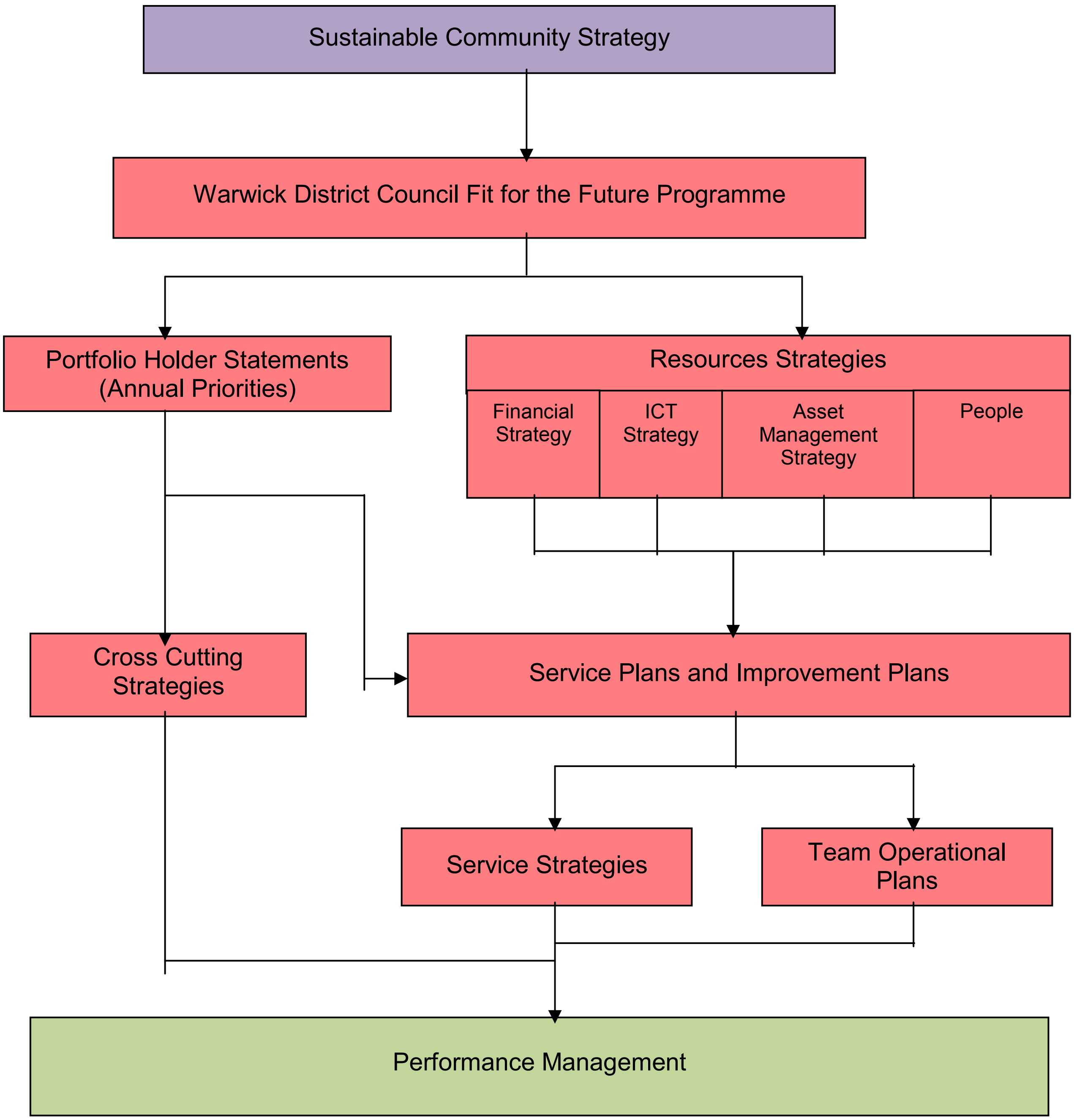
Financial Strategy 2013/14-2017/18

1. INTRODUCTION

1.1 The Council has a number of strategies setting the framework to ensure that its overall aims and objectives are achieved. It will be helpful to set the Financial Strategy into context by outlining the overall framework:



1.2 These Plans and Strategies are inevitably linked and dependent one upon the other. The Finance Strategy looks at the major funding issues for the Council over the medium term - it examines the pressures that the Council faces in terms of the commitments it has, the aspirations to provide and develop services, and the reasonable expectation of the income that it will be able to derive in the same period. The Strategy underpins the Council's Fit for the Future Programme which was adopted in March 2010. The programme is targeted to deliver the following 3 benefits-Customer, Financial and Leadership and Organisational. As well as achieving these financial savings, this Strategy will also support delivery of the projects within the programme.

2. BACKGROUND

2.1 Economy

2.1.1. Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 in unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high. The question remains as to how much damage a Greek exit would do and whether contagion would spread to cause Portugal and Ireland to also leave the Euro, though the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of the Chinese economy that indicate it may be heading for a hard landing rather than a gradual slow down.

2.1.2 UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, now look as if they will fail to achieve their objectives within the original planned timeframe. Achieving this target is dependent on the UK economy growing at a reasonable pace but recession in the Eurozone, our biggest trading partner, has depressed growth whilst tax receipts have not kept pace with additional welfare benefit payments. It will be important for the Government to retain investor confidence in UK gilts so there is little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector has rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had the time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England

Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years. Moody's has stated that it will review the UK's AAA rating at the start of 2013.

2.1.3 The Council's advisers, Sector Treasury Services provide interest rate forecasts. Their latest view on the Bank Rate is shown below and has been used to formulate the investment interest estimates used in the Financial Strategy.

Quarter	Bank Rate
Dec 2012	0.50%
Mar 2013	0.50%
Jun 2013	0.50%
Sep 2013	0.50%
Dec 2013	0.50%
Mar 2014	0.50%
Jun 2014	0.50%
Sep 2014	0.50%
Dec 2014	0.50%
Mar 2015	0.75%
Jun 2015	1.00%
Sep 2015	1.25%
Dec 2015	1.50%
Mar 2016	1.75%

2.1.4 The Monetary Policy Committee (MPC) utilises Bank Rate as one of its tools to control inflation in the economy and meet its target rate of 2% Consumer Prices Inflation (CPI) . Growth prospects for the UK economy are expected to be weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until the first quarter of 2015. Hopes for an export led recovery appear likely to be disappointed due to the difficulties currently being experienced in the Eurozone and US fiscal tightening.

2.1.5 Economic forecasting remains difficult with so many external influences weighing on the UK. The consensus seems to be that the economy remains relatively fragile and the key areas of uncertainty include:-

- the potential for the Eurozone to withdraw support for Greece at some point if the costs of such support escalate were to become prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

In addition, the focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies. Given the weak outlook for economic growth, our Treasury Consultants see the prospects for any interest rate changes before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

2.1.6 Both Capital Economics (a leading Economics House) and UBS take a view that Bank Rate will remain at 0.50% until at least December 2014 thus lending support to Sectors view

2.2 A 'Prudential Framework' for borrowing was introduced from 2004/05. Local authorities no longer have to obtain Government approval before borrowing. Control is by prudential limits based on the authority's revenue resources. The Council can borrow if it can afford the revenue consequences.

2.4 The Government's grant settlement continues to be a major component of the Council's finances. 2006/07 saw major changes in the grant distribution methodology, with the introduction of what is known as a four-block model. The blocks being, with 2013/14 figures shown: -

Relative Needs Amount	£3,063m
Relative Resource Amount	-£3,203m
Central Allocation	£6,143m
Floor Damping	£465m
Total Formula Grant	£6,468m
Supplemented by the following –	
Council Tax Freeze grant (4 year period from 2011-12)	£0.196m
Council Tax Support Grant *	£0.808m
Homlessness	£0.067m
Total Funding	£7.538m

*£105,000 of the monies received in respect of the Council Tax Support Grant being paid over to support Local Preceptors as the introduction of Item Z into the Tax Base have reduced the amount of income that can be precepted locally without passing the burden of this onto their local Tax Payers.

2.5 Local authorities had been expecting substantial reductions in grant, as confirmed in the 2010 Comprehensive Spending Review (CSR) announced in October 2010. This did suggest that cuts of around 28% could be expected over the next 4 years. The Strategy has been updated in line with the provisional 2013/14 and 2014/15 Government Settlement Figures announced in December 2012. Alongside this there will be additional reductions in Public Sector funding already announced by the Chancellor in his Autumn Statement, 2012. Details of the Government's latest Comprehensive Spending Review proposals are anticipated in June/July 2013 The above figures present a reduction 7.4% for 2013/14 (excluding the one-year Council Tax Freeze Grant). The Council's forecasts assume further reductions of

2014/15	2015/16	2016/17	2017/18
-13.30%	-10.00%	-9.00%	-8.00%

2.6 In 2013-14, the Government introduced the Business Rate Retention Scheme. Under the Business Rates Retention scheme, any Business Rate income is allocated on the following basis, using the Baseline figures:-

	£m Baseline	**£m NNDR1**		
Business Rates Collected	62.597	63.344		
Paid to Central Government	31.299	31.672	50%	of total
= Retained locally	31.299	31.672		
Paid to WCC	6.260	6.334	20%	of retained locally
= BRR after reallocation to WCC	25.039	25.338		
Tariff to Central Government	22.028	22.028	88%	of balance after WCC
= Baseline Retained by WDC	**3.011**	**3.011**		
Income above Baseline	0.000	0.299		
Levy on additional BRR to Central Government		0.149	50%	of income above baseline
Additional funding retained locally		**0.149**	50%	of income above baseline

If Business Rates Income is in line with the Baseline the Council will retain £3.011m. As Business Rates income varies to the Baseline, the Council will retain more or less income, working out at the Council retaining 20% of any increased revenues. Conversely, if there is any reduction in the new business rate receipts, the Council will bear 20% of this cost. There is a Safety Net whereby the Council will not be able to receive less than £2.785m, this being within 7.5% of the Baseline retained income figure.

In future years the Baseline will be increased by inflation (as will the Business Rate Multiplier). The figures are not due to be reviewed until 2020 when there is due to be a "reset" of the system. This delay in the "reset" is intended to create certainty for authorities, and to provide an incentive to encourage the local economy, and thereby business rate growth.

The Council has entered into a "pooling" arrangement with the other Warwickshire Councils and Coventry City Council. Under this arrangement the amounts due to be paid to Central Government under the Levy should greatly reduce, meaning more income will be retained locally. Whilst there are risks attached to pooling, especially if income should substantially decline, however, based on the NNDR1 figures, the Council's past history of slow but steady business rate growth and the new assessments expected in the forthcoming months, these risks are thought to be minimal. The pooling arrangements will continue to be reviewed at least annually.

The Council also receives by way of Revenue Support Grant and Business Rates, New Homes Bonus (NHB) for 2013/14 this is £1.009m. A proportion of this is allocated to the W2 Housing Joint Venture. NHB is funded on a 6 year rolling time limited basis. The Council does not rely upon in it for future years, and does not intend used it to support recurring expenditure on core service provision.

2.7 In total, the Council has a 2013/14 Council Tax at Band D of £1,497, which is just above the average for the Country at £1,483 for shire district areas. However, the District element (including parish precepts) is £168 compared to a national average of £196, and an average for the five Warwickshire Districts of £198. In fact, Warwick has the lowest tax for any of the Warwickshire districts, the highest being North Warwickshire at £250. Every £1 on the Council Tax raises £48,530. If Warwick were levying at the average rate of tax for a district, the Council's additional income would be around £1.5m each year.

2.8 In regard to the HRA, the Council was previously in a 'negative subsidy' situation whereby annual contributions of up to £8.4 million have had to be made in the past, from the HRA to the National Housing Rent Pool. From 2012/13 the old Housing Subsidy regime has been replaced by the new Housing Self Financing System. For this to be implemented the Council has had to make a one-off 'buy out' payment of £136.2m to the Government. This debt will be serviced from HRA funds and any surplus revenue from income will be retained by the HRA to spend on maintaining and developing its own housing stock rather than, as previously, having it redistributed to support council housing in other parts of the country.

2.9 In April 2012, the Council introduced a new "Budget Review" process for it's Budget Management. Amending budgets as changes were identified, rather than reporting upon variations and updating it's current year's budgets once at part of the following year's budget setting process. This will continue to be reviewed during 2013/14.

3. CORPORATE STRATEGY AND FIT FOR THE FUTURE PROGRAMME

3.1 The Council's Organisational Purpose being:

"**Warwick District: a great place to live, work and visit".**

3.2 During 2010, the Council adopted its Fit For the Future programme as its Corporate Strategy to provide an organisation framework to progress these objectives. As well as focusing on delivering quality services that its customers need, the programme has set challenging savings targets to be delivered. Achieving such, will assist the Council in delivering it's services in the future in light of uncertainty surrounding the economic climate, and future reductions in Central Government Support.

This programme needs to stay up to date and relevant in providing the strategic framework for the Council to meet the challenges it faces. At present, the Coalition Government is proposing or introducing a range of initiatives which are significantly changing the context within which the Council is operating. As these are introduced the projects within the programme will be adjusted to reflect these opportunities and challenges.

These include-

- The Universal Credit is due to start in 2013. This combines a number of existing benefits in to a single credit including housing benefit which is currently administered by the Council.

- Proposed Single State Pension from April 2017 at the earliest indicate potential significant increases in employers' National Insurance Contributions.

- Tax Increment Finance / Accelerated Development Zones : A mechanism to allow local authorities to fund key projects by borrowing against future increases in locally collected business rates.

3.3 As well as these initiatives, other major issues that will affect the Council's finances over this period are:

(i) Monitoring the substantial medium term forecast deficit and this Council's progress in reducing such deficit.
(ii) The impact of pressures to improve environmental sustainability. Alongside this, CO^2 emissions need to be reduced to meet the climate change agenda.
(iii) The national T-Government agenda following on from the e-government agenda to make sure services can be delivered electronically where possible.
(iv) Energy costs continue to rise and are extremely volatile.

(v) Major developments that may occur, such as the Spencers Yard, Chandos Street, Kenilworth Mere, and Waterside.
(vii) Major investment in car parks that will require structural renewal.
(viii) Reducing the council's accommodation requirements and realising savings.
(ix) The potential to work with partners and realising savings by pooling resources.
(x) Capital receipts have reduced considerably and any for the future are extremely uncertain.
(xi) The volatility of many of the Council's income budgets.
(xii) The impact of the recession and the economic downturn.
(xiii) Trees throughout the district need replacing for which funding will need to be sought.
(xiv) Ongoing reviews on how the Council manages and delivers its services.
(xv) Development of the Fit for the Future Programme and the Council's ability to adapt to change.
(xvi) Efficient procurement to deliver quality services at minimum cost.
(xv) Superannuation Fund contributions with proposals for changes to the Local Government Pension Scheme from April 2014 to make some savings for employers in the longer term and ensure the scheme is self financing. However, there are risks that the delayed upturn in the economy will impact upon the value of the pension fund assets. The pension fund is due to a triennial revaluation as at 31 March 2013; the results of this will inform the 2014/15 Budget Setting process.
(xvi) The council commissioned condition surveys on its Corporate Assets. The costs to bring these properties to a reasonable standard are being assessed.

3.4 The Council will plan replacements and renewals, and repair and maintenance in a careful manner concentrating on the sustainability of services as a first priority. In addition the Council needs to continually review its reserves in the light of a very ambitious programme of change, and constant uncertain external pressures on the planning regime.

3.5 The Council continues to promote agile working, and this links to the asset management plan strategy of reducing office space needs.

4. FINANCIAL PRINCIPLES

4.1 The following are the principles (for both the General Fund and the Housing Revenue Account) that underpin the Financial Strategy:

(i) Savings and developments will be based upon corporate priorities as set out in the Corporate Strategy and it's Fit for the Future programme.

(ii) In order to achieve further savings there will be a need to explore all avenues including

- Continuing the work on Lean Systems Interventions to ensure services meet the needs to users, whilst stripping out waste and making savings
- Shared services
- Procurement projects
- Benchmarking costs and understanding differences
- Increasing paying customers where there is spare capacity
- Accessing grants to assist with corporate priorities
- Looking for opportunities to maximize income
- Controlling costs
- Workforce planning

(iii) The Council has ambitions to effectively manage its resources. In setting both it's Council Tax and Housing Rents, the Council takes account of its budget requirement, the support it receives from Central Government, inflation and affordability of it's local tax-payers. The 2013/14 Council Tax has not been increased for 3 years and is still the same as that set for 2010/11. The lost income from waiving such an increase has been matched from Central government Funding, on a one-off basis, such support will not be available in future years.

(iv) The Council's policy for Council house rent increases will be to move towards "rent convergence" in line with the requirements of the Government's rent restructuring scheme. However, the speed of convergence will be considered as part of reviewing the HRA Business Plan annually.

(v) The following reserves will be replenished

* Planning Reserve to around £600,000 for potential appeals and funding for the future likely costs associated with the Local Plan.

*Capital Investment reserve to reach a balance of £3m

* Early retirement reserve, to maintain a day to day cushion

* Services Transformation Reserve which supports the Council during it's change management programme

* Creation of a new "Business Rate Volatility Reserve" to mitigate any adverse impact of the new Business Rate Retention Scheme.

*Creation of an new "Public Amenity Reserve", which now incorporates the Play Equipment Reserve.

* Creation of a new "Sports and Cultural Facilities Reserve" to resource expenditure identified in the Asset Condition Surveys.

(vi) Whilst the Council will aim for Fees and Charges to be increased so that income is at least maintained in real terms, it will be mindful of the reality of the current economic downturn and it's competitors. The Council is committed to making good use of the ability to raise funds through charges and put them to good use for the community.

(vii) The Council still needs to develop its ability to benchmark all services across the Council.

(viii) We take a positive approach to partnership working, realising the following benefits: -

a) Levering in additional external funding.
b) Ensuring improved use of sites, whether or not in the ownership of the Council.
c) Ensuring the future sustainability of projects.
d) Sharing/Reducing costs
e) Strengthening the Resilience of the Service

(ix) The Financial Strategy takes account of all revenue effects of the capital programme to ensure that the decisions taken are sustainable into the future.

(x) Any unplanned windfalls of income, whether service specific or more general, will be reported to the Executive who will prioritise how such income is used as part of setting future balanced budgets and meeting the Council's priorities.

(xi) The community will be consulted on the Council's spending plans through different mechanisms.

5. PROCESS & MONITORING

Preparing budgets

5.1 The budget process is carried out in tandem with the service area planning process and Fit for the Future Programme and focuses on reductions in budgets and efficiencies.

5.2 CMT, supported by SMT, carry out an initial evaluation of all the proposals in the service plans, both capital and revenue and assess them for their contribution to key targets and the extent of impact on services. Portfolio holders and the Member Budget Working Party review these and they form the basis of their proposals in the budget process.

5.3 When the budget is approved by Council the capital schemes are still subject to individual approval on the basis of an evaluation that needs to be agreed by Executive. .

Monitoring budgets

5.4 In April 2012, the Council introduced a new "Budget Review" Process. Budgets are recommended to the Executive for amendments as soon as changes are identified. Accountants work with Service Areas to identify variances and changes, these are reported to the Senior Management Team on a monthly basis. A minimum of quarterly reports are submitted for consideration by the Executive and Scrutiny Committees. The Council continues to review and refine it's current processes, putting tighter controls in place to improve the quality and accuracy of the review process.

Consultation

5.5 The Council has a track record of consulting both partner organisations and the public – this is an important contribution to assisting us to identify options and in learning lessons.

5.6 There is extensive consultation with partners on the Corporate Strategy, and the Sustainable Community Strategy results from a partnership.

5.7 The Council takes a strategic 4 year approach to how budgets are set and service prioritised.

5.8 The Council has a record of consulting where appropriate on the development of individual schemes.

6 ASSUMPTIONS

6.1 The following assumptions will be used in bringing forward proposals on the budget

(i) The 2014/15 provisional grant settlement will not be confirmed until this time next year. Beyond 2014/15 further grant reductions are expected in line with the details received from the Government, most recently from the Chancellor's Autumn Statement. Details of the Government's latest Comprehensive Spending Review proposals are anticipated in June/July 2013 but in the meantime further reductions of 10%, 9% and 8% from 2015/16 to 2017/18

(ii) Interest projections will continue to be based on the rates projected by Sector, our treasury management advisers.
(iii) An assumed rate of 0% general inflation from 2013-14 onwards.

7. HOUSING REVENUE ACCOUNT (HRA)

7.1 Housing Self Financing was implemented on 1st April 2012. A 50 year HRA Business Plan has been developed to ensure sufficient funds will be available to service the £136.2m debt taken out with the PWLB in order to 'buy' the Council out of the existing Housing Subsidy system, provide the necessary funding to maintain the stock at the Decent Homes Standard and also enable the building of approx. 1,400 new homes over the life of the Business Plan.

7.2 With Self Financing, the Council has greater freedom over setting its rents and is not required to follow the Government national rent restructuring guidelines. Consequently, there is nowroom for manoeuvre on the income side of the HRA for dwelling rents, garage rents, Warwick Response charges or rents for the small number of HRA owned shops and commercial properties.

8. REVENUE FORECASTS

8.1 Revenue forecasts will be drawn up in line with this strategy, and the strategy itself will be reviewed every year when the budget is set. The current forecasts are set out in the Budget Report, which show savings required as follows in order to freeze the Council Tax increase for 2013/14 and keep Council Tax increases to 2.5% per year for subsequent years(before the use of any one-off reserves or balances)

	Additional savings(-) required in year £'000's	**On-going Savings (-) required (£'000's)**
2014/15	126	126
2015/16	-850	-724
2016/17	-227	-951
2017/18	-389	-1,340

These are indicative based on current assumptions, and assumes that £845,000 of savings from Fit for the Future Projects are achieved in 2013/14 that have not already been identified within it's specific budgets.

9. ASSET RESOURCE BACKGROUND

9.1 Set out below is a summary of the Council's assets and its existing plans to use its resources to invest for the future.

9.2 The Council's assets as shown in the balance sheet as at 31st March 2012 are summarised below: -

	No	Value £'000
Operational Assets		
HRA property	7,698	229,997
General Fund		
Land and Buildings	112	47,642
Community Assets	-	6,622
Vehicles, Plant, Furniture and Equipment	-	2,669
Infrastructure	-	906
Heritage Assets	-	8,719
GF Non Operational Assets		
Surplus Assets/Work In Progress	6	344
Total	**7,816**	**296,899**
Investment Properties	**142**	**9.2**

9.3 A summary of the proposed capital programme for the period to March 2017 is given below. This programme gives an indication of the level of the Council's available capital resources that are to be devoted to capital expenditure during this period.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Strategic Leadership	9	26	105	35	0
Corporate & Community Services	126	507	39	39	39
Culture Portfolio	295	445	90	0	0
Finance Portfolio	271	150	150	150	150
Neighbourhood Portfolio	365	331	180	300	210
Environment & Community Protection Portfolio	410	1,722	0	0	0
Development Portfolio	835	1,385	50	50	50
Housing Investment	8,904	14,692	11,637	6,593	6,743

Programme					
TOTAL	11,215	19,258	12,251	7,167	7,192
ESTIMATED RESOURCES	48,687	50,698	43,143	45,456	54,123

10. CAPITAL PRIORITIES

10.1 The main focus of the programme is:

- Realising local aspirations as expressed within the Corporate Strategy (which incorporates the Community Plan and the Council's Resource Strategies);

- Maintaining, and where possible enhancing, the condition of the Council's existing assets so as to reduce future maintenance liabilities and to encourage their effective use. Where appropriate this will include working in partnership with others such as the County Council on the customer Access Project.

- Supporting capital schemes that provide revenue savings to the Council, in particular supporting investment in Information and Communication Technology so as to modernise activities and release resources for other purposes.

- Achieving regeneration and economic vitality in our main population centres.

10.2 Key particular projects that link to the corporate strategy are: -

- Enabling developments across the district that improve the environment such as the Kenilworth Town Centre scheme, the development of Chandos Street in Leamington, and the improvement of Leamington Old Town.

- To achieve the Government's "decent homes" standard and maintain it thereafter.

- To increase the number of affordable houses in the district.

Improvements to Oakley Wood Crematorium.

11. FINANCING THE CAPITAL STRATEGY

11.1 The Capital Strategy needs to have regard to the financial resources available to fund it. The main sources of funding are detailed below: -

- Capital Receipts – primarily resulting from the sale of the Council's assets. This income is lumpy and limited, although there are still schemes being considered that could realise further capital receipts. In the case of housing right-to buy receipts changes to the scheme, particularly an increase in the discount available to prospective purchasers has led to an increase in sales (11) in 2012/13 when compared to previous years. However, when projecting forward the resources available for funding the Housing Investment Programme it is felt prudent to allow for 7 sales per year.

- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements and in the future, from the Community Infrastructure Levy as well) and grants towards specific schemes.
- Use of Council's own resources – either by revenue contributions to capital, or use of earmarked reserves.
- Borrowing – the Council now has more freedoms to borrow under the Prudential System provided it can demonstrate that it has the resource to service the debt.

12. REVIEW

12.1 This strategy will be subject to annual review to ensure that changes are included and that development issues have been implemented. It has been reviewed in the light of the Fit for the Future programme.

13. RISKS

13.1 Previous years have demonstrated that the Council needs to consider the risk in managing setting and managing its budgets.

13.2 The key risks that could arise and ways in which they should be managed are set out in the main report and associated appendix.