaper borrowing is a key factor in the fall in market rates now available.

14. In order to widen the investment portfolio, officers have been seeking longer term investment opportunities with local authorities. In August 2013, a loan was agreed with Kingston upon Hull City Council for a period of seven years.

15. The weighted average maturity period of investments is now 189 days. As a result of the many banking downgrades, there are now fewer financial institutions meeting the council's investment criteria. When it is possible, investments will be placed with highly rated institutions with a view to increasing the weighted average maturity of the portfolio.

Performance measurement

16. A list of investments as at 30 September is shown in appendix B. All investments were with approved counterparties. The average level of investments held was £43 million and the average return on these investments is shown below in table 3. This shows in summary the performance of the council's investments against the benchmarks set out in the Treasury Management Strategy. These benchmarks are used to assess and monitor the council's investment performance for each type of investment.

Table 3: investment returns achieved against benchmark

	Benchmark return	Actual return	Growth (below)/above benchmark	Benchmarks
	%	%	%	
Bank & building society deposits	0.38%	1.73%	1.35%	3 month LIBID

Treasury management limits on activity

17. The council is required by the Prudential Code to report on the limits set each year in the Treasury Management Strategy. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The limits and our performance are shown in appendix C.

Debt activity during 2013/14

18. During the first six months of 2013/14 there has been no need for the council to borrow. The council will continue to take a prudent approach to its debt strategy. The prudential indicators and limits set out in appendix C provide the scope and flexibility for the council to borrow in the short-term up to the maximum limits if such a need arose within the cash flow management activities of the authority for the achievement of its service objectives.

Financial implications

19. A year ago, forecasts were that inflationary pressures would mean that interest rates would have to start rising towards the end of 2013. This has not happened and the current outlook for growth for the UK economy means interest rates are very low and likely to remain so. Investments made early in 2013 should increase the interest earned on investments for 2013/14 by over £70,000. However from 2014, income may reduce for a year or so until market rates rise. This will be reflected in the council's medium term financial plan.

Legal implications

20. There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services, the DCLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

Conclusion

21. This report provides details of the treasury management activities for the period 1 April 2013 to 30 September 2013 and the mid year prudential indicators to council.

22. These details confirm that treasury activities have operated within the agreed parameters set out in the approved treasury management strategy and provides the monitoring information for audit and governance committee to fulfil the role of scrutinising treasury management activity.

Background papers

- CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes (revised 2011)
- CIPFA Prudential Code for Capital Finance in Local Authorities
- Various committee reports, principally:-

  I. Treasury Management Investment Strategy 2013/14 (cabinet 8 February 2013, council 20 February 2013)

Appendices

A – Economic update and interest rates
B – List of investments as at 30.9.13
C – Prudential Indicators

Economic Update and interest rates

1. UK is in a period of sustained growth in 2013 as the economic recovery since 2008 had been the worst and slowest in recent history. All three main sectors, construction, services and manufacturing contributed to this upturn.

2. Growth is expected to be strong in the immediate future. One downside is that wage increases continue to remain significantly below CPI inflation so disposable income and living standards are under pressure.

3. The Euro region returned to growth in 2013, ending seven quarters of recession. However, growth is still weak but the ECB has declared it would do whatever it takes to stabilise the Eurozone including buying unlimited amounts of bonds of countries asking for a bailout.

4. The government's 'Funding for Lending Scheme' (FLS) has been introduced to improve access to mortgages at lower rates. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases. While there have been concerns that these schemes are creating a bubble in the housing market, the house price increases outside of London and the south-east have been minimal. However bank lending to small and medium enterprises still remains weak as banks continue to repair their balance sheets and anticipating tightening of regulatory requirements.

5. Investor demand in UK gilts as a 'safe haven' continues to keep yield increases down. Long term rates will eventually rise, mainly due to the fact that high volumes of gilts have been issued already in the UK and also in other major western countries. Increasing investor confidence is also likely to compound the effect.

6. The Bank of England issued forward guidance in August which said that the Bank will not start to consider raising interest rates until the jobless rate has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November.

7. Concerns over investment counterparty risk remain because of the volatile economic conditions. However the council's current treasury management policy manages this risk down to a low level.

Interest rates

8. The Bank of England changed its forecast significantly in the August Inflation report and upgraded growth predictions from 1.2% to 1.6% in 2013 and 1.7% to 2.8% in 2014.

9. Bank rate remained unchanged at 0.5% throughout the first half of 2013/14. The earlier forecast of a rate rise in Q4 of 2014 has been postponed until Q2 in 2016.

10. Deposits rates have fluctuated in a very narrow range during the first six months of the financial year. Investment rates have remained flat with a range between 0.5 per cent to around 1.0 per cent for up to a year's maturity. This has dropped significantly as banks and building societies were offered further cheap cash supply via the FLS. The short term rates from one month to six months offer very little differential with six month rates ranging between 0.37 per cent and 0.55 per cent.

11. Sector's forecast of the expected movement in medium term interest rates:

	NOW	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 month LIBID	0.39	0.40	0.50	0.50	0.50	0.50	0.50	0.50
6 month LIBID	0.47	0.50	0.60	0.60	0.60	0.60	0.60	0.60
12 month LIBID	0.74	0.80	0.80	0.80	0.80	0.80	0.80	0.80
5 yr PWLB	2.20	2.20	2.50	2.50	2.60	2.70	2.70	2.80
10 yr PWLB	3.40	3.30	3.60	3.60	3.70	3.80	3.80	3.90
25 yr PWLB	4.30	4.20	4.40	4.40	4.50	4.50	4.60	4.60
50 yr PWLB	4.30	4.30	4.40	4.40	4.50	4.50	4.60	4.70
	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
BANK RATE	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25
3 month LIBID	0.50	0.50	0.50	0.50	0.60	0.70	0.90	1.30
6 month LIBID	0.60	0.60	0.60	0.70	0.80	1.00	1.20	1.40
12 month LIBID	0.80	1.00	1.20	1.40	1.60	1.80	2.00	2.30
5 yr PWLB	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.40
10 yr PWLB	3.90	4.00	4.10	4.20	4.30	4.30	4.40	4.50
25 yr PWLB	4.70	4.80	4.90	5.00	5.10	5.10	5.10	5.10
50 yr PWLB	4.80	4.90	5.00	5.10	5.20	5.20	5.20	5.20

Investments as at 30 September 2013			
Counterparty	**Deposit type**	**Principal**	**Rate**
West Bromwich Building Society	Fixed	3,000,000	1.00%
Newcastle Building Society	Fixed	2,000,000	0.90%
Manchester Building Society	Fixed	2,000,000	0.90%
Nottingham Building Society	Fixed	2,000,000	0.85%
National Counties Building Society	Fixed	1,500,000	0.90%
Tipton & Coseley Building Society	Fixed	1,000,000	0.61%
West Bromwich Building Society	Fixed	1,000,000	0.60%
Market Harborough Building Society	Fixed	2,000,000	0.61%
Lloyds TSB Bank Plc	Fixed	3,000,000	1.01%
Kingston upon Hull City Council	Fixed	2,000,000	2.70%
National Counties Building Society	Fixed	1,000,000	1.00%
Royal Bank of Scotland	Call	10,000,000	1.05%
Santander	Call	3,000,000	0.80%
Goldman Sachs	MMF	8,735,000	Variable
CCLA	Property	2,000,000	Variable
Total Investments		44,235,000	

Prudential indicators as at 30th September 2013		
	2013/14 Original estimate	Actual as at 30-Sep
Debt	**£m**	**£m**
Authorised limit for external debt		
Borrowing	10	0
Other long term liabilities	5	0
	15	**0**
Operational boundary for external debt		
Borrowing	2	0
Other long term liabilities	.	0
	2	**0**
Interest rate exposures		
Maximum fixed rate borrowing	0	**0**
Maximum variable rate borrowing	0	**0**
Investments		
Interest rate exposures		
Limits on fixed interest rates	40	34
Limits on variable interest rates	30	11
Principal sums invested > 364 days		
Upper limit for principal sums invested >364 days	30	2

Report to:

Audit & Governance Committee
Cabinet
Council

Report of Head of Finance

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Wards affected: all

Cabinet member responsible: Councillor Matthew Barber

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To:	AUDIT & GOVERNANCE COMMITTEE on	27 January 2014
	CABINET on	7 February 2014
	COUNCIL on	19 February 2014

Treasury management and investment strategy 2014/15

Recommendations

The committee recommends to cabinet and council:

1. To approve the treasury management strategy 2014/15 ;

2. To approve the prudential indicators and limits for 2014/15 to 2016/17 as set out in table 2, appendix A;

3. To approve annual investment strategy 2014/15 set out in appendix A and the lending criteria detailed in table 5.

That cabinet:

Considers any comments from committee and recommends council to approve the report.

Purpose of report

1. This report presents the council's Treasury Management Strategy (TMS) for 2014/15 to 2016/17 and sets out the expected treasury operations for this period. It comprises of four elements required by legislation as follows:

   - The prudential indicators required by the CIPFA Prudential Code for Capital Finance in Local Authorities (paragraph 8, table 2);
   - The treasury management strategy in accordance with the CIPFA Code of Practice on Treasury Management. This sets out how the council's treasury service will support capital investment decisions, and how the treasury management operates day to day. Its sets out the limitations on treasury management activity through prudential indicators, within which the council's treasury function must operate. The strategy is included as appendix A to the report (paragraphs 1-52);
   - The annual investment strategy. This sets out the council's criteria for selecting counterparties and limiting exposure to the risk of loss on its investments. This strategy is in accordance with the DCLG investment guidance and forms part of the treasury management strategy. (appendix A, paragraphs 21–52);
   - A statutory duty to approve a minimum revenue provision policy for 2014/15 (paragraphs 46-48).

   It is a requirement of the CIPFA Treasury Management Code 2011 that this report is approved by full Council on an annual basis.

Strategic objectives

2. Effective treasury management is required in order to meet our strategic objective of managing our business effectively. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that resources are available to deliver its services and meet the council's other strategic objectives.

Background

3. Treasury management is the management of the council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

4. The funding of the council's capital expenditure is also a function of treasury management. The capital programme provides a guide to the funding needs of the council and the long term cash flow plans to ensure that the council can meet its capital spending obligations.

5. The treasury management and annual investment strategy set out the council's policies for managing investments and confirms the council gives priority to the security and liquidity of those investments. It also includes the prudential indicators for the next three years; these demonstrate that the council's capital investment plans are affordable, prudent and sustainable.

6. The council's treasury management strategy 2014/15 to 2016/17 is attached in appendix A. Whilst every attempt has been made to minimise the technical content of this report, it is, by its very nature and the need for compliance with associated guidance, technical in parts. A glossary of terms in annex 6 should aid with the understanding of some of technical terms used in the report.

Recommended changes to the treasury management strategy

7. Council approved the 2013/14 treasury management strategy on 20 February 2013. The proposed strategy for 2014/15 includes the changes detailed below, which cabinet is asked to recommend to council:

   To raise the authorised limit and operational boundary for borrowing by £20 million in order to enable the Council to borrow £20 million for infrastructure works in support of the science vale uk enterprise zone (SVEZ).

   NB: this borrowing would only be undertaken if certainty of funding from additional business rates generated in the enterprise zone is available to support this borrowing.

Financial implications and risk assessment

8. This report and all associated policies and strategies set out clearly the parameters the council must work within. It is important that the council follows the approved treasury management strategy which is designed to protect the council's finances by managing its risk exposure.

9. In the last few years investment income has fallen due to lower interest rates. In the medium term interest rates are expected to rise. The table below gives an estimate of the amounts available for investment, and the investment income achievable for the next four years.

Table 1: Medium term investment income forecast.

	2014/15	2015/16	2016/17	2017/18
	£000's	£000's	£000's	£000's
Forecast as at January 2014	356	560	630	700
Forecast average interest rate	1.50%	2.00%	2.25%	2.50%
Estimate of average investments	23,735	27,984	27,984	27,984

10. The 2014/15 budget setting report will take into account the latest projections of anticipated investment income.

Legal implications

11. There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services, the ODPM Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

12. The council must approve any amendment to the treasury management strategy and annual investment strategy in accordance with the Local Government Act 2003 (the Act), the CIPFA Code of Practice for Treasury Management in the Public Services and the ODPM Local Government Investment Guidance under Section 15(1) (a) Local Government Act 2003 and CIPFA Prudential Code for Capital Finance.

Conclusion

13. This report provides details of the proposed changes to the treasury management strategy and the annual investment strategy for 2014/15 which are appended to this report, together with the prudential indicators for approval to council. These documents provide the parameters within which officers will operate the council's treasury management function.

Background papers

- CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes (revised 2011)
- ODPM Local Government Investment Guidance under Section 15(1)(a) Local Government Act 2003 and CIPFA Prudential Code for Capital Finance.
- Treasury Management Investment Strategy 2013/14 (cabinet 8 February 2013, council 20 February 2013)

Appendices

Appendix A Treasury Management Strategy 2014/15 – 2016/17

Annex 1 Economic conditions

Annex 2 Prospects for interest rates

Annex 3 Risk and performance benchmarking

Annex 4 Property Investment policy

Annex 5 Explanation of prudential indicators

Annex 6 Glossary of terms

Treasury Management Strategy 2014/15- 2016/17

Introduction

1. The Local Government Act 2003 and supporting regulations require the council to 'have regard to' the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable.
2. The Act requires the council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). This sets out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
3. The strategy in respect of the following aspects of the treasury management function is based on treasury officers' views on interest rates, supplemented with market forecasts provided by the council's treasury advisor, Capita Asset Services (formerly Sector). The strategy covers:
    - Prudential and treasury indicators in force that will limit the treasury risk and activities of the council;
    - Current treasury position
    - Prospects for interest rates;
    - Borrowing strategy
    - Policy on borrowing in advance of need;
    - Investment strategy;
    - Counterparty selection and limits;
    - Policy on use of external service providers;
    - Minimum revenue provision (MRP) statement;
    - Treasury management scheme of delegation and Section 151 role.

4. It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level where any increases in charges to revenue are from:
    - Increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
    - Any increases in running costs from new capital projects are identified and limited to a level which is affordable.

    A key requirement of this report is to explain the risks, and the management of those risks, associated with providing the treasury service. Legislation requires that as a minimum two further treasury reports are provided: a mid-year monitoring report and an outturn report after the year-end that reports on actual activity for the year.

Treasury Limits for 2014/15 to 2016/17

5. It is a statutory duty, under Section 3 of the Act and supporting regulations for the council to determine and keep under review how much it can afford to borrow. The amount so determined is called the “Affordable Borrowing Limit”. The Authorised Limit is the legislative limit specified in the Act.

6. The council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital expenditure remains within sustainable limits and in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’.

7. The Authorised Limit is set on a rolling basis, for the forthcoming financial year and two successive financial years.

8. The following indicators set the parameters within which we manage the overall capital investment and treasury management functions. There are specific treasury activity limits, which aim to contain the activity of the treasury function in order to manage risk and reduce the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The limits are set out in table 2 below.

Cabinet is asked to recommend council to approve the limits:

Table 2: Prudential indicators

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Debt	**£m**	**£m**	**£m**	**£m**
Authorised limit for external debt				
Borrowing	10	30	30	30
Other long term liabilities	5	5	5	5
	15	**35**	**35**	**35**
Operational boundary for external debt				
Borrowing	5	25	25	25
Other long term liabilities	.	.	.	.
	5	**25**	**25**	**25**
Interest rate exposures				
Maximum fixed rate borrowing	100%	100%	100%	100%
Maximum variable rate borrowing	100%	100%	100%	100%
Investments				
Interest rate exposures				
Limits on fixed interest rates	40	60	60	60
Limits on variable interest rates	30	30	30	30
Principal sums invested > 364 days				
Upper limit for principal sums invested >364 days	30	30	30	30

Current position

9. The council's investments at 31 December 2013 were as follows (excluding Landsbanki):

Table 3: maturity structure of investments at 31 December:	Total £000's	% holding
Call	9,370	27%
Money market fund	50	0%
Up to 4 months	12,500	36%
5-6 months	4,000	12%
6 months to 1 year	5,500	16%
Greater than 1 year	2,895	8%
Total investments	**34,315**	**100%**

10. The council currently holds all of its investments in the form of either cash deposits or a managed property fund (£2 million with CCLA), the majority of which have been placed for fixed terms with a fixed investment return.

Icelandic banks – Landsbanki

11. The council has now received £531,286 in respect of the claim for £1 million (plus interest due of £4,890) from the investment made with the failed Icelandic bank Landsbanki Islands hf. There have been four repayments to date. The Icelandic Supreme Court found in favour of UK local authorities to be paid before non-priority creditors and the council now expects to get back 100 per cent of the money deposited in Landsbanki.

12. In the past 12 months there have been offers from financial institutions to purchase the council's Landsbanki claim. To date the premium on these offers has not been considered as sufficiently beneficial to the council to warrant selling the claim. This will be monitored going forward and if necessary a decision will be taken by the council's head of finance as to whether or not to sell the claim at a future date.

Investment performance for the year to 31 December 2013.

13. The council's budgeted investment return for 2013/14 is £0.356 million, and the actual interest received to date is shown as follows:

Table 4: Investment interest by investment type

Investment type	Annual Budget £000's	Actual to date £000's	Interest Annual Forecast £000's	Forecast Variation £000's
Call accounts	236	68	113	(123)
Cash deposits	120	182	345	225
MMFs	0	1	1	1
Total interest	**356**	**251**	**459**	**103**

Borrowing Strategy 2014/15 – 2016/17

14. The council has to provide details of its borrowing requirement, any maturing debt which will need to be re-financed, and the effect this will have on the treasury position over the next three years. This council has no external debt and does not expect to borrow long term to finance the current internal capital programme. The council will continue to take a prudent approach to its debt strategy. In general, the council will borrow for one of two purposes:

    - To finance cash flow in the short-term;
    - To fund capital investment over the medium to long term.

15. As the science vale uk enterprise zone (SVEZ) falls within the council's district boundary, there may be a requirement to borrow £20 million to finance infrastructure works. To facilitate this borrowing an increase in both the 'authorised debt limit' and 'operational boundary' of £20 million is required.

16. The prudential indicators and limits for debt are set out in table 2 and provide the scope and flexibility for the council to borrow up to a maximum of £30 million, if such a need arose. This also allows short-term borrowing for the cash flow management activities of the authority, for the achievement of its service objectives. Excluding the need to provide infrastructure front funding for the SVEZ, the council's remaining capital investment plans do not demonstrate a need to borrow, as all projects are fully funded.

17. The bank rate is expected to remain at a historically low level for another year. This does provide a window of opportunity to review the strategy of undertaking external borrowing for new projects.

18. The treasury management strategy for the forthcoming year aims to efficiently manage the investment portfolio by reducing the amount of funds held extremely short-term for cash flow purposes and operating with an adequate but not excessive level of working capital. This optimum level is dictated by the accuracy of cash flow forecasts and, although unlikely, it is prudent to set a minimum level for the use of short-term borrowing arrangements or overdraft facilities if the cash flow forecasts prove inaccurate at any point in the year.

19. The head of finance, would in such instances take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

Policy on borrowing in advance of need

20. The council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the council can ensure the security of such funds. In determining if any borrowing will be undertaken in advance of need, the council will:

    - Consider the impact of borrowing in advance on investment cash balances and the exposure to counterparty risk. Any risk associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid year or annual reporting process.

- Consider the optimum point to borrow in advance of need to obtain the most beneficial rates on any loan raised.

Annual investment strategy

21. The main aim of the council's investment strategy is to maintain the security and liquidity of its investments, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity. The council will ensure:

    - It has sufficient liquidity in its investments to cover cash flow. For this purpose it has set out parameters for determining the maximum periods for which funds may prudently be committed.

    - It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.

22. The strategy aims to provide a high degree of flexibility to take appropriate lending decisions, with a view to producing a portfolio with an even spread of maturity periods as and when institutional security and market confidence returns. This aim is to provide a more even and predictable investment return in the medium term.

23. The council's head of finance will ensure a counterparty list (a list of named institutions) is maintained in compliance with the recommended credit rating criteria (table 6) and will revise the criteria and submit any changes to the credit rating criteria to council for approval as necessary.

Investment types

24. The types of investment that the council can use are summarised below. These are split under the headings of specified and non-specified in accordance with the statutory guidance.

Specified investment instruments (maximum period 1 year)

- Deposits with banks and building societies
- Deposits with UK local authorities
- UK Government – treasury stock (Gilts) with less than one year to maturity
- Debt Management Agency Deposit Facility (DMADF)
- Money Market Funds (MMF) (AAA rated)
- Pooled Bond funds (AAAf rated)
- Certificates of deposits issued by banks and building societies

Non-specified investment instruments (maturities over one year)

- Bank and building society cash deposits up to 5 years
- Deposits with UK local authorities up to 5 years
- Corporate bonds
- Pooled property, bond funds and UK pooled equity funds
- UK treasury stock (Gilts) up to 10 years
- Supranational bonds up to 10 years
- Direct property investment

Other Non-specified investment instruments

- Fixed term deposits with variable rate and variable maturities

Approach to investing

25. The council holds approximately £15 million core cash balances which are available to invest for more than one year. This is expected to reduce over the medium term as the approved capital expenditure is carried out. In addition the council has funds which are available on a temporary basis to invest. These are held pending payment over to another body such as precept payments and council tax. The amount can vary between £5 million and £24 million throughout the year and can only be invested short term (under one year). Investments will be made primarily with reference to known cash flow requirements.

26. Whilst the current market uncertainties remain the council will aim to keep investments relatively short term, but where possible will continue to look for opportunities to fix lending in the medium term with highly rated institutions when possible for core cash balances. The aim is to increase the weighted average maturity of the portfolio in order to reduce maturity risk.

27. Officers will continue to implement an operational strategy which provides tight controls on the investments placed. As a result of a sharp decline in the number of acceptable counterparties, limits have been increased for higher rated and government backed counterparties. Where possible opportunities to spread the investment risk over different types of instruments will be considered.

28. Should market conditions deteriorate suddenly to the extent that the council is unable to place money with institutions with the necessary credit rating, it will make use of the UK Government deposit account (DMADF).

29. The council has the authority to lend to other local authorities at market rates. Whilst these are considered to be supported by central government, officers will consider the financial viability and sustainability of the individual local authority before any funds are advanced.

30. The property investment holdings will be kept under review to identify if further investments should be placed in these categories. Property funds will also be looked at in more detail for consideration. Further details on the property investment policy are contained in annex 4.

31. Money market funds are used for security and liquidity and to spread portfolio risk. The council will monitor our exposure to these funds in order to manage our security risk.

32. Currently there will be no further investment using a fund manager. However, this will be kept under review.

33. Bond funds can be used to diversify the portfolio, whilst maintaining liquidity and security. These will be considered and reviewed as an investment possibility to spread portfolio risk.

Counterparty selection

34. Treasury management risk is the risk of loss of capital to the council. To minimise this risk, the council uses credit rating information when considering who to lend to. Capita Asset Services provide the council with credit rating updates from all three ratings agencies – Standard & Poors, Fitch and Moodys.

35. The council is also required to supplement the credit rating data with operational market information such as credit default swaps (CDS), negative watches and outlooks, which are considered when assessing the security of counterparties. This additional information is used so that the council does not rely solely on the current credit ratings of counterparties.

36. The council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine the creditworthy counterparties. This is because Moodys has become far more aggressive in allocating low ratings than the other two agencies. If followed, this approach would leave the council with so few institutions on its approved lending list it could prove to be unworkable. The information provided by Capita Asset Services uses a wider array of information than just primary ratings and does not give undue weight to any one agency's ratings. Credit information is updated and monitored weekly, supplemented by daily emails, which are consulted prior to making an investment decision. The council is alerted to any changes from all three agencies through the use of data provided by Capita Asset Services. If a downgrade results in the counterparty no longer meeting the council's minimum criteria, it will not be used for future investments. Movements in CDS and other market data is also reviewed on a weekly basis. Extreme market movements may result in a downgrade of an institution or removal from the council's lending list.

37. Where it is felt the council would benefit from utilising government guarantees provided by countries with an AAA rating, the council may lend to institutions covered by such guarantees. Any decision to lend in this way will be subject to consultation with and the agreement of the cabinet member responsible for finance.

Country and sector considerations

38. The council has determined that it will only use approved counterparties outside the UK from countries with a minimum sovereign credit rating of AAA from Fitch Ratings.

Counterparty limits

39. In the normal course of the council's cash flow operations it is expected that both specified and non-specified investments will be used for the control of liquidity as both categories allow for short term investments. The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. These instruments will be used where the council's liquidity requirements are safeguarded. The council will lend to institutions that meet the following criteria:

Table 5: Counterparty Limits

Counterparty	Minimum Fitch Long term Rating (or equivalent)	Counterparty Limit £m	Max. maturity period	Maximum % of total investments
Institutions with a minimum rating:	F1+ / AA-	£10.0m	5 years	100%
Institutions with a minimum rating:	F1 / A-	£7.5m	1 year	80%
Institutions with a minimum rating:	F2/BBB	£5.0m	1 year	70%
Banks - part nationalised UK		£15.0m	3 years	100%
Banks - Eligible institutions	n/a	£5.0m	2 years	100%
Banks - house bank*	n/a	£5.0m	3 months	20%
Bank subsidiary - unconditional guarantee	as parent	as parent	as parent	n/a
Building societies - assets > £5000m	n/a	£5.0m	12 months	70%
Building societies - assets > £1000m	n/a	£3.5m	10 months	60%
Building societies - assets > £500m	n/a	£2.5m	9 months	50%
Building societies - assets > £250m	n/a	£2.0m	6 months	40%
Corporate Bonds	AA-	£5.0m	variable	40%
Money Market funds	AAA	£20.0m	liquid	100%
UK Government - gilts	UK sovereign	Unlimited	25 years	20%
UK Governmemt - DMADF	UK sovereign	Unlimited	6 months	100%
Local authorities , parish councils	n/a	£20.0m	25 years	20%
Supranationals	AAA	£10.0m	10 years	50%
Pooled property funds - CCLA	n/a	£3.0m	variable	10%
Share capital / Equities	n/a	£3.0m	variable	20%
Direct property investment	n/a	n/a	unlimited	80%
Managed Bond Funds	n/a	£15.0m	variable	70%

40. The criteria proposed for choosing counterparties provides a sound approach to investment in “normal” market circumstances. Whilst councillors are asked to approve the criteria in table 5, under the exceptional current market conditions the head of finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions.

Fund managers

41. The treasury management strategy allows for a total of up to £15.0 million portfolio to be invested with a fund manager. Fund managers can invest in a variety of investment types such as cash deposits, gilts and certificates of deposits. These types of funds can extend the spread of investment portfolio, access highly rated institutions and capitalise upon opportunities to improve returns, whilst maintaining liquidity. This is reviewed regularly, and at present it is not evident that the council can currently benefit from the service of a fund manager due to the market conditions. However, the situation will continue to be reviewed.

Risk and performance benchmarks

42. A requirement of the code is that security and liquidity benchmarks are considered and approved. This is in addition to yield benchmarks which are used to assess performance. The benchmarks are guidelines (not limits) so may be breached depending on the movement in interest rates and counterparty criteria. Their purpose is to allow officers to monitor the current trend position and amend the operational strategy

depending on any changes. Any breach of the benchmarks will be reported, with an explanation in the mid year or annual report to audit and corporate governance committee. Detailed information for the assessment of risk is shown in annexe 3.

43. Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic performance indicators, as opposed to the predominantly forward looking prudential indicators. The indicators used to assess the performance of the treasury function are:

    - Investment returns above the 3 month LIBID rate.
    - Maximum investment of daily balances (in-house).
    - Maintenance of a balanced portfolio.

    The results of these indicators will be reported in both the annual mid-year and year-end treasury reports.

Policy on the use of treasury management advisors

44. The council has a joint contract for treasury management advisors with South Oxfordshire District Council. A three year contract was awarded to Sector Treasury Services Limited (now Capita Asset Services), a subsidiary of the Capita Group Plc in October 2011. The company provides a range of services which include:

    - technical support on treasury matters, capital finance issues, statutory reports;
    - economic forecasts and interest rate analysis;
    - credit ratings / market information service involving the three main credit rating agencies;
    - provision of credit rating information, strategic advice including a review of the investment and borrowing strategies and policy documents.

45. Following the collapse of the Icelandic banks, and the subsequent local authority exposure to these defaults, the revised CLG investment guidance notes and the CIPFA Treasury Code of Practice requires the council to recognise that responsibility for treasury management decisions remains with the council at all times and to ensure that undue reliance is not placed upon external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

Minimum revenue provision (MRP) statement 2014/15

46. The council is required to assess its MRP requirement for the year in accordance with the guidance of section 21 of the Act. MRP is only chargeable on outstanding capital liabilities. The council's MRP liability for 2014/15 is nil.

47. This will remain the case unless new capital expenditure is financed by borrowing.

48. In the case of any borrowing to front fund SVEZ infrastructure, the repayment of debt and interest will be linked to funding from the SVEZ accountable body. In this case it is expected there will be no cost to local tax payer and therefore MRP will be made in line with the repayment profile (which is expected to be deferred initially) which will also match funding from the SVEZ accountable body (ie: reasonably commensurate with the benefits of the loan).

Councillor and officer training

49. The requirement for increased councillor consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for councillors and officers. In compliance with the revised code, the council has provided treasury management training to councillors on the 27th January 2014. Further training can be provided if required or requested.

Treasury management scheme of delegation and the role of the section 151 officer

50.

I. **Council**
   - Receiving and approval of reports on treasury management policies, practices, outturn and activities;
   - Approval of annual strategy

II. **Audit and governance Committee / Cabinet**
   - Approval of amendments to the organisations, adopted clauses, treasury management policy statements and treasury management practices;
   - Receiving and reviewing monitoring reports and acting on recommendations;

III. **Section 151 Officer / Head of Finance**
   - Recommending clauses, treasury management policies/practices for approval, review and monitoring compliance;
   - Submitting regular treasury management information reports;
   - Submitting budgets and budget variations;
   - Reviewing the performance of the treasury management function;
   - Ensuring adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function;
   - Ensuring the adequacy of internal audit and liaising with external audit;
   - Approving the selection of external service providers and agreeing terms of appointment.

Summary

51. Prior to the beginning of each financial year the council must approve the treasury management strategy. The strategy sets the parameters within which officers can manage the council's cash flows and invest any surplus funds.

52. This strategy provides a commentary on the current financial climate and sets out the council's lending strategy in response to this.

Economic conditions and interest rate forecasts

53. In order to put the investment strategy into context it is necessary to consider the external factors in the financial markets and their impact on interest rate forecasts.

Global economy – the sovereign debt crisis has eased in Europe after the Cyprus bailout in spring 2013. Growth is likely to remain weak and so dampen UK growth. There is still the possibility of a Greece or Cyprus bailout. The US has managed to return to growth. The Fed has continued to provide huge stimulus but the level of support is likely to be tapered down in 2014. Consumer, investor and business confidence levels have improved markedly in 2013.

UK economy:
Economic growth – Until 2013, the economic recovery in the UK since 2008 had been the slowest recovery in recent history. The Bank of England has upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2 per cent to 1.6 per cent and for 2014 from 1.7 per cent to 2.8 per cent, (2015 unchanged at 2.3 per cent). Growth is expected to be strong although the downside is that wage inflation is considerably lower than CPI putting pressure on disposable income. The Bank will not consider raising interest rates until unemployment is at 7 per cent which means that 750,000 jobs needs to be created, this was forecast to take three years in August but has been revised to Q4 2014.

Unemployment – The unemployment rate currently stands at 2.5 million i.e. 7.6 per cent on the LFS / ILO measure. Unemployment has not risen to the levels that would normally be expected in a major recession and that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment.

Inflation and Bank rate – CPI Inflation has fallen from a peak of 3.1 per cent in June 2013 to 2.0 per cent in December. It is expected to fall back to reach the 2.0 per cent target level within the MPC's two year time horizon.

AAA rating – the UK recently lost its AAA rating from Fitch and Moody's but this caused little reaction in the markets.

Capita Asset Services forward view

Economic forecasting remains difficult with so many external influences affecting the UK. The interest rate forecasts assumes that there will not be a major resurgence of the EZ debt crisis or a breakup of the EZ. Key areas of risk include:

- UK strong economic growth is dependent on consumer spending and recovery in the housing market which will not continue beyond 2014 if wage inflation does not overtake CPI inflation as disposable incomes are eroded;
- Prolonged political disagreement over the US Federal budget and a raising of the debt ceiling;
- A resurgence of the Eurozone debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis;

- Monetary policy action failing to stimulate sustainable growth in western economies especially the Eurozone and Japan;

The overall balance of risks remains weighted to the downside. However the overall balance of risks to economic recovery in the UK is currently evenly weighted.

Prospects for interest rates

54. The bank base rate is forecast to remain unchanged at 0.5 per cent, rising in Q2 in 2016. Capita's central view for bank rate forecasts is shown below:

	Bank of England base rate	PWLB borrowing rates (adjusted for certainty rate)		
		5 yr	25 yr	50 yr
Dec 2013	0.50%	2.50%	4.40%	4.40%
Dec 2014	0.50%	2.70%	4.60%	4.60%
Dec 2015	0.50%	3.00%	4.90%	5.00%

55. There are downside risks to these forecasts for example if economic growth becomes weaker. However, there is also a risk that the pace of growth could pick up more quickly than expected if inflation exceeds the Bank of England's target rate of two per cent.

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service.

These benchmarks are targets and so may be exceeded from time to time. Any variation will be reported, along with supporting reasons, in the Annual Treasury Report.

Yield. The local benchmark currently used to assess the performance of investments for the in-house team and the fund manager is the level of returns contrasted against the London Interbank Bid (LIBID) 3 month rate. This is the interest rate a bank would be willing to pay to borrow from another bank for seven days.

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. Previously, however, they have not been set out separately and explicitly for member consideration. Proposed benchmarks for the cash investments are below and these will form the basis for future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

Much of the CLG and CIPFA guidance is aimed at a relatively large authority with both borrowing and investments spread over a number of years. As an indication of this, worked examples from Sector assume investments of £50 million spread over 5 years.

Liquidity. Liquidity is defined as the council "having adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice). The in-house team keeps a daily cash-flow forecast and would only have an unseen requirement if (for example) a large receipt was received later than expected. In such a scenario, short term borrowing would be considered to cover the period of delay. In respect of this area the Council seeks to maintain:

- Bank overdraft – there is no routine overdraft facility but in an emergency we could overdraw with our transactional bankers for a short period.
- Liquid short term deposits of at least £500,000 available on instant access.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the weighted average life (WAL) of the portfolio – a shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be **220** days, with a maximum of **360** days**.**

Security of the investments. In the context of benchmarking, assessing security is very much more a subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch long term rating category over the last 20-30 years.

Average defaults for differing periods of investment

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.28%	0.36%
A	0.09%	0.25%	0.43%	0.60%	0.79%
BBB	0.23%	0.65%	1.13%	1.70%	2.22%

The council's minimum long term rating criteria is currently "A-" meaning the average expectation of default for a one year investment in a counterparty with an "A" long term rating would be 0.09 per cent of the total investment (e.g. for a £1m investment the average loss would be £900). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio. As mentioned above, the in-house team rarely make an investment in excess of 1 year and most are considerably shorter. Further development of this approach is required to see if this methodology is suitable for a portfolio of mostly short-term investments.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.09 per cent** historic risk of default when compared to the whole portfolio. (i.e. equivalent to £900 on £1 million)

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to members in the both the Investment Mid-Year report and the Investment Annual report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

Property Investment Policy

1.0 The case for property

1.1 The Council is restricted in the different investment vehicles it is legally allowed to invest in notwithstanding the over-riding need for prudence mentioned earlier. Of the few avenues open one is property and the returns from investing in property have generally been, and currently are, greater than the limited opportunities in the money markets.

1.2 In broad terms the returns are greater because the risks are greater. Factors to be taken into account when deciding the principle of investing in property include:

- investment will be for the long term since it may not be possible, or wise, to sell quickly,
- the costs of acquisition and disposal are higher,
- there are management costs, risk of rent default and failure to honour maintenance agreements,
- different types of property and different areas carry different risks,
- generally property tends to appreciate in value, although this will vary by type and area; however, in some cases the value may go down,
- property can become functionally obsolete necessitating major refurbishment,
- without regular repair and maintenance the condition will deteriorate and the responsibility for repairs/maintenance may not always rest with the tenant,
- certain types of property may become less desirable as time goes by; this can make re-letting difficult or attract a lower calibre of tenant.

2.0 How much to invest?

2.1 The in-house cash holdings are currently adequate for cash-flow management purposes (operational capital). £21 million is invested in property and £23 million is invested in treasury investments. The investment in property currently represents 48 per cent of the total figure.

Policy 1. The maximum percentage of the investment portfolio in property should be 80 per cent of the total, and the cash funds invested (i.e. not held for cash-flow purposes) should not fall below £10 million.

3.0 What type of property?

3.1 There are different types of property investment with assessment of prospects as follows:

i)	shops and offices	good - although may be subject to changing fashions and working practices
ii)	industrial	good but condition can be variable
iii)	leisure	good but may be best avoided since too close to our "core" business

iv)	agricultural	moderate but too risky now
v)	woodland	poor – some is owned for environmental/leisure purposes

3.2 Average Yield Levels (per cent). In general, property can be categorised as prime, secondary or tertiary in terms of its desirability. 'Rack-rented' means that the maximum market rental achievable is being received. Yield derives from both capital and rent. Lower yields can indicate that the investment attracts a lower degree of risk due to the ratio of rent to capital and other factors such as location, security and regularity of income.

Policy 2. In general, properties for investment will be from the categories: retail, offices, industrial land and buildings.

4.0 Where should it be located?

4.1 There are compelling legal, cultural and financial reasons for not investing in the European mainland at the moment. Within the UK the location will influence the return and the type of property and may make management more or less difficult depending on distance from the Council offices.

Policy 3. **Only property located in the UK will be considered.**

5.0 What level of financial return?

5.1 As mentioned above, generally the greater the return, the greater the risk inherent in the investment. There are so many variables involving area, management, condition, leases and the varying return on other investments that it is difficult to draw up hard and fast rules about them and their relationship with the rate of return.

Policy 4. With regard to the rate of return, each proposal will be considered on its merits.

6.0 Review

6.1 The Policy to be reviewed annually (along with the Treasury Management Strategy).

Explanation of Prudential Indicators

Central government control of borrowing was ended and replaced with Prudential borrowing by the Local Government Act 2003. Prudential borrowing permitted local government organisations to borrow to fund capital spending plans provided they could demonstrate their affordability. Prudential indicators are the means to demonstrate affordability.

Capital expenditure – shows last year's spending, this year's projected spending and the approved programme until 2015/16.

Ratio of financing costs to net revenue stream – because the council has no net debt investment interest on reserves and balances makes a positive contribution to the council's finances.

Net borrowing requirement – this demonstrates that no borrowing is planned to fund the capital programme.

In year capital financing requirement – this shows the council has no borrowing.

Capital financing requirement (CFR) as at 31 March – the CFR shows the underlying need of the council to borrow for capital purposes as determined from the balance sheet. The overall CFR of £0m shows that there is no need to borrow.

Incremental impact of capital investment decisions – increase in Council Tax (band D) per annum – this indicator shows the affect of the latest capital programme report on annual council tax. This indicator is based on the estimated decrease or increase in interest payable to the General Fund each year due to the changed funding of the capital programme in the latest capital report to December 2013 cabinet.

Incremental impact of capital investment decisions – This indicator shows the affect of the latest capital programme report on revenue. This indicator is based on the estimated decrease or increase in interest payable to the funding of the capital programme. As the council has no debt this indicator is not relevant.

Authorised limit for external debt – this is the maximum limit for external borrowing. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. This limit is set to allow sufficient headroom for day to day operational management of cash flows.

Operational boundary for external debt – this is set as the more likely amount that may be required for day to day cash flow. This has an amount included to allow for cash flow borrowing associated with the canal project.

Upper limit for fixed and variable interest rate exposure – these limits allow the council flexibility in its investment and borrowing options.

Upper limit for total principal sums invested for over 364 days – the amount it is considered can be prudently invested for periods in excess of a year.

GLOSSARY OF TERMS

Basis Point (BP)	1/100th of 1%, i.e. 0.01%
Base Rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A financial instrument financing trade.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
Cash Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
CDS	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
CFR	Capital Financing Requirement.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	Department for Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
ECB	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2 per cent. It does not accept that monetary policy is to be used to

	manage fluctuations in unemployment and growth caused by the business cycle.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Minimum Revenue Provision	This is a prudent sum set aside each year to offset the principal repayment of any loan to smooth the impact on the local taxpayer.
Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1 per cent of a central target of 2.5 per cent in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (Ex UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Report to:
Cabinet
Scrutiny Committee
Council

Report of Head of Finance

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To: CABINET	7 February 2014
To: SCRUTINY COMMITTEE	12 February 2014
To: COUNCIL	19 February 2014

Revenue Budget 2014/15 and Capital Programme to 2018/19

RECOMMENDATIONS

1. That cabinet recommends to council that it:

   a. sets the revenue budget for 2014/15 as set out in appendix A.1 to this report,
   b. approves the capital programme for 2014/15 to 2018/19 as set out in appendix D.1 to this report, together with the capital growth bids set out in appendix D.2 of this report ,
   c. sets the council's prudential limits as listed in appendix E to this report,
   d. approves the medium term financial plan to 2018/19 as set out in appendix F.1 to this report.

2. That cabinet authorises the leader of the council to make minor adjustments to this report and the prudential indicators, in conjunction with the head of finance, should they prove necessary following the publication of the final Local Government settlement and prior to its submission to council on 19 February 2014.

Purpose of report

1. This report:

    - brings together all relevant information to allow cabinet to recommend to council a revenue budget for 2014/15 and a capital programme for 2014/15 to 2018/19;

    - 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.

Strategic objectives

2. Setting the budget in accordance with prescribed timetables enables the council to comply with its strategic objective of managing our business effectively.

3. 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.

4. Where officers have made growth proposals (known as growth bids), each bid sets out how it will help achieve the council's objectives. The leader of the council has chosen to include some growth bids in his budget proposals and these are identified in **appendix A2** (revenue) and **appendix D.1** (capital).

Revenue budget 2014/15

5. **Appendix A.1** summarises the movements in the base budget from £13,412,951 in 2013/14 to £12,157,154 in 2014/15. These movements are detailed below.

6. **Opening budget adjustment reduction £269,922 (appendix A.2)** This includes the removal of one-off growth items relating to 2013/14 and the realisation of the full-year effect of savings proposals identified in previous years.

7. Additions to the base budget:

    - **operational reorganisations £37,112 (appendix A.3)**. These costs reflect the full year impact of a number of Fit for the Future and other reviews of service costs, aimed at improving efficiency and service to customers.

    - **inflation, salary increments and other salary adjustments £302,816 (appendix A.4)** The salary and contract inflation totals £209,588, representing an average increase of 1.76 per cent on the 2013/14 net expenditure budgets. For council employees an overall increase in salary costs of two per cent is budgeted for 2014/15. Increments payable to council employees not at the top of their salary range total £62,984. Other salary adjustments of £30,245, represent other minor amendments to salary budgets.

- **essential growth – one-off £525,017 and ongoing £404,353 (appendix A.5).** These items comprise additional expenditure which is considered unavoidable, and reflect changes that have occurred in the current year or which are known will happen in 2014/15

8. Deductions from the base budget:

- **base budget savings £2,051,624 (appendix A.6)**. These base budget savings are reductions in costs identified by officers which may be the result of more efficient working or previously agreed policy decisions, cost reductions outside of the council's control, or correction to budgets. These savings do not affect frontline service delivery.

- **Office accommodation savings £228,000**. These are the result of the sharing of accommodation at Abbey House with Oxfordshire County Council (OCC) and the move of council staff to the South Oxfordshire DC offices at Crowmarsh Gifford. The saving in 2014/15 includes income from OCC for part of the year only. The future full year saving to the council is expected to be in the region of £362,000.

9. Other changes to corporate base budgets:

- **movement in managed vacancy factor £2,443.** In order to recognise a level of establishment vacancies which occur every year, a managed vacancy factor is used. This reduces the employee budgets across the council from the 100 per cent of the establishment list to 98 per cent. The movement in this factor reflects an increase in salary budgets.

10. A significant change to the way the council budgets for contingency sees **additional revenue contingency** budget of **£215,680** added to the base budget (**appendix A.7**). A review of service budgets identified that, in addition to the central contingency budget, there were also budgets within services that could also be considered contingency budgets. These budgets have now been centralised.

11. The level of the corporate contingency has been assessed based on the likelihood of the individual component budgets being required. The make-up of the corporate contingency budget will be reviewed annually, though for the purposes of medium term financial planning it has been assumed to be at the 2014/15 level throughout the period. It should be noted that this new way of budgeting is not without risk of either under or over spend and future budgets will need to take account of actual demand on the contingency.

12. As these budgets are now held centrally there is a need to ensure that when they are needed by services they can access them easily. This may require a change to the council's financial procedure rules which if needed will be brought forward later in the year.

13. As a result of these changes the council's revised base budget for 2014/15 is **£12,157,154**.

Revenue growth proposals

14. A number of revenue growth proposals have been selected by the leader of the council to be included in the budget for 2014/15. These are detailed in **appendix B** and total **£1,062,038**. The growth proposals have been selected on the basis that they

support the council's key aims as set out in the council's corporate plan and enhance service provision.

15. There is also a saving in the revenue budget of **£7,000** arising from the capital growth proposals shown in **appendix D.2**. These are discussed later in the report.

Net property income

16. Net property income represents the council's income from its investment property portfolio less expenditure, and for 2014/15 is estimated at **£1,090,972**.

Gross treasury income

17. Investment returns for 2014/15 are used to finance expenditure in-year. As interest rates are expected to remain low for the short term, it is currently forecast that **£355,500** will be earned in 2014/15.

18. More details of treasury income can be found in the council's Treasury Management Strategy 2014/15 to 2016/17 report (see Cabinet 7 February 2014, Council 19 February 2014).

19. Including growth, property and treasury income results in a net expenditure budget for the council of **£11,765,720**.

Reserves and other funding

New Homes Bonus (NHB)

20. The provisional government allocations for NHB payments for 2014/15 are **£2,086,928**. For 2014/15 this will be transferred to reserves, apart from a sum of £100,000 which will be used to fund the NHB area grant. Projections of future NHB earnings and how they will be used are detailed later in this report.

Council Tax Freeze Grant

21. It is proposed that council tax will remain at the same level as 2013/14 and as a result of this, the council will be due **£54,425** of council tax freeze grant for 2014/15. This will also be receivable for 2015/16 and equates to the funding the council would have generated by increasing council tax by 1 per cent.

Transfers to/ from earmarked reserves

22. In addition to the transfer to reserves of the NHB payment referred to in paragraph 21 above, there will be a transfer of **£20,000** from the election equalisation reserve to fund the initial costs of the district council elections in 2015.

23. Based on the above use of reserves and other funding, the amount of revenue expenditure to be financed in 2014/15 is **£11,631,296**.

Financing

Final local government settlement

24. On December 18 2013 the government announced the provisional 2014/15 local government settlement together with illustrative figures for 2015/16. At the time of

writing we have not received the final settlement. Officers consider that any changes to the settlement at this stage would not be material. Table 1 below details the provisional funding outlined for the council for 2014/15 and illustrative settlement for 2015/16.

Table 1a: settlement funding assessment 2014/15 (provisional)

	Provisional 2014/15 settlement funding assessment		
	Revenue support grant	**Baseline funding level**	**Total**
	£	**£**	**£**
Lower tier funding	2,230,126	2,018,617	**4,248,743**
Council tax freeze compensation:			
• 2011/12	83,103	57,537	**140,639**
• 2013/14	58,155	0	**58,155**
Council tax reduction scheme (note 1)	0	0	**0**
Homelessness prevention funding	49,103	34,614	**83,717**
Other:			
• Efficiency support for services in sparse areas	1,067	0	**1,067**
• Returned funding (note 2)	5,565	0	**5,565**
Total	**2,427,119**	**2,110,768**	**4,537,887**

Note 1: payments to councils in respect of council tax reduction scheme (which also includes an element for town and parish councils) are no longer separately identified.

Note 2: represents funding reserved centrally by government to pay NHB but returned to councils as not required.

Table 1b: settlement funding assessment 2015/16 (illustrative)

	Illustrative 2015/16 settlement funding assessment		
	Revenue support grant	**Baseline funding level**	**Total**
	£	**£**	**£**
Lower tier funding	1,481,292	2,074,333	**3,555,625**
Council tax freeze compensation:			
• 2011/12	81,467	59,125	**140,592**
• 2013/14	58,155	0	**58,155**
Homelessness prevention funding	48,119	35,569	**83,688**
Other:			
• Efficiency support for services in sparse areas	1,067	0	**1,067**
Total	**1,670,100**	**2,169,027**	**3,839,127**

25. The provisional settlement for 2014/15 is 12.4 per cent lower than 2013/14. The illustrative settlement for 2015/16 would be a further reduction of 15.4 per cent. Whilst the baseline funding element of the settlement is increasing in line with the increase in national non domestic rates, to achieve the overall reduction in funding the government has significantly reduced the revenue support grant element. It should be noted that these figures exclude NHB funding which for 2014/15, as discussed earlier in the report.

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

26. As agreed by Council on December 11 2013 and supported by parish councils during consultation, the council tax support grant contribution payable to town and parish councils will be **£160,593** for 2014/15. The proposed MTFP shows that this contribution will be gradually phased out by a 20 per cent reduction annually.

Business rate retention scheme

27. The deficit on the NNDR under collection fund is estimated to be **£158,308**. This is due to the projected NNDR receipts being below the government's safety net. Therefore the council will be in a deficit position. This is as a result of the closure of Didcot A and the subsequent loss in business rate income.

28. Although there is potential for some business rates growth next year it is not anticipated that this will take the council above the safety net.

Collection fund

29. The surplus on the collection fund is estimated to be **£242,819**.

Use of general fund balance

30. The difference between expenditure requirement and the funding available is smoothed over the medium term financial plan by transfers to and from earmarked reserves and the general fund balance. The net impact of the leader of the council's proposals detailed in this report is a draw on general fund balances of **£1,732,085** in 2014/15.

Leader of the council's revenue budget proposal

31. 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 budget requirement of **£9,899,211**. This revenue budget proposal includes a freeze of the current band "D" council tax at **£116.69**. **Appendix C** shows the breakdown of the revenue budget.

32. A draft MTFP and proposed growth bids were published on the council's website in December 2013. No comments on the published MTFP and growth bids have been received by officers or by the leader of the council.

Capital programme 2014/15 to 2018/19

Current capital programme

33. The latest capital programme (before growth) is attached at **appendix D.1** and is summarised in table 2 below. It is the capital programme as set by council in February 2013 plus:-

- slippage (caused by delays to projects) carried forward from 2012/13
- new schemes approved by council during 2013/14
- re-profiling of expenditure on schemes from the 2013/14 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 2: current capital programme (before growth)

2013/14 latest estimate £000	2014/15 estimate £000	2015/16 estimate £000	2016/17 estimate £000	2017/18 estimate £000	2018/19 estimate £000
3,497	5,081	1,613	1,162	1,147	1,147

Cabinet capital programme proposals

34. **Appendix D.2** contains a list of new capital schemes that the leader of the council is proposing as part of his budget proposals. Officers will amend the capital programme to include the proposals if approved by cabinet and council.

Financing the capital programme

35. 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.

36. 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. As the Science Vale UK Enterprise Zone (SVEZ) falls within the council's district boundary, there may be a future requirement to borrow up to £20 million to finance infrastructure works. This would only be undertaken if certainty of funding from additional business rates generated in the enterprise zone is available to support this borrowing.

Future pressures on the capital programme

37. **Appendix D.1** also shows the use of capital receipts to fund the capital programme (excluding growth) 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

38. In setting its revenue and capital budgets for 2014/15, 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.

39. 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.

40. 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.

41. 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.

42. 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.

43. Under the code, the head of finance as chief finance officer is responsible for ensuring that the council considers all relevant matters when setting or revising indicators through a report. The head of finance 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.

44. **Appendix E** contains the recommended prudential indicators, which have been calculated based on the budget proposals. The head of finance is satisfied that these indicators show that the council's capital investment plans are affordable, prudent and sustainable.

The Medium Term Financial Plan (MTFP)

45. The 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.

46. **Appendix F.1** contains the MTFP for 2014/15 to 2018/19**.** This is a projection of the revenue budget up to 31 March 2019 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.

47. The MTFP identifies some significant challenges ahead for the council. It assumes that government grant funding will fall by 38 per cent from 2014/15 to 2018/19. This is only an estimate by officers, and the fall could be greater or less. It also incorporates assumptions on interest income, and other known pressures on the council, such as inflation and salary increments.

48. Estimates of future receipts of new homes bonus are shown in table 3 below, and are also included in the MTFP (detailed in row 39). In total the council is expected to have received in excess of £18.3 million during the MTFP period.

49. The element of the bonus that relates to the new homes bonus premium is ring-fenced to support the provision of additional affordable housing.

Table 3: New Homes Bonus

Year earned	Year of receipt				
	2014/15 budget £000	**2015/16 indicative £000**	**2016/17 indicative £000**	**2017/18 indicative £000**	**2018/19 indicative £000**
2011/12	452	452	452	0	0
2012/13	546	546	546	546	0
2013/14	376	376	376	376	376
2014/15	713	713	713	713	713
2015/16	0	748	748	748	748
2016/17	0	0	1,044	1,044	1,044
2017/18	0	0	0	1,085	1,085
2018/19	0	0	0	0	1,018
Total	**2,087**	**2,835**	**3,879**	**4,512**	**4,984**

50. 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 reserves over the life of the MTFP is attached at **appendix F.2.**

The robustness of the estimates and the adequacy of reserves

51. The Local Government Act 2003 places a duty on the chief finance officer (i.e. the head of finance) 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.

52. The construction of the budget has been managed by qualified accountants and has been subject to challenge, specifically by strategic management board, , head of finance, other heads of service and cabinet members. Informal meetings of cabinet have considered the budget, and a briefing has been given to the council's scrutiny committee members. In view of the process undertaken and his own knowledge of the budget, the head of finance is satisfied that the budget is both prudent and robust.

53. The head of finance 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.

54. The head of finance's full report will be available at full council.

Legal Implications

55. 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 19 February 2014 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).

56. The requirement placed on the council by the Local Government Act 2003 to set prudential indicators and for the head of finance as 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

57. 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.

Conclusion

58. This report provides details of the revenue base budget for 2014/15, the capital programme 2014/15 to 2018/19, government grants (the settlement), uncommitted reserves and balances, the leader of the council's budget proposals and the resulting prudential indicators.

59. 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 A.1	revenue budget 2014/15
Appendix A.2	opening budget adjustments
Appendix A.3	operational reorganisations
Appendix A.4	inflation, salary increments and other salary adjustments
Appendix A.5	essential growth
Appendix A.6	base budget savings
Appendix A.7	revenue contingency
Appendix B	revenue growth
Appendix C	service budget analysis
Appendix D.1	capital programme before growth
Appendix D.2	capital growth bids
Appendix E	prudential indicators
Appendix F.1	medium term financial plan
Appendix F.2	earmarked reserves 2014/15 to 2018/19

Background Papers

- Provisional settlement figures (December 2013)
- Council tax base 2014/15 – cabinet 6 December 2013, council 11 December 2013
- Council tax reduction scheme grant for town and parish councils – cabinet 6 December 2013, council 11 December 2013
- Treasury Management Strategy – cabinet 7 February 2013, council 19 February 2014

Vale of White Horse DC - revenue budget summary 2014/15

	2013/14 Budget	2014/15 Base	Appendix Ref:
Opening base budget			
Base service budgets 2013/14	13,366,746	13,366,746	
Contingency	202,020	202,020	
Managed vacancy factor	(155,815)	(155,815)	
Total opening base budget	**13,412,951**	**13,412,951**	
Revisions to base budget			
Opening budget adjustments		(269,922)	Appendix A.2
Additions to the base budget:			
Operational reorganisations		37,112	Appendix A.3
Inflation, salary increments and other salary adjustments		302,816	Appendix A.4
Essential growth - one-off		525,017	Appendix A.5
Essential growth - ongoing		404,353	
Deductions from the base budget:			
Base budget savings		(2,051,624)	Appendix A.6
Office accommodation savings		(228,000)	
Other changes to corporate base budgets:			
Movement in managed vacancy factor		(2,443)	
Additional revenue contingency		215,680	Appendix A.7
Changes in property budgets included in ** below		(188,786)	
Total revised base budget	**13,412,951**	**12,157,154**	
Growth, savings and other budget adjustments			
Growth proposals			
Revenue - one-off		848,200	Appendix B
Revenue - ongoing		213,838	
Capital (revenue consequences of)		(7,000)	Appendix D.2
Other budget adjustments			
Net cost of services	**13,412,951**	**13,212,192**	
Net property income**	(1,279,758)	(1,090,972)	
Gross treasury income	(355,500)	(355,500)	
Net expenditure	**11,777,693**	**11,765,720**	
Funding from reserves			
New homes bonus	(1,373,954)	(2,086,928)	
New homes bonus 2011/12	(451,595)	(451,595)	
New homes bonus 2012/13	(546,050)	(546,050)	
New homes bonus 2013/14	(376,309)	(376,309)	
New homes bonus 2014/15	0	(712,974)	
Council tax freeze grant 2013/14	(53,636)	0	
Council tax freeze grant 2014/15	0	(54,425)	
Efficiency support for services in sparse areas	(20,563)	0	
Transfers to/from earmarked reserves	1,158,954	2,006,928	
Special purposes	105,000	20,000	
Local Development Framework	(200,000)	0	
New homes bonus 2011/12	451,595	451,595	
New homes bonus 2012/13	546,050	546,050	
New homes bonus 2013/14	376,309	376,309	
New homes bonus 2014/15	0	712,974	
NHB - Area grant funding	(100,000)	(100,000)	
Self-Insurance reserve	(20,000)	0	
Budget funding requirement before use of General fund balances	**11,488,494**	**11,631,296**	
Contribution to/from general fund balances	(1,148,377)	(1,732,085)	
Budget funding requirement	**10,340,117**	**9,899,211**	Appendix C
Funded by:			
Settlement funding assessment	(5,182,595)	(4,537,887)	
Business rates retention scheme	(2,070,455)	(2,110,768)	
RSG	(2,472,762)	(2,427,119)	
Less - Parish share of council tax support grant	200,742	160,593	
+ / - estimated NNDR over/under collection	155,283	158,308	
Collection fund (surplus)/deficit	(149,903)	(237,745)	
Council tax requirement	(5,363,644)	(5,442,480)	
Total Funding	**(14,883,334)**	**(14,437,098)**	
Council tax yield required	**5,363,644**	**5,442,480**	

Vale of White Horse DC - 2014/15 budget build changes
Opening budget adjustments

Year of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Deletion and adjustments to previously agreed one-off growth						
CORPORATE MANAGEMENT TEAM						
2013/14	Enterprise zone - financial software	(9,000)	(9,000)	(9,000)	(9,000)	(10,800)
		(9,000)	**(9,000)**	**(9,000)**	**(9,000)**	**(10,800)**
CORPORATE STRATEGY & WASTE						
2013/14	Joint membership of green deal community interest company	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)
2013/14	NHB - area grants	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
2013/14	Reduction in income from recycling credits	50,000	100,000	150,000	200,000	200,000
		(67,500)	**(17,500)**	**32,500**	**82,500**	**82,500**
ECONOMY LEISURE AND PROPERTY						
2013/14	Go Active project	(11,990)	(36,540)	(36,540)	(36,540)	(36,540)
2013/14	Property consultancy fees	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
2013/14	Scanning of deed packets	(8,000)	(16,000)	(16,000)	(16,000)	(16,000)
2013/14	Student to help with flooding	(6,000)	(13,000)	(13,000)	(13,000)	(13,000)
2013/14	Strategic property technical support	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
2013/14	Additional leisure staff 5 years	0	0	0	(19,990)	(19,990)
2011/12	Supporting Community Flood Groups	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
2013/14	Civic hall one-off element of ongoing growth	(26,000)	(26,000)	(26,000)	(26,000)	(26,000)
2013/14	Leisure consultancy support	(10,500)	(14,990)	(14,990)	(14,990)	(14,990)
		(106,490)	**(150,530)**	**(150,530)**	**(170,520)**	**(170,520)**

Vale of White Horse DC - 2014/15 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
HEALTH & HOUSING						
2013/14	Didcot and Science vale	0	0	0	0	(42,540)
2013/14	Implementation of new housing allocations policy	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
2013/14	Extension of fixed term contract, lettings officer	(16,750)	(16,750)	(16,750)	(16,750)	(16,750)
		(18,750)	**(18,750)**	**(18,750)**	**(18,750)**	**(61,290)**
HR, IT & CUSTOMER SERVICES						
2011/12	Delete one IT support role	27,000	(40,000)	(40,000)	(40,000)	(40,000)
2013/14	Temp resource for Geographic data capture	(27,000)	(27,000)	(27,000)	(27,000)	(27,000)
2013/14	Enabling mobile websites	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
		(10,000)	**(77,000)**	**(77,000)**	**(77,000)**	**(77,000)**
LEGAL & DEMOCRATIC						
2013/14	Land charges data capture project	(20,460)	(20,460)	(20,460)	(20,460)	(20,460)
2012/13	External legal fees re Leisure management contract	(7,500)	(12,500)	(12,500)	(12,500)	(12,500)
		(27,960)	**(32,960)**	**(32,960)**	**(32,960)**	**(32,960)**
PLANNING						
2013/14	Up to date aerial photographs	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
2011/12	Staff training (DC11)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
2013/14	Neighbourhood Planning Officer	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
2013/14	Increase in major apps income (one-off)	50,000	50,000	50,000	50,000	50,000
		0	**0**	**0**	**0**	**0**
Total one-off growth adjustments		**(239,700)**	**(305,740)**	**(255,740)**	**(225,730)**	**(270,070)**

Vale of White Horse DC - 2014/15 budget build changes
Opening budget adjustments

Year of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Other changes						
CORPORATE STRATEGY & WASTE						
2013/14	Dog bin increase charges	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
2013/14	CAA Bi annual	(24,000)	0	(24,000)	0	(24,000)
2014/15	Community right to bid 14/15	(7,855)	0	0	0	0
2014/15	Community right to challenge 14/15	(8,547)	0	0	0	0
		(48,402)	**(8,000)**	**(32,000)**	**(8,000)**	**(32,000)**
ECONOMY LEISURE AND PROPERTY						
2010/11	Increase in utility variation payable to SOLL	3,180	3,180	3,180	3,180	3,180
		3,180	**3,180**	**3,180**	**3,180**	**3,180**
FINANCE						
2014/15	Actuarial Fees	15,000	0	0	15,000	0
		15,000	**0**	**0**	**15,000**	**0**
PLANNING						
2011/12	On-line planning	0	(5,000)	(5,000)	(5,000)	(5,000)
		0	**(5,000)**	**(5,000)**	**(5,000)**	**(5,000)**
Total other changes		**(30,222)**	**(9,820)**	**(33,820)**	**5,180**	**(33,820)**
GRAND TOTAL		**(269,922)**	**(315,560)**	**(289,560)**	**(220,550)**	**(303,890)**

Vale of White Horse DC - 2014/15 budget build changes
Operational restructures

Item		2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
ECONOMY, LEISURE AND PROPERTY						
1	Civic Hall in Wantage - increased income resulting from restructure of business	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
		(20,000)	**(20,000)**	**(20,000)**	**(20,000)**	**(20,000)**
HR, IT & CUSTOMER						
2	Restructure of HR and Projects & Performanace Teams	(135,094)	(135,094)	(135,094)	(135,094)	(135,094)
		(135,094)	**(135,094)**	**(135,094)**	**(135,094)**	**(135,094)**
PLANNING						
3	Restructure of planning	92,206	92,206	92,206	92,206	92,206
		92,206	**92,206**	**92,206**	**92,206**	**92,206**
CONTINGENCY						
4	Fit for the future savings budgeted within contingency - released to services as part of the budget build	100,000	100,000	100,000	100,000	100,000
		100,000	**100,000**	**100,000**	**100,000**	**100,000**
Overall total		**37,112**	**37,112**	**37,112**	**37,112**	**37,112**

Vale of White Horse DC - 2014/15 budget build changes
Inflation, salary increments and other salary adjustments

Detail	Spending profile:				
	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
ALL SERVICES					
Salary inflation	183,111	369,884	560,392	754,711	952,915
Salary increments	62,984	127,227	192,756	259,595	327,770
Other salary adjustments	30,245	30,245	30,245	30,245	30,245
Other inflation	26,477	143,484	262,831	384,565	508,734
Grand total	**302,816**	**670,840**	**1,046,224**	**1,429,115**	**1,819,664**

Vale of White Horse DC - 2014/15 budget build changes
Essential growth

No	Title of bid	Summary	One-off/ ongoing	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
CORPORATE STRATEGY AND WASTE								
CORRVE1	**Waste contract - increase in new properties in 2014/15**	Best estimate based on the last three years for big housing developments - 250 properties	Ongoing	13,590	27,180	40,770	54,360	67,950
				13,590	**27,180**	**40,770**	**54,360**	**67,950**

No	Title of bid	Summary	One-off/ ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
ECONOMY, LEISURE AND PROPERTY								
ELPRVE1	**Leisure development officer**	Continuation of the leisure development officer post in fulfilment of 18 month initial fixed-term contract. The post holder started in September 2013 and is focussing on the preferred option for the new leisure facility in Wantage/Grove to meet the leisure needs of the area's expanding population. We will review the ongoing need for this shared post and decide on any future role for the post.	One-off	15,785	0	0	0	0
ELPRVE2	**Reduction in rental income from EMCOR House during void period**	There will be a reduction in rent income from EMCOR House during the void period after the lease expires in September 2014. It is assumed that a new tenant will be found quickly and a new lease will commence in April 2015 so the void period should only be six months. The actual reduction in rent is £75,000 but the growth bid represents a balancing charge, as the base income was understated.	One-off	13,232	0	0	0	0
ELPRVE3	**Reduction in rental income from investment properties**	The Vale Council is in the process of reviewing Napier Court in Abingdon and could sell depending on outcome of some environmental survey work that is being done. Old Abbey House in Abingdon is to be disposed of. This will result in the council receiving no rental income from the date of vacant possession of each property.	Ongoing	193,833	193,833	193,833	193,833	193,833
ELPRVE4	**Excess charges**	Reduction in excess charge for payers within ten days of notice from £50 to £40	Ongoing	30,000	30,000	30,000	30,000	30,000
				252,850	**223,833**	**223,833**	**223,833**	**223,833**

Vale of White Horse DC - 2014/15 budget build changes
Essential growth

No	Title of bid	Summary	One-off/ ongoing	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
FINANCE								
FINRVE1	Reduction in Benefits Admin grant	Admin grant has reduced in recent years. No certainty over allocations for 2014/15 or beyond but best guess of amounts receivable for next year is £500k (£529,720 in 13/14 OB)	Ongoing	25,690	25,690	25,690	25,690	25,690
				25,690	**25,690**	**25,690**	**25,690**	**25,690**
HR, IT & CUSTOMER SERVICES								
HICRVE1	Pension hidden costs	To meet hidden pensions cost liabilities in accordance with proper accounting practice, the amounts quoted here are required to increase the current year's base budget of £230,000, based on current known liabilities.	One-off	56,000	9,000	0	0	0
HICRV - 2	New IT Infrastructure	Capital investment in new IT infrastructure is likely to lead to increased revenue costs in order to maintain the systems properly throughout their life. Actual figure is unknown, so I have estimated based on industry standard of approximately 20% of capital purchase price.	Ongoing	90,000	90,000	90,000	90,000	90,000
				146,000	**99,000**	**90,000**	**90,000**	**90,000**
LEGAL AND DEMOCRATIC								
LEGRVE1	2015 district council elections	To cover the district council cost of delivery of parliamentary, district and parish council elections in May 2015 - poll cards, postage and stationery for the 2015 elections. Government funding will cover half of the anticipated £40,000 costs.	One-off	20,000	0	0	0	0
LEGRVE2	2015 district council elections	To cover the district council cost of delivery of parliamentary, district and parish council elections in May 2015 - staff, room hire, printing, postage. The bid covers the anticipated district council element - government funding and income from parish council recharges will also contribute to the overall costs.	One-off	0	100,000	0	0	0
LEGRVE3	Legal services budget	External legal services budget for specific areas of expertise	Ongoing	51,240	51,240	51,240	51,240	51,240
				71,240	**151,240**	**51,240**	**51,240**	**51,240**

Vale of White Horse DC - 2014/15 budget build changes
Essential growth

No	Title of bid	Summary	One-off/ ongoing	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
PLANNING								
PLARVE1	**Vale Local Plan Part 1**	Includes legals, study updates, payment of inspector and our experts (retail/HNA/FRA etc). £50,000 increase in the next two years to cover increased number of strategic sites to meet objectively assessed SHMA need.	One-off	150,000	50,000	0	0	0
PLARVE2	**CIL examination**	Includes legals, payment of inspector and our experts (viability) (these costs can be part of 5% administration costs set out in charge schedule)	One-off	20,000	0	0	0	0
PLARVE3	**Neighbourhood plan referendums and examinations**	Includes adverts, payment of examiner, experts and referendum (£5k) x 2 (Faringdon and Drayton or Longworth?) (this can be part funded from income from Govt). Provisional sum dependant on Government Grants	One-off	35,000	0	0	0	0
PLARVE4	**Master Planning & SPD Work for strategic sites**	External support required to assist in bringing two large/important strategic sites forward.	One-off	100,000	100,000	0	0	0
PLARVE5	**Area Action Planning**	Joint AAP for Didcot and land to the west (50% of total cost). Includes Examination costs, Legal support and background studies.	One-off	75,000	50,000	0	0	0
PLARVE6	**Section 106**	A major project to overhaul the way in which we identify and evidence infrastructure requirements, engage with communities, carry out viability assessments, negotiate with developers, complete s106 agreements, and manage income and expenditure is commencing. We need a range of external expertise for this project, which is estimated at £40k per council	One-off	40,000	0	0	0	0
				420,000	**200,000**	**0**	**0**	**0**
	TOTAL ESSENTIAL REVENUE GROWTH BIDS			**929,370**	**726,943**	**431,533**	**445,123**	**458,713**

Vale of White Horse DC - 2014/15 budget build changes
Base budget savings

Item		One-off / ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
CORPORATE MANAGEMENT TEAM							
1	Enterprise zone NNDR calculation software saving	Ongoing	(800)	(800)	(800)	(800)	(800)
			(800)	**(800)**	**(800)**	**(800)**	**(800)**

CORPORATE STRATEGY							
2	Waste contract budget - release of budget no longer required	Ongoing	(332,348)	(332,348)	(332,348)	(332,348)	(332,348)
3	Increase in recycling income from brown bins and recycling credits	Ongoing	(89,421)	(89,421)	(89,421)	(89,421)	(89,421)
4	Savings on OWP membership	Ongoing	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)
5	Savings on grounds maintenance	Ongoing	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
6	Other budget savings across service	Ongoing	(2,542)	(2,542)	(2,542)	(2,542)	(2,542)
			(444,811)	**(444,811)**	**(444,811)**	**(444,811)**	**(444,811)**

Vale of White Horse DC - 2014/15 budget build changes
Base budget savings

Item		One-off / ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
ECONOMY, LEISURE AND PROPERTY							
7	Choose Abingdon partnership budget	Ongoing	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
8	General property rent increase	Ongoing	(26,000)	(26,000)	(26,000)	(26,000)	(26,000)
9	Excess parking charges - increase in issued charges	Ongoing	(48,460)	(48,460)	(48,460)	(48,460)	(48,460)
10	Reduction in costs relating to public conviniencies due to capital works	Ongoing	(38,107)	(38,107)	(38,107)	(38,107)	(38,107)
11	Lease of Tilsley park from September 2014	Ongoing	(129,754)	(220,754)	(220,754)	(220,754)	(220,754)
12	Other new leisure contract savings from September 2014	Ongoing	(237,411)	(497,411)	(497,411)	(497,411)	(497,411)
13	NNDR savings across car parks and facilities	Ongoing	(28,134)	(28,134)	(28,134)	(28,134)	(28,134)
14	Other budget savings across service	Ongoing	(23,334)	(23,334)	(23,334)	(23,334)	(23,334)
			(546,200)	**(897,200)**	**(897,200)**	**(897,200)**	**(897,200)**

Vale of White Horse DC - 2014/15 budget build changes
Base budget savings

Item		One-off / ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
FINANCE							
15	Reduction in additional administration grant element payable to financial services contractor from 2013/14 base levels	Ongoing	(18,270)	(18,270)	(18,270)	(18,270)	(18,270)
16	Reduction in housing benefit budgets	Ongoing	(179,560)	(179,560)	(179,560)	(179,560)	(179,560)
17	Reduction in main (ie non-grant certification) external audit fees	Ongoing	(24,230)	(24,230)	(24,230)	(24,230)	(24,230)
18	Other budget savings across service	Ongoing	(18,200)	(18,200)	(18,200)	(18,200)	(18,200)
			(240,260)	**(240,260)**	**(240,260)**	**(240,260)**	**(240,260)**

HEALTH & HOUSING							
19	Increase in income from food safety courses	Ongoing	(8,546)	(8,546)	(8,546)	(8,546)	(8,546)
20	Temporary accommodation rental income, budget adjusted to reflect actual revenue streams	Ongoing	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
21	Other budget savings across service	Ongoing	(19,239)	(19,239)	(19,239)	(19,239)	(19,239)
			(112,785)	**(112,785)**	**(112,785)**	**(112,785)**	**(112,785)**

Vale of White Horse DC - 2014/15 budget build changes
Base budget savings

Item		One-off / ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
HR, IT & CUSTOMER							
22	Redundancy costs no longer required	One-off	(40,000)	0	0	0	0
23	Other budget savings across service	Ongoing	(4,370)	(4,370)	(4,370)	(4,370)	(4,370)
			(44,370)	**(4,370)**	**(4,370)**	**(4,370)**	**(4,370)**

LEGAL AND DEMOCRATIC							
24	Members allowance and committee costs - release of budgets no longer required	Ongoing	(21,167)	(21,167)	(21,167)	(21,167)	(21,167)
25	Other budget savings across service	Ongoing	(26,221)	(26,221)	(26,221)	(26,221)	(26,221)
			(47,388)	**(47,388)**	**(47,388)**	**(47,388)**	**(47,388)**

PLANNING							
26	Reduction in budget for postage and computer software maintenance	Ongoing	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)
27	Expected increase in planning income 2014/15	One-off	(544,410)	0	0	0	0
			(550,010)	**(5,600)**	**(5,600)**	**(5,600)**	**(5,600)**

Vale of White Horse DC - 2014/15 budget build changes
Base budget savings

Item		One-off / ongoing	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
CONTINGENCY							
28	Reduced income from temporary accommodation	Ongoing	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
29	Benefit cap leading to potential cuts in charges for temporary accommodation	Ongoing	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
			(65,000)	**(65,000)**	**(65,000)**	**(65,000)**	**(65,000)**

Overall total		**(2,051,624)**	**(1,818,214)**	**(1,818,214)**	**(1,818,214)**	**(1,818,214)**

Vale of White Horse DC - 2014/15 budget build changes
Contingency

SUMMARY	Provision 2014/15 £
Revenue contingency 2013/14	**202,020**
Movement 2013/14-2014/15	
Unused specific budget release	12,700
General contingency Bfwd	214,720
Uplift to contingency provision 2014/15	215,680
Total revenue contingency budget 2014/15	**430,400**

DETAIL		Worst case liability (£)	Probability (%)	Provision 2014/15
		£	%	£
ALL SERVICES				
1	General contingency	N/A	100	150,000
2	Office move - staff travel costs	N/A	100	25,000
				175,000
CORPORATE STRATEGY				
2	Waste contract inflation costs	123,000	10	12,300
				12,300
ECONOMY, LEISURE AND PROPERTY				
4	Sport and activity officer	36,000	10	3,600
				3,600
FINANCE				
5	Capita P&P - council tax	18,000	100	18,000
6	Capita P&P - benefits	160,000	100	160,000
				178,000
HEALTH & HOUSING				
8	Homelessness Preventions payments	85,000	25	21,250
9	Environmental Health - Various budgets for consultants and equipment.	27,000	25	6,750
				28,000
LEGAL AND DEMOCRATIC				
10	External legal costs for leisure management contract and Didcot Leisure facility	25,000	50	12,500
13	Other external legal costs	60,000	25	15,000
14	By-elections	14,000	25	3,500
15	Code of conduct investigations	10,000	25	2,500
				33,500
Overall total				**430,400**

Appendix B

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
One-off growth bids							
CORPORATE MANAGEMENT TEAM							
CMTRV - 1	**Corporate services contract renewal**	Corporate Services Contract renewal preliminary advice.	15,000	25,000	10,000	0	0
			15,000	**25,000**	**10,000**	**0**	**0**
CORPORATE STRATEGY AND WASTE							
CORRV - 1	**New homes bonus funding**	Continuation of New Homes Bonus funding for revenue grants for a second year	100,000	0	0	0	0
CORRV-2	**Thrupp Lake / Abbey Fishponds**	This bid is to support the Earth Trust over the next three years as they develop Thrupp Lake. This bid is for additional grant aid support to be available to Earth Trust as a safety net. Supporting Thrupp Lake gives Earth Trust time to develop the visitor centre and for the Vale to find a permanent solution for Abbey Fishponds.	10,000	20,000	15,000	0	0
			110,000	**20,000**	**15,000**	**0**	**0**
ECONOMY, LEISURE AND PROPERTY							
ELPRV - 1	**Strategic property technical assistant**	Continuation of the strategic property technical assistant post for two years. The creation of this post is enabling significant improvements to the quality and extent of property data held in the new Techforge asset management system. Also, the postholder deals with all Agresso tasks for the team, which has released resources to undertake a regime of necessary ongoing property inspections, particularly relating to health and safety.	9,200	9,200	0	0	0
ELPRV - 2	**Choose Abingdon Partnership**	Funding for the Choose Abingdon Partnership.	15,000	0	0	0	0

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
ECONOMY, LEISURE AND PROPERTY CONTINUED							
ELPRV - 3	**Market town support Faringdon and Wantage**	Market town support for Faringdon and Wantage. Significant impact has been made in the two towns through the externally received High Street Innovation Funding over the last year and the benefits of having co-ordinators "on the ground" in the towns has been extremely valuable. The bid is for continuation of these posts and project funding - Faringdon: £18,000 (salary) + £2,000 projects and Wantage: £24,000 (salaries) + £2,000 projects. Contributions would also be sought towards costs from the Joint Economic Forums/town councils/business partnerships.	46,000	0	0	0	0
ELPRV - 4	**Civil parking enforcement**	Civil parking enforcement or 'decriminalised parking' is a project to take on the responsibility from the Police for parking on the street. Initial discussions at South with the town councils has shown a keenness for this to be explored and further meeting for South is planned for early 2014. Town councils in the Vale are also voicing concerns over lack of enforcement in the towns. The county council will need to lead on the application to government to provide the powers to carry out the enforcement. If all agree to take this forward then costs will be incurred to provide more detailed project planning and feasibility studies. From agreement to implementation, the project is likely to take at least 18 months. This is dependant on South and Cherwell District Council	15,000	0	0	0	0
ELPRV - 5	**Wantage - grove leisure centre**	The construction of a new build leisure centre for Wantage/ Grove - initial funding for feasibility work in order to determine the anticipated total outturn project costs and associated programme.	150,000				
			235,200	**9,200**	**0**	**0**	**0**

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
HR, IT & CUSTOMER SERVICES							
HICR - 1	**Training**	To deliver training courses highlighted as corporate priorities in addition to our 'business as usual' training. These additional courses include; 1) all employees to receive compulsory 'compliance training' 2) The continuation of Mastering Management for existing managers and for new managers 3) a contribution from the training budget to support the High Performing Teams work. If the growth bid is not approved, either the training budget will almost certainly be overspent by a minimum of 25%, or we will need to make a decision not to deliver all the commitments listed above.	25,000	0	0	0	0
			25,000	**0**	**0**	**0**	**0**

LEGAL AND DEMOCRATIC							
LEGRV - 1	**Costs of parish community review**	Required to cover additional costs arising from parish community governance review to cover external legal support to provide advice and assist with the drafting of the orders and Capita's costs arising from the transfer of properties from one parish to another.	17,000	0	0	0	0
LEGRV - 2	**Funding for Community Safety Partnership (CSP)**	Police and Crime Commissioner is in process of agreeing three year funding for CSP; we anticipate an approx 10% reduction. Oxfordshire County Council (OCC) have indicated that they will not continue to "top up" the funding to home office level next year. Worst case presented i.e. CSP staff would need to be council funded 100% if the CSP only receives a small PCC grant. It is possible that this funding may not be required until 2015/16.	8,000	0	0	0	0
			25,000	**0**	**0**	**0**	**0**

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
PLANNING							
PLARV - 1	**Community Engagement and Development - working with town and parishes**	Additional resource over three years to work with Town & Parish Councils to secure S106 contributions and help deliver infrastructure to accelerate housing growth. (£22,500 potential capacity funding for year 2014/15 subject to Govt agreement). If can't secure government funding, net cost to council will be £22,500 higher in 2014/15. In the short term (two years) additional resource to undertake additional consultation and communication with the local community on neighbourhood planning, policy documents, urban design/master plans and CIL consultations. Capacity not available to maintain existing community engagement with this extra demand.	48,000	70,500	48,000	0	0
PLARV - 2	**Section 106 strategic review**	A major project to overhaul the way in which we identify and evidence infrastructure requirements, engage with communities, carry out viability assessments, negotiate with developers, complete s106 agreements, and manage income and expenditure is commencing	40,000	0	0	0	0
PLARV - 3	**Community Infrastructure Levy /S106**	To progress CIL and complete S106 background work required to support CIL. Develop charging schedule. South & Vale progressing CIL at same time no capacity to deliver required work, so temporary post required for 2yrs. (Shared post 20:80 and can recover costs) excess income funded Complete updating of all s106 agreements and obligations, protocols and ensure operational. temporary posts 50:50 (excess income funded).	60,000	38,400	0	0	0
PLARV - 4	**Major Applications**	Resources to help deal with the volume of major planning applications and pre-apps which is being sustained and likely to create follow-up work through reserved matters, condition discharge and amendments - several years work required hence 3yrs funded post from excess planning fee income	203,000	203,000	203,000	0	0
PLARV - 5	**Planning applications and pre-application advice**	Resources to support SPIP and increased workload as part of our secretarial role this year, and 2xFTE G3/4 DM to deal with increased planning apps and pre-apps workload. This is likely to be sustained until 2015. Temp for 3years using excess planning fee income.	87,000	58,000	58,000	0	0
			438,000	**369,900**	**309,000**	**0**	**0**
	Total one-off		**848,200**	**424,100**	**334,000**	**0**	**0**

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Ongoing growth bids							
CORPORATE STRATEGY AND WASTE							
CORRV - 2	**Retain garden waste service at current price**	The bid is to maintain the service at a cost of £37 rather than increasing it by 3%	22,260	22,260	22,260	22,260	22,260
			22,260	**22,260**	**22,260**	**22,260**	**22,260**
HEALTH AND HOUSING							
HAHR -1	**Housing officer**	1 FTE at scale 5 to assist with increasing demand for housing advice/homelessness.	17,183	17,183	17,183	17,183	17,183
			17,183	**17,183**	**17,183**	**17,183**	**17,183**
LEGAL AND DEMOCRATIC							
LEGRV - 3	**Additional 0.49 FTE solicitors post**	Continuation of additional resource for the property and contracts team. Request that this continues, estimated additional cost £15,000 pa split 75% Vale and 25% South in year one and then 50/50 for future years	11,528	5,105	5,105	5,105	5,105
LEGRV - 4	**Restructure of democratic and electoral teams**	Restructure of democratic and electoral services	62,867	58,830	54,792	54,792	54,792
			74,395	**63,935**	**59,897**	**59,897**	**59,897**

Appendix B

Vale of White Horse DC - 2014/15 revenue growth bids

No	Title of bid	Summary	Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
PLANNING							
PLARV - 6	**Joint planning policy work**	Securing a project lead (team leader) with a new team of three staff (some existing staff) as a shared team to focus on cross boundary and key strategic policy development 0.5FTE x G8 (can recruit now with backfill from current recruitment round) 50:50 S&V. This could have capacity funding available 2013/14 and potentially in 2014/15 subject to delevering outcomes including feasibility and option development work required to evidence base the case for significant investment in Didcot rail access from 2018.	85,000	85,000	109,000	109,000	109,000
PLARV - 7	**Planning Enforcement**	To respond to increased work (approx 20%) following major developments and the work created by the new permitted development regime, additional resource required.	15,000	15,000	15,000	15,000	15,000
			100,000	**100,000**	**124,000**	**124,000**	**124,000**
	Total ongoing		**213,838**	**203,378**	**223,340**	**223,340**	**223,340**
	GRAND TOTAL		**1,062,038**	**627,478**	**557,340**	**223,340**	**223,340**

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Vale of White Horse DC Service budget analysis 2014/15

Budget head	Final Budget £
Corporate management team	401,413
Corporate strategy	4,410,251
Economy leisure & property	962,133
Finance	1,986,468
Health & housing	1,219,483
Human resources, IT & customer services	1,694,580
Legal & democratic services	1,055,109
Planning	1,210,614
Contingency	430,400
Managed Vacancy Factor	(158,258)
Net cost of delivering services	**13,212,193**
Net property income	(1,090,972)
Gross treasury income	(355,500)
Net expenditure	**11,765,721**
Government grant funding:	
Council tax freeze grant	(54,425)
New Homes Bonus	(2,086,928)
Transfer to reserves	
New Homes Bonus	2,086,928
Election equalisation reserve	40,000
Funding from existing resources:	
Election equalisation reserve	(20,000)
New Homes Bonus - Area grant funding	(100,000)
Contribution to/from General fund balances	(1,732,085)
Budget funding requirement	**9,899,211**

VALE OF WHITE HORSE DISTRICT COUNCIL

CAPITAL PROGRAMME TO 31 MARCH 2019 LAST UPDATED 27 JANUARY 2014

	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
APPROVED PROGRAMME								
Corporate Management Team	0	100	88	200	200	0	0	0
Corporate Strategy	181	162	296	162	162	162	162	162
Economy, Leisure and Property	732	3,040	1,386	2,571	296	45	45	45
Finance	8	0	4	2	0	0	0	0
HR, IT and Customer Services	179	404	39	451	0	0	0	0
Housing and Health	925	1,750	1,445	1,539	940	940	940	940
Legal and Democratic Services	83	64	24	61	15	15	0	0
Planning	207	111	215	95	0	0	0	0
TOTAL APPROVED PROGRAMME	2,315	5,631	3,497	5,081	1,613	1,162	1,147	1,147
GRAND TOTAL	2,315	5,631	3,497	5,081	1,613	1,162	1,147	1,147

Cumulative Total Budget	13,647

		2013/14 Original Budget	2013/14 Working Budget	2014/15 Proposed	2015/16 Proposed	2016/17 Proposed	2017/18 Proposed	2018/19 Proposed
CAPITAL FINANCING								
YA24	Dean Court Social Club insurance claim	190	346					
YC15	Public arts projects funded by developer contributions	88	17	57				
YC31	Wantage Civic Hall Capital Works, funded from developer contribution	55	0	55				
YC33	Wantage Leisure Facilities, funded from developer contribution	46	0	46				
YC34	Chilton Public Art, funded from developer contribution	20	5	78				
YC35	Great Western Park public art, funded from developer contribution	14	3	25				
YC36	Abingdon Heritage Trail (Heritage Lottery, Abingdon Town Council and Choose Abingdon P/ship funded)	0	14					
YC37	Marlborough Gardens Play Area, funded from developer contribution		15					
YH01	Support development of social housing, funded from developer contributions	305	0	305				
YH05	Mandatory Disabled Facilities Grants, government funding	510	515	523	523	523	523	523
YP05	Electronic delivery of planning service PDG		0	22				
YP06	Cyclepath Willow Walk, funded from developer contribution		48					
	Balance from capital receipts	4,403	2,534	3,970	1,090	639	624	624
GRAND TOTAL		5,631	3,497	5,081	1,613	1,162	1,147	1,147
B7402	Capital receipts b/f from previous year	6,355	6,355	5,457	5,037	4,372	17,183	16,559
	projected increase in capital receipts in year	2,735	1,636	3,550	425	13,450	0	0
	capital receipt balance to c/f	4,687	5,457	5,037	4,372	17,183	16,559	15,935

GENERAL NOTES

(1) The 2013/14 Working Budget figures include:
- unspent provision slipped from 2012/13;
- budget provision for schemes approved since the original budget was set;
- reductions for schemes that are no longer progressing or which overspent in 2012/13 and
- transfers to 2014/15 where schemes are not expected to complete in 2013/14.

(2) RP = Rolling Programme

(3) DC = Developers Contributions

KEY TO PROJECT MANAGERS

AB	Abigail Brown	Jbo	Jayne Bolton	PD	Peter Dela	TG	Trudy Godfrey
BW	Bob Watson	JD	Jon Dawson	PH	Paul Holland		
CW	Chris Webb	JP	Jo Patterson	PS	Paul Staines		
ED	Emma Dolman	KC	Karen Claridge	SB	Susan Baker		
GH	Graham Hawkins	LB	Lee Brown	SBI	Steve Bishop		
HN	Helen Novelle	LH	Liz Hayden	SM	Suzanne Malcolm		
IRM	Ian Matten	LS	Lyn Scaplehorn	STr	Sally Truman		
JB	John Backley	MT	Miles Thompson	STu	Simon Turner		

Corporate Management Team

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £'000	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
					Approved Programme									
Capital Contingency		YZ01		SBI	(1)	N/A	N/A	100	88	200	200			
						0	0	100	88	200	200	0	0	0

Notes
(1) Capital growth bid approved as part of 2013/14 budget setting process.
£6,390 vired to YA27 - capital contingency request approved 02/09/13
£5,750 vired to YL04 - capital contingency request approved 06/11/13

Corporate Strategy

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £'000	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
					Approved Programme									
New and Upgraded Parks Facilities		YC03	RP	IRM		N/A	N/A	15	15	15	15	15	15	15
Additional Wheeled Bins for New Properties		YC23	RP	IRM		N/A	N/A	47	47	47	47	47	47	47
Community Grants Fund		YC30	RP	Jbo	(1)	N/A	N/A	100	188	100	100	100	100	100
Marlborough Gardens Play Area		YC37	DC	IRM	(2)	15	0	0	15					
Climate Change Investment Fund		YH15		STr	(1)	199	171	0	28					
Econsultation Software		YH20		STr	(1)	13	10	0	3					
						227	181	162	296	162	162	162	162	162

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13
(2) £15,213 added to budget as per Council 15/05/2013. Funded by developer contributions

Economy, Leisure and Property

	Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £'000	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
							Approved Programme								
	Flood Prevention		YA01	RP	PD	(1)	N/A	N/A	45	230	45	45	45	45	45
	Sewage Works		YA02		PD	(1)	101	71	20	13	17				
	MHP - Junct. Box Replacement		YA05		JD		115	94	21	1	20				
	Upgrade of Sewage Treatment Works - Challow & Sparsholt		YA14		PD	(1)	50	0	25	0	50				
	Development of Additional Plots at MHP		YA18		JD		849	13	836	0	836				
	Dean Court Social Club Rebuild		YA24		GH	(1), (3)	380	34	190	346					
	Hales Meadow Public Convenience		YA25		JB	(4)	200	0	200	100	100				
	Great Coxwell Wall Reinstatement		YA26		GH	(4)	25	0	25	0	25				
C	Microphones for Council Chamber		YA27		JB	(4), (6)	36	0	30	36					
	Mobile Home Parks Improvement Works		YA28		JD	(4)	65	0	65	47	18				
	Essential Refurbishment of Operational Property Assets		YA29		GH	(7)	200	0	400	0	200				
	West Way Shopping Centre Refurbishment		YA30		GH		50	0	50	0	50				
	Public Art Projects (funded by contributions)		YC15	DC	AB		276	202	74	17	57				
	Replacement Pitches at Tilsley Park Abingdon		YC16		CW	(5)	365	0	350	365					
	Maintain Building Fabric - Leisure Faciliies		YC24		CW	(1)	585	298	307	174	113				
	Wi-fi for Vale Towns		YC27		TG	(1)	19	1	13	16	1	1			
C	Wantage Civic Hall Carpets		YC29		JP		23	19	4	4					
	Wantage Civic Hall Capital Works		YC31	DC	JP	(4)	55	0	55	0	55				
	WHLTC Car Park Extension		YC32		CW	(4), (7)	450	0	250	15	435				
	Wantage Leisure Facilities		YC33	DC	CW	(4)	46	0	46	0	46				
	Chilton Public Art		YC34	DC	AB	(4)	83	0	20	5	78				
	Great Western Park Public Art		YC35	DC	ED	(4)	28	0	14	3	25				
	Abingdon Heritage Trail		YC36		SM	(2)	14	0	0	14					
	Leisure Centre Essential Works 2014/15		TBC		CW	(4)	250	0	0	0	250				
	Refurbishment of Emcor House, Hatfield		TBC		GH		150	0	0	0	150				
	Leisure Centre Essential Works 2015/16		TBC		CW		250	0	0	0		250			
									0	0					
							4,665	732	3,040	1,386	2,571	296	45	45	45

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13
(2) £14,200 added to capital programme as per Council 20.02.13. Scheme is externally funded.
(3) £380,000 added to capital programme per Council 24.10.12. Rebuild of Dean Court Social Club. Insurance claim credited to useable capital receipts upon receipt.
(4) Capital growth bid approved as part of 2013/14 budget setting process.
(5) £14,600 added to 2013/14 Working Budget to reflect receipt from Abingdon School towards AFP enhanced specifications.
(6) £6,390 vired from capital contingency - per capital contingency request 02/09/13.
(7) £200,000 budget transferred from YA29 to YC32 - agreed with Accountancy Manager Jan 2014

Finance

					Approved Programme									
Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £'000	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
Fixed Asset System		YF04		BW	(1)	14	8	0	4	2				
						14	8	0	4	2	0	0	0	0

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13

HR, IT and Customer Services

					Approved Programme									
Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £'000	Spend to 31/03/13 £'000	2013/14 Original Budget £'000	2013/14 Working Budget £'000	2014/15 Proposed £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000
Interactive Forms on Website		YD05		LB	(3)	27	27	3	0					
Replace existing PCs		YD06		STu	(3)	41	35	3	6					
IT Infrastructure Investment		YD09		STu	(1)	320	102	153	31	187				
IT Applications Investment		YD10		LB	(1)	31	15	30	2	14				
IT Infrastructure (improvements identified under FftF)		YD11		STu	(2)	250	0	215	0	250				
						669	179	404	39	451	0	0	0	0

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13
(2) Capital growth bid approved as part of 2013/14 budget setting process.
(3) £3,000 vired from YD05 to YD06 - as approved by Chief Finance Officer Jan 2014

Health and Housing

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £	Spend to 31/03/13 £	2013/14 Original Budget £	2013/14 Working Budget £	2014/15 Proposed £	2015/16 Proposed £	2016/17 Proposed £	2017/18 Proposed £	2018/19 Proposed £
						Approved Programme								
Support Development of Social Housing		YH01	DC	PS		1,305	918	387	0	387				
Disabled Facilities Grants		YH05	RP	PH	(1)	N/A	N/A	1,000	1,294	850	850	850	850	850
Home Repairs Target		YH06	RP	PH		N/A	N/A	50	50	90	90	90	90	90
IT for Mobile Working in EH		YH16		PH		12	0	12	0	12				
Online Housing Applications		YH17		LS		20	7	13	13					
Open Market Homebuy Scheme		YH21		HN		250	0	250	50	200				
Implementation of Online Housing Advice		YH22		LS		25	0	25	25					
Housing Allocations		YH23		HN	(2)	13	0	13	13					
						1,625	925	1,750	1,445	1,539	940	940	940	940

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13
(2) Capital growth bid approved as part of 2013/14 budget setting process.

Legal and Democratic Services

Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £	Spend to 31/03/13 £	2013/14 Original Budget £	2013/14 Working Budget £	2014/15 Proposed £	2015/16 Proposed £	2016/17 Proposed £	2017/18 Proposed £	2018/19 Proposed £
						Approved Programme								
CCTV Capital Works		YH12		LH		150	83	22	0	37	15	15		
Community Safety Partnership Grants		YH19		LH		24	0	24	0	24				
Legal Case Management System		YL02		LH		8	0	8	8					
Fireproof Stoage Cabinets		YL03		SB		10	0	10	10					
Licensing software project		YL04		LH	(1)	6	0	0	6					
						198	83	64	24	61	15	15	0	0

Notes
(1) £5,750 vired from capital contingency - per capital contingency request 06/11/13.

Planning

	Scheme	No.	Cost ctre	RP DC	Project Mgr	Note	Scheme Total £	Spend to 31/03/13 £	2013/14 Original Budget £	2013/14 Working Budget £	2014/15 Proposed £	2015/16 Proposed £	2016/17 Proposed £	2017/18 Proposed £	2018/19 Proposed £
						Approved Programme									
C	ABITS Implementation		YP01		MT	(1)	210	95		115					
	Wantage & Grove Integrated Transport Study		YP02		MT		44	14		0	30				
	Electronic Delivery of Planning Service		YP05		KC	(1)	100	78		0	22				
	New Paths/Cycleways		YP06	DC	MT		80	3	77	77					
	Computerising Property Planning Software		YP15		KC	(1)	73	17	34	23	33				
	Capture Planning Constraints		YP17		KC	(1)	10	0	0	0	10				
							517	207	111	215	95	0	0	0	0

Notes
(1) 2013/14 Working Budget allocations reflect budget slipped from 2012/13

Vale of White Horse DC - 2014/15 capital growth bids

No	Title of bid	Summary	One-off or rolling	CAPITAL SPEND Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	REVENUE CONSEQUENCES Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Funded from internal resources													
CORPORATE MANAGEMENT TEAM													
CMTCV - 1	Capital contingency	This contingency budget will be called upon when capital project ideas occur outside the normal budget build period. Calls upon this will be subject to the normal constitutional authorisation process.	One-off	2,000,000	0	0	0	0	0	0	0	0	0
				2,000,000	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CORPORATE STRATEGY & WASTE													
CORRC-1	Energy reduction plan	The five year energy reduction plan has now been completed. This growth bid will support a further energy saving plan with the associated projects	One-off	25,000	25,000								
				25,000	**25,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
ECONOMY LEISURE AND PROPERTY													
ELPCV - 1	Essential works - leisure centres	Essential capital works at the leisure centres for 2016/17 - rolling programme already agreed to 2015/16	Rolling	0	0	250,000	0	0	0	0	0	0	0
ELPCV - 2	Woodlands watercourse	Essential improvements to a watercourse that runs through Woodlands Mobile Home Park, Radley. The bank is starting to collapse and there is a risk that this will cause blockage of the watercourse and flooding to nearby homes.	One-off	30,000	0	0	0	0	0	0	0	0	0
ELPCV - 3	Lighting improvements	Carry out improvements to the lighting in the Vale public car parks, following receipt of consultant's report and need to address health and safety, sustainability and efficiency issues. This includes replacement of lights in six car parks costing some £105,000 plus improvements in efficiency to lighting in the other six car parks costing some £21,000, total £126,000. This does not include the Charter. Spend can be spread out over four years and prioritised.	One-off	36,000	30,000	30,000	30,000	0	0	0	0	0	0
ELPCV - 4	Changes to Rye Farm car park, Abingdon	This is in preparation for a loss of car parking spaces in Abingdon when the Charter car park is developed. The Rye Farm lorry park will be adapted to accommodate normal vehicles only.	One-off	5,000	40,000	0	0	0	0	0	0	0	0
ELPCV - 5	Abingdon Riverbank repairs	Carry out repairs to the river bank in two locations in Abingdon following receipt of consultant's report on their condition and estimated cost of repairs - the major issue being health and safety of those using this popular riverside walk. Profiling includes £10,000 for further feasibility work and drafting documentation, with the main contract cost and fees occurring in 2015/16	One-off	10,000	590,000	0	0	0	0	0	0	0	0
				81,000	**660,000**	**280,000**	**30,000**	**0**	**0**	**0**	**0**	**0**	**0**
HEALTH AND HOUSING													
HAHCV-1	Housing	The cost of refurbishing 1 and 3 New Street and 73 Vineyard Abingdon. There will be no increase in rent charged as a result of this expenditure. Rental income increases from increased occupancy rates	One-off	0	252,000	0	0	0	0	10,000	(20,400)	(20,400)	(20,400)
HAHCV-2	Housing Wantage	The cost of self containing/refurbishing Tiverton House Wantage. Increased rents and occupancy rates will broadly offset the loss of a unit so cost neutral in revenue terms.	One-off	200,000	0	0	0	0	0	0	0	0	0
HAHCV-3	Housing Abingdon	The estimated cost of 4 two bed houses in Abingdon.	One-off	920,000	0	0	0	0	(7,000)	(14,000)	(14,000)	(14,000)	(14,000)
				1,120,000	**252,000**	**0**	**0**	**0**	**(7,000)**	**(4,000)**	**(34,400)**	**(34,400)**	**(34,400)**
	GRAND TOTAL			**3,226,000**	**937,000**	**280,000**	**30,000**	**0**	**(7,000)**	**(4,000)**	**(34,400)**	**(34,400)**	**(34,400)**

Vale of White Horse DC - 2014/15 Authority to spend fully funded capital bids

No	Title of bid	Summary	One-off or rolling	CAPITAL SPEND Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	REVENUE CONSEQUENCES Spending profile: 2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Funded from developers contributions received (Section 106 agreements)													
ECONOMY LEISURE AND PROPERTY													
ELPCVF - 1	**Public Art**	Public art at Great Western Park- funded by S106	One-off	128,000	0	0	0	0	0	0	0	0	0
				128,000	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	GRAND TOTAL			**128,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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 **Ratio of financing costs to net revenue stream**	**2014/15 estimate**	**2015/16 estimate**	**2016/17 estimate**	**2017/18 estimate**	**2018/19 estimate**
Non – HRA	(2.4%)	(3.9%)	(4.8%)	(5.8%)	(6.8%)

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 **Incremental impact of capital investment decisions on council tax**	**2014/15 estimate**	**2015/16 estimate**	**2016/17 estimate**	**2017/18 estimate**	**2018/19 estimate**
	£	£	£	£	£
Band D council tax	1.04	0.40	0.13	0.02	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.

Indicator P-1	2014/15 estimate £000	2015/16 estimate £000	2016/17 estimate £000	2017/18 estimate £000	2018/19 estimate £000
Capital financing requirement	(0)	(0)	(0)	(0)	(0)
Average level of investments	23,735	27,984	27,984	27,984	27,984

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 2013/14, 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 2014/15 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.

Indicator C-1	**2014/15** estimate £000	**2015/16** estimate £000	**2016/17** estimate £000	**2017/18** estimate £000	**2018/19** estimate £000
Estimates of capital expenditure	**5,081**	**1,613**	**1,162**	**1,147**	**1,147**

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

Indicator C-2	**2012/13** estimate £000	**2012/13** actual £000
Actual capital expenditure	**2,562**	**1,316**

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.

Indicator C-3	31/3/2014 estimate £000	31/3/2015 estimate £000	31/3/2016 estimate £000	31/3/2017 estimate £000	31/3/2018 estimate £000
Estimate of capital financing requirement					
Non-HRA	0	0	0	0	0
Estimate of movement in year					
Non-HRA	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 2013 is shown below.

Indicator C-4	**31/3/2013 actual £000**
Actual capital financing requirement	
Non-HRA	0
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		**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
3		**£000**	**£000**	**£000**	**£000**	**£000**
4	**Base budget**					
5	Corporate management	438	438	438	438	438
6	Corporate strategy	4,759	4,759	4,759	4,759	4,759
7	Economy, leisure and property	1,343	1,343	1,343	1,343	1,343
8	Finance	1,977	1,977	1,977	1,977	1,977
9	Housing and health	1,317	1,317	1,317	1,317	1,317
10	HR, IT, customer	1,740	1,740	1,740	1,740	1,740
11	Legal and democratic	940	940	940	940	940
12	Planning	664	664	664	664	664
13	Managed vacancy factor	(156)	(156)	(156)	(156)	(156)
14	Contingency	202	202	202	202	202
15	**Total base budget**	**13,224**	**13,224**	**13,224**	**13,224**	**13,224**
16	**Revisions to base budget**					
17	Opening budget adjustments	(270)	(316)	(290)	(221)	(304)
18	Operational reorganisations	37	37	37	37	37
19	Inflation, salary increments and adjustments	303	671	1,046	1,429	1,820
20	Essential growth - one-off	525	309	0	0	0
21	Essential growth - ongoing	404	418	432	445	459
22	Base budget savings	(2,052)	(1,818)	(1,818)	(1,818)	(1,818)
23	Office accommodation savings	(228)	(362)	(362)	(362)	(362)
24	Movement in managed vacancy factor	(2)	(2)	(2)	(2)	(2)
25	Additional revenue contingency	216	216	216	216	216
26	**Total revised base budget**	**12,157**	**12,377**	**12,482**	**12,948**	**13,269**
27	**Growth, savings and other budget adjustments**					
29	Growth ***proposals***					
30	Revenue - one-off	848	424	334	0	0
31	Revenue - ongoing	214	203	223	223	223
32	Capital (revenue consequences of)	(7)	(4)	(34)	(34)	(34)
33	Other budget adjustments	0	100	200	300	400
35	**Net cost of services**	**13,212**	**13,100**	**13,205**	**13,437**	**13,858**
36	Net property income	(1,091)	(1,091)	(1,091)	(1,091)	(1,091)
37	Gross treasury income	(356)	(560)	(630)	(700)	(700)
38	**Net expenditure**	**11,766**	**11,449**	**11,484**	**11,646**	**12,067**
39	New Homes Bonus	(2,087)	(2,835)	(3,880)	(4,513)	(4,985)
40	CT freeze grant 2014/15 tranche	(54)	(54)	0	0	0
41	Transfers to / (from) earmarked reserves	2,007	2,735	2,532	1,844	1,800
42	**Amount to be financed**	**11,631**	**11,295**	**10,137**	**8,977**	**8,882**
43	**Financing**					
44	Revenue support grant	(2,427)	(1,670)	(1,243)	(853)	(497)
45	Business rates retention scheme	(2,111)	(2,169)	(2,212)	(2,257)	(2,302)
46	**Total settlement funding allocation**	**(4,538)**	**(3,839)**	**(3,455)**	**(3,110)**	**(2,799)**
47	Less - Parish share of council tax support grant	161	120	80	40	0
48	+ / - estimated NNDR over/under collection	158	163	166	169	173
49	Collection fund (surplus)/deficit	(238)	(200)	(200)	(200)	(200)
50	**Council tax requirement before use of reserves**	**7,175**	**7,539**	**6,728**	**5,877**	**6,056**
51	Use of general fund balance	(1,732)	(2,038)	(1,034)	16	42
52	**Council tax requirement after use of reserves**	**5,442**	**5,501**	**5,694**	**5,893**	**6,098**
53	Tax base	46,640.5	47,140.5	47,840.5	48,540.5	49,240.5
54	Band D Council tax (£)	116.69	116.69	119.02	121.40	123.83
55	Council tax increase from previous year	0.0%	0.0%	2.0%	2.0%	2.0%
57	**Reserves at year end**					
59	General fund balance	(4,220)	(2,182)	(1,148)	(1,165)	(1,207)
60	Earmarked revenue reserves	(5,340)	(8,075)	(10,607)	(12,451)	(14,251)

Earmarked revenue reserves **APPENDIX F.2**

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**	Budgeted Contrib to funds £	Budgeted Use of Funds £	**Budgeted Balance 31.3.19 £'000**
Building Regulations Trading	(69,000)			(69,000)			(69,000)			(69,000)			(69,000)			(69,000)			(69,000)
Community Grants Awards	(28,000)			(28,000)			(28,000)			(28,000)			(28,000)			(28,000)			(28,000)
Election Equalisation reserve	(40,000)	(40,000)		(80,000)	(40,000)	20,000	(100,000)		100,000	0	(40,000)		(40,000)	(40,000)		(80,000)	(40,000)		(120,000)
Local Development Framework	(308,000)	(45,000)	200,000	(153,000)			(153,000)			(153,000)			(153,000)			(153,000)			(153,000)
Rent Deposit Guarantee Scheme	(12,000)			(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)			(10,000)
Insurance excess reserve	(49,000)	(20,000)	20,000	(49,000)			(49,000)			(49,000)			(49,000)			(49,000)			(49,000)
Cabinet Grant Fund	(50,000)			(50,000)			(50,000)			(50,000)			(50,000)			(50,000)			(50,000)
Besselsleigh Wood management	(1,000)			(1,000)			(1,000)			(1,000)			(1,000)			(1,000)			(1,000)
Total Earmarked Reserves	**(567,000)**	**(105,000)**	**220,000**	**(452,000)**	**(40,000)**	**20,000**	**(472,000)**	**0**	**100,000**	**(372,000)**	**(40,000)**	**0**	**(412,000)**	**(40,000)**	**0**	**(452,000)**	**(40,000)**	**0**	**(492,000)**
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 £**	Budgeted Contrib to funds £'000	Budgeted Use of Funds £	**Balance 31.3.19 £**
Performance reward grant - revenue	(157,677)			(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)	(1,954,207)	100,000	(4,421,441)	(2,673,832)		(7,095,273)	(3,660,772)	1,387,623	(9,368,422)	(4,207,356)	2,708,786	(10,866,992)	(4,661,177)	3,225,179	(12,302,990)
Affordable Homes element	(68,320)	(87,640)		(155,960)	(132,720)		(288,680)	(161,420)		(450,100)	(218,820)		(668,920)	(305,620)		(974,540)	(324,100)		(1,298,640)
Total external contributions	**(1,606,917)**	**(1,373,954)**	**100,000**	**(2,880,871)**	**(2,086,927)**	**100,000**	**(4,867,798)**	**(2,835,252)**	**0**	**(7,703,050)**	**(3,879,592)**	**1,387,623**	**(10,195,019)**	**(4,512,976)**	**2,708,786**	**(11,999,209)**	**(4,985,277)**	**3,225,179**	**(13,759,307)**
Contributions to/usage of	**(2,173,918)**	**(1,478,954)**	**320,000**	**(3,332,872)**	**(2,126,927)**	**120,000**	**(5,339,799)**	**(2,835,252)**	**100,000**	**(8,075,051)**	**(3,919,592)**	**1,387,623**	**(10,607,020)**	**(4,552,976)**	**2,708,786**	**(12,451,210)**	**(5,025,277)**	**3,225,179**	**(14,251,308)**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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