

 Executive & Council, 12th February and 26th February 2014 respectively		Agenda Item No. 5
Title	BUDGET 2014/15 AND COUNCIL TAX – REVENUE AND CAPITAL	
For further information about this report please contact	Mike Snow (Tel: 01926 456800)	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Report to Executive 11 th December , 2013: Approval of General Fund Base Budgets 2014/15 Report to Executive 9 th October, 2013: Proposed Fees and Charges for 2014/15	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	17/1/14	Chris Elliott
Head of Service	17/1/14	Mike Snow
CMT	17/1/14	
Section 151 Officer	17/1/14	Mike Snow
Monitoring Officer	17/1/14	Andrew Jones
Finance	17/1/14	
Portfolio Holder(s)	17/1/14	Andrew Mobbs
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report updates members on the overall financial position of the Council. It includes the latest position in respect of the 2013/14 General Fund Revenue Budget and the future implications of the proposed changes within. For 2014/15 onwards, the report considers both the General Fund Revenue budget and the Capital Programme. The information contained within this report supports the recommendations to Council in respect of setting next year's budgets and this Council's level of Council Tax for 2014/15. It updates members on the latest projections and assumptions in the Medium Term Financial Strategy, identifying the on-going savings required by 2018/19. The report also updates members on the Council's Reserves and General Fund.

2. **RECOMMENDATIONS**

That the Council agree:-

- 2.1 The 2013/14 latest General Fund Revenue Estimate of net expenditure, including the proposed adjustments in section 3.2, at £16.4m, after the projected £661,000 surplus has been appropriated (recommendation 2.3), as summarised in Appendix 1.
- 2.2 To slip the £40,000 previously agreed to improve the open space in the vicinity of the old gasworks/fire station site in Warwick from 2013/14 to 2014/15 by way of the Earmarked Reserve (para 3.2.2).
- 2.3 To approve the 2013/14 projected surplus of £661,000 is allocated, as discussed in paragraph 3.2.4) to:-
- Early Retirement Reserve £200,000
 - Equipment Renewal Reserve £200,000
 - Corporate Assets Reserve £261,000 (subject to recommendation 2.4)
- 2.4 That a new Corporate Assets Reserve be established and that the Sports & Culture Facility Reserve be closed and its balance of £300,000 be transferred to this new Reserve (para 3.8.4).
- 2.5 That should there be further requests for funding for 2013/14 or 2014/15 which have not been accommodated within this report, either within other reports on this Agenda, or before the financial year end which are not significant in terms of the Council's overall Budget, the funding for these will need to be addressed as part of the Final Accounts report in June (para 3.2.5).
- 2.6 The changes to the latest 2014/15 General Fund revenue budgets (as previously agreed by the Executive on 11th December 2013) below and as discussed in paragraph 3.3 with net expenditure of £16.0m after the appropriations in recommendation 2.6 below, as summarised in Appendix 1:-
- a) The creation of £200,000 Contingency Budget for 2014/15 (para 3.3.2).
 - b) The two Senior Project Co-Ordinator Posts being extended to March 2016, subject to the agreement of the Employment Committee, and the additional non-recurrent costs £79,000 be built into the 2014/15 budget

and £103,400 being factored into the Medium Term Financial Strategy for 2015/16 (para 3.3.3).

- c) The extension to the 2 Organisational Development Posts for a further 2 years to 31 March 2016, subject to the agreement of the Employment committee, being financed from the earmarking of £19,000 salary underspend in 2013/14 and re-phasing of Service Transformation Reserve contributions (Paragraph 3.3.4).
- d) £10,000 Health and Well Being Budget being built into the 2014/15 Budget on a recurrent basis (Paragraph 3.3.5).
- e) The new Private Sector Housing fees and charges, including Houses in Multiple Occupation, applicable from 1 April 2014 as set out in Appendix 3, and associated income budget of £75,000 (para 3.3.6).
- f) £75,000 one-off budget being included for costs associated with complying with Payment Card Industry Data Security Standards (PCI DSS) (para 3.3.7).
- g) £50,000 one-off budget to support Employment Initiatives (para 3.3.8), with consideration of this within a forthcoming report on the prosperity agenda.
- h) £30,000 (part year) effect of the introduction of the National Living Wage from October 2014, with full £60,000 per year being factored into the Medium Term Financial Strategy thereafter, subject to the agreement of the Employment Committee (para 3.3.9).
- i) £15,000 one off funding to Coventry and Warwickshire Local Enterprise Partnership (paragraph 3.3.10).
- j) £10,500 to increase Community Forum Grant funding (£1,500 per Forum) in view of potential requests for funding in respect of World War One commemorations (paragraph 3.3.11).

2.6 To approve that the Council's share of the Collection Fund Surplus for 2013/14, £142,000, is utilised as part of General Fund 2014/15 financing (paragraph 3.3.12).

2.7 To note the Grant Settlement for 2014/15 in section 3.4 and agree that should there be a non-material change to the final grant settlement for 2014/15 when the announcement is made, this would be accommodated within the Contingency Budget in 2014/15 (paragraph 3.4.1).

2.8 The Council Tax of a Band D property for Warwick District Council for 2014/15 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed by Council at £146.86, representing a zero increase on 2013/14 (paragraph 3.5.4).

2.9 Subject to approval of the above recommendations, the Council Tax charges for Warwick District Council for 2014/15 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows (paragraph 3.5.5):-

Band	2014/15
A	£97.91
B	£114.22
C	£130.54
D	£146.86
E	£179.50
F	£212.13
G	£244.77
H	£293.72

- 2.10 That the Council approve the 2014/15 projected surplus of £238,500 is allocated to the Corporate Assets Reserve (para 3.5.10).
- 2.11 The Statement of New Homes Bonus Use within Appendix 11 and note the New Homes Bonus allocation due for 2014/15 of £1,221,765 (Provisional), of which £59,000 will be allocated to the W2 (Waterloo/Warwick District Council) Joint Venture and £24,000 to Coventry and Warwickshire City Deal, and agrees that the balance of £1,139,000 is appropriated as follows (paragraph 3.6):
- Corporate Assets Reserve £539,000
 - Public Amenities Reserve £300,000
 - Planning Reserve £300,000
- 2.12 The changes to the financial projections (paragraph 3.7) and note the significant future forecast deficit, currently estimated to rise to over £1.04m by 2018/19 on net expenditure of £16m and that further on-going savings/increased income of this amount must be secured in order for the authority to be able to set balanced budgets in the future without impacting on the range and quality of services provided (Paragraph 3.7.7).
- 2.13 The latest schedule in respect of the Equipment Renewal Reserve (£4.180 million required by 2026/27) and that this Reserve, estimated to have an unallocated balance of £1.458m as at the 1st April 2014, (prior to the allocation in recommendation in 3.2) will be exhausted during 2017/18 should all the indicated projected requests be fully funded (paragraph 3.8.3.xi).
- 2.14 That a new Biodiversity Contributions Reserve be established with authority to spend from this reserve delegated to the Head of Neighbourhood Services in agreement with the Head of Finance (paragraph 3.8.5).
- 2.15 That the General Fund Capital Programme and the Housing Investment Programme, together with their financing, as set out in Section 3.9 and Appendix 8, are agreed by Council.
- 2.16 That the Fen End highways improvements scheme, funded by way of Government Grant of £559,000 is included within the Capital Programme (paragraph 3.9.3).
- 2.17 That the loan to Warwick Town Council is extended so as to be repaid by 30 September 2014 (paragraph 3.9.3).
- 2.18 That the Prudential indicators (paragraph 3.10 refers) as shown within Appendix 10 in paragraphs 2.2, 3.1, 4.1, 5.2, 6.2, 7.2, 8.2 and the annual adoption of the Code of Practice, as shown at paragraph 9.1 of Appendix 10 are approved and endorsed by the full Council.

- 2.19 That if there is any future mismatch between the proposed General Fund budgets and subsidiary strategies and action plans, officers would bring forward proposals for managing service provision within the agreed budgets.
- 2.20 To note the risks that may impact upon the Council's financial position and the mitigations and controls in place to manage these risks (Section 6).
- 2.21 That the Executive agrees the updated Financial Strategy as set out in Appendix 12.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Council is required to set a budget and council tax each year taking into account the many factors that are considered within this report. In particular:-
- The revenue and capital budget are being considered together.
 - The Council is required to determine an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators (Appendix 10 refers) in accordance with the CIPFA Code for Capital Finance in Local Authorities.
 - The Chief Financial Officer is required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement is made at Appendix 2).
 - By considering the 5 Year Medium Term Financial Strategy at the same time as the latest and next year's Budget, the Council has a full understanding their implications on the long term implications.

3.2 2013/14 Revenue Budget

- 3.2.1 The latest Estimates for 2013/14 were reported to the Executive in December 2013 with net expenditure of £15.9m and a surplus of £371,000 (after appropriating £300k to Planning Reserve). Further changes are now proposed presenting a further reduction in budgets for the year of £139,000 and, in addition, the phasing of the Small Business Grants has brought forward £150,000 from 2014/15 to 2013/14 so increasing the net overall surplus to £661,000 to be appropriated. The budget changes of £139,000 mostly relate to the Inflation Provision and Contingency Budget for the current year unlikely to be utilised.
- 3.2.2 The Executive has already agreed to transfer Council land to Waterloo Housing Group thereby enabling the delivery of affordable housing on the old gasworks/fire station site in Warwick. In tandem with this agreement it had also decided to make £40,000 available to improve the Open Space in the immediate vicinity. This was slipped from the 2012/13 by way of an Earmarked Reserve. Unfortunately there have been further delays in the site preparation process and so the budget has not been spent. Permission is therefore sought to slip this budget a further year to 14/15.
- 3.2.3 In the past couple of years the Council has contributed £10,000 to match a contribution from Public Health for the 'Healthy Warwick' joint fund. This has been approved by members to be taken from the Contingency budget. A sum of £10,000 has been approved by the Head of Finance to be financed from the 2013/14 Contingency Budget. Other contributions from the South Warwickshire

Clinical Commissioning Group will make the 'pot' up to £30,000. Funding for 2014/15 onwards is discussed below in paragraph 3.3.5.

3.2.4 After making the above changes, there will be a projected surplus for 2013/14 of £661,000. This is proposed to be appropriated as follows, and is discussed further within section 3.8.2 (General Fund Earmarked Reserves):-

- Early Retirement Reserve £200,000
- Equipment Renewal Reserve £200,000
- Corporate Assets Reserve £261,000

3.2.5 Should there be further requests for funding for 2013/14 2014/15 which have not been accommodated within this report, either within other reports on this Agenda, or before the financial year end which are not significant in terms of the Council's overall Budget, the funding for these will need to be addressed as part of the Final Accounts report in June. Changes agreed as part of this agenda should be included within the final Budget figures agreed by Council in February 2014.

3.3 2014/15 Revenue Budget

3.3.1 Since Members agreed the 2014/15 Base Budgets in December, further changes have been identified. Inclusion in next year's Budgets at this point ensures the Budget and Financial Projections will contain the most realistic figures as at the beginning of April 2014. These changes are:-

3.3.2 £200,000 Contingency Budget created for unforeseen unavoidable costs arising during 2014/15.

3.3.3 The extension of the two time Senior Project Co-Ordinator Officer Posts to March 2016, subject to the agreement of the Employment Committee. The additional costs of £79,000 have been allowed for in the 2014/15 Budget and the full year non-recurrent cost of £103,400 being factored into the following year. The projects being managed by these officers include the Office relocation, Clarendon Arcade and Station approach, for which their input will required beyond the current contract periods.

3.3.4 Slippage of £62,400 Service Transformation Reserve funding for the 2 year fixed term Organisational Development officers into 2015/16 to enable these posts to be extended for a 2 year period, subject to the agreement of the Employment Committee. The saving of £19,000 in 2013/14 arising from a part year vacancy and secondment and maternity leave savings be earmarked for the financing of these post extensions. Additional non-recurrent costs, net of further vacancy and maternity leave savings in future years, totalling £22,000 being built into 2016/17.

3.3.5 £10,000 - Health and Well Being Budget being built into the 2014/15 Budget on a recurrent basis. This Council's contributions have previously been funded from the Contingency Budget (Recommendation 3.2.3. above). Continuing to support this on an ongoing basis will secure match funding from the South Warwickshire Clinical Commissioning Group and Public health to a total of £30,000 for the District.

3.3.6 Private Sector Housing Fees and Charges and income budget increased by £75,000. New fees are proposed to be introduced from 1st April 2014. New charges are proposed for the following:-

- Mobile Home Park Homes licences and annual inspections in line with the new legislation from 1st April 2014.
- Immigration inspections. This particularly affects visitors from India, Pakistan and Bangladesh where their immigration rules require evidence of where the individuals or families will live and that the property will not be overcrowded and in reasonable condition.
- Housing Act 2004 Service of Notices. There are powers to charge a landlord for the service of Statutory Notices, charged at an hourly rate.
- Home Improvement Agency fees for the administration of grant applications.

Alongside this the Council has also reviewed its Housing in Multiple Occupation Licensing Fees (HMO)'s. These had not been increased since 2009 and have been revised to recover the full costs incurred. A detailed analysis is shown at Appendix 3.

3.3.7. The Council needs to comply with Payment Card Industry Data Security Standards (PCI DSS). This will ensure a secure environment when customers make credit card transactions through the Council's website. There is a non-recurrent cost to implement this which should not exceed £75,000, and potentially should be significantly lower.

3.3.8. £50,000 is to be set aside to support Employment Initiatives. The use of this will be subject to further consideration as part of a forthcoming report on the Prosperity Agenda. This will include consideration of funding expected from Warwickshire County Council to develop Brunswick Job Club. It will be necessary to consider any City Deal or Local Enterprise Agency workings so as to ensure there is no duplication in the services being provided.

3.3.9. The National Living Wage is proposed to be introduced from October 2016, with full £60,000 per year being factored into the Medium Term Financial Strategy thereafter. Details of this were reported to the Employment Committee in January of this year, with its implementation to be subject to the consideration of a further Employment Committee report in April. If this is agreed, in future it will then be for members to agree annually whether to follow future increases in the National Living Wage in subsequent years, depending on affordability and other relevant factors.

3.3.10 The Coventry and Warwickshire Local Enterprise Partnership is seeking funding from the Government of £500,000, against similar match funding being raised locally. The districts and borough councils have been requested to provide £15,000 each, with this figure now being included in the Council's proposed Budget for 2014/15.

3.3.11 £10,500 to increase Community Forum Grant funding (£1,500 per Forum) in view of potential requests for funding in respect of World War One commemorations.

3.3.12 In accordance with the relevant regulations, the Collection Fund Balance has been projected. This shows a Council Tax surplus balance as at 31st March 2014 of £1,258,219. This surplus balance will be shared with Warwickshire

County Council, Warwickshire Police and Crime Commissioner and the District Council. This Council's share will be £142,000 which has been allowed for within the 2014/15 General Fund proposed budget.

3.4 Government Grant

3.4.1 Details of the provisional Grant Settlement for 2014/15 and 2015/16 were announced on 18 December 2013. The final settlement is expected at the start of February 2014. Should there be an insignificant difference in the grant figures in the final settlement to the provisional settlement, it is proposed that this is accommodated within the 2014/15 Contingency Budget.

3.4.2 The 2014/15 provisional finance settlement was the second year in which the Business Rates Retention (BRR) scheme is now the principal form of local government funding. As in 2013/14, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

The 2% cap on the Business Rate Multiplier has been applied for 2014/15, with a S31 grant of £108m created to compensate authorities for the lost income through the Business Rates Retention scheme.

The New Homes Bonus top-slice has been reduced by £100m for 2014/15 and 2015/16 (this is not new money, but will mean that RSG increases and the New Homes Bonus adjustment grant will fall by the same amount).

The planned £50m top-slice for capitalisation in 2014/15 has been reduced to zero. However, £22m has currently been set aside to fund Efficiency Support Grant and funding for rural areas.

The Minister also stated that from April 2014, funding for the freeze in council tax for 2011/12 and 2013/14 will be provided for in the main local government settlement totals for future years. Council tax freeze grant for the next two years will also be built into the Spending Review baseline. This has been done with the intention of giving maximum possible certainty for councils that the extra funding for freezing council tax will remain available, and there will not be a 'cliff edge' effect from the freeze grant disappearing after 2015/16.

This provides local authorities who have taken council tax freeze grant up to 2013/14 or might take it in 2014/15 and 2015/16 with greater certainty in assessing the risks associated with past and future decisions to accept council tax freeze grant.

The inclusion of grants previously accounted for separately within the main Revenue Support Grant make annual comparisons more difficult. Also, the Grant Settlement does not present the full picture, as other details of funding are announced separately. In addition, it needs to be noted, that the Business Rates Retention scheme and its funding now make up a major part of local authority funding.

3.4.3 Details of the Provisional Grant Settlement for Warwick District Council are set out below:-

	2013/14 £'000's	2014/15 £'000's	2015/16 £'000's
Main Revenue Support Grant	4,865	3,455	3,239
Business Rates Retention	3,182	3,544	3,618
Council Tax Freeze Grants	275	354	433
Total Settlement	8,322	7,353	7,290

At this point, the Budget and Financial Projections assume that this Council will not increase the District Council element of the Council Tax and take the Freeze Grants for both 2014/15 and 2015/16. These grants are also included in the above table.

As yet, the Government has yet to clarify their intentions for settlement beyond this period. During the forthcoming year Officers will closely monitor future announcements, updating members and the Financial Projections accordingly. In the current absence of Government forecasted settlement in years thereafter 2015/16, the Council's Strategy continues to be based upon reductions of around 30% in Revenue Support Grant for 2016/17 and 2017/18.

3.5 2014/15 Council Tax

- 3.5.1 In setting these Budgets, Members need to be aware of the impact on their local Council Tax Payers. 2014/15 is the fourth year that this Council has been able to "freeze" its share of the Council Tax, and receive council tax freeze grant. For 2014/15 the Government is providing a 2 year Grant equivalent to the value a 1% per cent increase would have yielded. This equates to £79,000 per annum, a total of £158,000 over the two years. A further 1% council tax freeze grant has been announced for 2015/16.
- 3.5.2 The 1% tax freeze grant is helping the Council to maintain its funding and services for the period that the grant is paid. However, the minister confirmed that both the 2014/15 and 2015/16 freeze grant amounts will be added to the Spending Review baseline and will therefore be on-going. This is intended to remove a cliff edge in 2016/17 (if council tax freeze grant funding were to be removed. However, this future funding will be part of the future Revenue Support Grant which is still projected to see further significant reductions in future years.
- 3.5.3 If the Council was to propose an increase of above 2% this would require a referendum. Whilst this would have one-off costs relating to its administration, if the electorate agree to an increase above 2%, this would help to protect the Council's funding and services into the future. As at the time of writing this report, there are suggestions that the 2% cap will be reduced to 1.5% for 2014/15. If the 2% council tax increases within the projections for 2016/17 to 2018/19 are limited to 1.5%, this will require additional savings of £117,000 to be secured.

3.5.4 Calculating the district element

The Council's element of the Council Tax is calculated by taking its total budget requirement, subtracting the total External Grant from Central Government in respect of Revenue Support Grant (RSG) and Retained Business Rates and any collection fund balance. This figure is divided by the 2014/15 tax base to derive the District Council Band D Council Tax. The Tax Base for 2014/15 has been calculated at 49,837.88 Band D equivalent dwellings. These figures are shown in Appendix 1. The District element represented 9.8% of the total Council Tax in 2013/14.

- 3.5.5 The recommendations within this report produce a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2014/15 of £146.86, this being the same as for 2013/14. Based on this zero increase the Council Tax levels for each of the respective bands will be:-

Band	2014/15
A	£97.91
B	£114.22
C	£130.54
D	£146.86
E	£179.50
F	£212.13
G	£244.77
H	£293.72

3.5.6 Parishes

Parish and town councils throughout the district have been asked to submit their precepts for 2014/15. At the time of writing, not all precepts have been confirmed. It is estimated that the precepts will total around £1,120,000. This figure excludes the Grants that this Council will be awarding to the Parishes in respect of the Council Tax Support adjustments to the Tax Base (as detailed within the December 2013 Base Budget report). An updated position will be given to the meeting.

3.5.7 Major Precepting Authorities

At the time of writing neither the County Council nor the Police & Crime Commissioner have set their 2014/15 budgets and element of the Council Tax. The meeting of the County Council is scheduled for the 6th February 2014 and the Police & Crime Commissioner is due to meet on the morning of 7th February 2014 with a Reserve date of 22nd February should this be needed.

3.5.8 Formal Setting of the Tax

This is the arithmetical process of aggregating the council tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those required by this Council. A report to the Council Meeting on the 26th February, 2014 will provide the required details. This Executive report will be updated to take account of all the precepts and will be sent by e-mail to all

members as soon as possible following the Police Authority Tax setting. The Council will then be in a position:-

- (a) to consider the recommendations from the Executive as to the council tax for district purposes; and
- (b) formally to set the amount of the council tax for each parish/town, and within those areas for each tax band, under Section 30 of the 1992 Act.

3.5.9 Making the Council Tax Decision and Legal Implications

- 3.5.9.1 The setting of the budget and the Council Tax by Members involves their consideration of choices and alternatives. No genuine and reasonable options should be dismissed out of hand and Members must bear in mind their fiduciary duty to the Council Taxpayers of Warwick District Council.
- 3.5.9.2 Should Members wish to propose additions or reductions to the budget, on which no information is given in the report before Members, they should present sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision on them. This report sets out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 2 from the Chief Financial Officer.
- 3.5.9.3 Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision that no reasonable authority could come to, balancing the nature, quality and level of services that they consider should be provided, against the costs of providing such services.
- 3.5.9.4 It is a duty on all Members of the authority to set the budget. What this means in practice is that collectively all Members have this duty not just the Executive. Case Law has shown that abstention is not a defence in failing to comply with this duty.
- 3.5.9.5 Members are also reminded of section 106 of the Local Government Finance Act 1992, which requires any member who has not paid his/her Council Tax or any instalment for at least two months after it becomes due and which remains unpaid at the time of the meeting, to declare that at the meeting and not vote on any matter relating to setting the budget or making of the Council Tax and related calculations.

3.5.10 2014/15 Budget Surplus

Taking into account all the above changes to the 2014/15 Budget, there is a projected surplus of £238,500. This is recommended to be allocated to the Corporate Asset Reserve.

3.6 New Homes Bonus

The Council's provisional New Homes Bonus allocation due for 2014/15 is £1,221,765 (Provisional), of which £59,000 will be allocated to the W2 (Waterloo/Warwick District Council) Joint Venture and £24,000 to Coventry and

Warwickshire City Deal, and agrees that the balance of £1,139,000 is proposed to be appropriated as follows:-

- Corporate Assets Reserve £539,000
- Public Amenities Reserve £300,000
- Planning Reserve £300,000

This is detailed in the Statement of New Homes Bonus (Appendix 11).

3.7 Medium Term Financial Strategy

- 3.7.1. The Strategy has been updated to reflect the 2013/14 and 2014/15 proposed budgets in this report alongside other known changes for the next 5 years.
- 3.7.2. The Strategy was last presented to members in December as part of the Base Budget report. At this point it was forecast that on-going savings of some £1.18million would need to be achieved by 2018/19.
- 3.7.3 Since December the Strategy has been updated to reflect the Budget Changes outlined in 3.2 and 3.3 above. Alongside this, other changes are included, including the provisional 2014/15 and 2015/16 Government Settlement Figures announced on the 18th December 2013. The main changes and their impact are summarised in the table below:-

Changes over the last 2 months December 2013/January 2014	£'000's
December Executive Budget Report	1,186
Tax Base Change	-47
Minor recurrent	-2
Council Tax Support for Parishes	-2
Pensions	26
Staff increments formula	-68
H&P Salaries	-32
Pensions	283
Government Settlement	-320
NNDR 2% revised	50
Health and Well Being Budget	10
New Living Wage from October 2016	60
Private Sector Housing Fees and Charges	-75
February Executive	1,043

- 3.7.3 (i) The forecast Tax Base for 2014-15 has now been updated to reflect the actual Tax Base. As well as additional growth, there has been a reduction in the numbers of Council Tax Support claimants alongside the introduction of the new scheme. This has increased Council Tax Income by some £47,000 without any additional cost to each individual Council Tax Payer. The introduction of the scheme has also reduced the costs to the Town and Parish Councils.

(ii). The tri-annual revaluation of the Pension Fund has increased the projected share of the deficit that this Council needs to pay.

(iii) The Health and Well Being, New Living Wage and Private Sector Housing

fees and charges income are discussed in 3.3.5, 3.3.6 and 3.3.9.

(iv) Further on-going salary savings have been identified.

(v) The Government has now announced the provisional settlements for 2014/15 and 2015/16, previous projections latest forecasts based upon earlier Government Announcements. Alongside this the Government has also announced that the RPI increase for Business Rates will be capped at 2% for 2014/15.

3.7.4 When the Strategy was considered as part of the 2013/14 Budget a year ago, it was projecting a deficit of £1.34m up to 2017/18. As detailed in the paragraph above, £1.043m now needs to be saved by 2018/19. The table below analyses the main changes that have contributed to the forecast savings requirement reducing over the last year.

Changes over the last 12 months February 2013/January 2014	£'000s
Further Savings achieved or budget reductions factored into future years	-1,328
Pay & Pensions pressures	999
Unavoidable net effects of Inflationary Increases	27
Government Support	-87
Increased Council Tax Income (growth in Tax Base)	-275
Business Rates Retention	-391
Unavoidable Growth	432
Other (various)	136
Reduced Investment Interest	200

3.7.5 These changes now mean that there will be an underlying deficit of £1.043m by 2018/19 unless on-going savings of the same magnitude can be achieved. These are profiled by year in the table below and in Appendix 4. Members will note the significant pressures in 2017/18, primarily caused by forecast reduction in Government support alongside the introduction of Pensions Auto-enrolment, Equalisation of Employer National Insurance rates for employees in the LGPS pension scheme and further Pension Fund Contributions.

	Additional savings(-) required in year (£'000's)	On-going Savings (-) required (£'000's)
2015/16	-514	-514
2016/17	711	197
2017/18	1,015	1,212
2018/19	-169	1,043

3.7.5 From the table in paragraph 3.7.4 it will be noted there have been adverse and favourable changes now included within the projections last reported in December 2013. These projections assume that the outstanding savings

requirement of £44,300 from the agreed Fit For the Future projects are made. As reported within the previous Budget reports, it is notable that the Council is well on the way to achieve them, having already made the required savings for 2012/13.

- 3.7.6 The financial projections assume that council tax will be frozen for 2015/16 again (with the Council then receiving 1% council tax freeze grant). From 2016/17 a 2% increase in council tax is projected. As referred to in paragraph 3.5.3, council tax increases may be limited to 1.5% for 2014/15. If a similar limit has to be applied to the 2% increases in the projections for 2016/17 to 2018/19, this would result in the Council needing to secure additional savings of £117,000.
- 3.7.7 Based on all the in-built assumptions, there is still an underlying deficit, estimated at £1.043m by 2018/19. If the savings already assumed to be achieved do not made, this will mean other savings will need to be sought. In addition, the Council needs to actively plan now to make the required savings. Accordingly, further projects are required to be included within the Fit For the Future programme to enable these savings to be made. This will be considered further as part of the Fit For the Future report due in May.
- 3.7.8 The Financial Strategy is shown as Appendices 4.

3.8 **Reserves and Balances**

3.8.1 General Fund Balance

This balance stood at £1.536m as at 31 March 2013, projected to reduce to £1.503m after financing the Collection Fund Balance referred to in 3.8.2 below. Financially, the forthcoming years will be very difficult for the Council. There are many known specific demands upon the Council's finances, in addition to any not immediately apparent. Many of the risks facing the Council are discussed in paragraph 6 below. In order to consider a reasonable level of general reserves a risk assessment has been done and is contained at Appendix 7. This shows the requirement for the General Fund balance of over £1.5 million against the risks identified above. It has been agreed that £1.5m should be the minimum level for the core General Fund Balance.

3.8.2 General Fund Earmarked Reserves

- 3.8.3 The reasons for the reserves and their use are included in Appendix 5 and Finance and Audit Scrutiny Committee is especially asked to scrutinise this element and pass comment to the Executive. Those General Fund reserves which show a significant change in the overall balance in the period 1st April 2013 to 31st March 2018 are detailed below and also shown in Appendix 5.
- i.) Other Commuted Sums - reduction of £160k due to annual funding of mainly Open Spaces maintenance costs.
 - ii.) Capital Investment Reserve – a decrease in the balance of £1,862k mainly due to the use of the reserve in financing projected General Fund capital expenditure offset by contributions from the General Fund in respect of previous capital expenditure financed by this reserve and also a contribution of £300k from the 2013/14 New Homes Bonus (as agreed February 2013) in order to provide finance for the 2016/17 & 2017/18

Rural/Urban Capital Improvement Grants programmes. This balance includes £1,400k which had previously been reserved for the consequences of the Leamington Asset study and any future Spencers Yard project.

- iii.) Planning Reserve – increased by £300k from the 2013/14 budget surplus (agreed December 2013) and a further £300k now proposed from the 2014/15 New Homes Bonus Allocation but overall a decrease in balance of £215k due to a) funding the Local Plan and Town Centre Plans costs in 2012/13 – 2013/14, b) financing the Council's contribution towards HS2 costs in 2013/14, c) providing funding for tree preservation order settlement in 2013/14 and d) funding the salary etc costs for the Major Sites Monitoring Officer over the years 2013/14 to 2016/17 and the HS2 Officer over the years 2014/15 and 2015/16.
- iv.) General Fund Early Retirements Reserve – proposed to be increased by £200k as a result of a top up from the 2013/14 budget surplus.
- v.) St Mary's Lands / Forbes Estate Community Fund – reserve is providing finance for the "Sky Blues in the Community" project and will be extinguished by 31st March 2015.
- vi.) Service Transformation Reserve – a decrease of £801k as a result of various approvals under the Council's Fit for the Future programme offset by a contribution of £206k from the 2013/14 surplus (agreed February 2013).
- vii.) Public Amenity Reserve. Increase of £298k (agreed February 2013) from 2013/14 budget surplus and 2013/14 New Homes Bonus and a further now proposed £300k from the 2014/15 budget surplus.
- Viii.) Community Forums Reserve – This reserve has been established using £160,000 from the 2013/14 New Homes Bonus and will be amortised to revenue each year to fund grants to community forums. It will be exhausted by the end of 2017/18.
- ix.) Business Rates Retention Volatility Reserve – within the 2013/14 Original Budget £149,000 was due to be allocated to this reserve, with any further retained business rates for 2013/14 to also be allocated to this reserve. A further £299,000 is expected to be received in this year which will increase the total allocated to this reserve to £448,000.
- x.) Public Planning Open Space Reserve – increased by a further £140,000 arising from S106 developers contributions.
- xi.) Equipment Renewal Reserve – the schedule has been updated to include the latest predictions from Heads of Service as to when items of Equipment will need replacing and their costs. Members are asked to approve the Schedule at Appendix 6a and Appendix 6b. Members are also asked to note the estimated costs of replacing these items, projected £4.180m by 2026/27. Following a £200k top up now proposed from the 2013/14 budget surplus the unallocated balance on this Reserve currently stands at £1,458,000. Should all of the items listed require replacement in the years indicated and the costs are as predicted, this Reserve will be fully depleted during 2017/18.

Where appropriate, options appraisals will be carried out to determine the best method of financing items approved from the schedule. This could lead to alternative methods of financing other than directly from the Equipment Renewal Reserve being employed and this may have the effect of delaying the point at which the reserve will be exhausted from 2017/18 to 2018/19. Such alternative methods of financing may, for instance, include prudential borrowing or leasing but this will require additional revenue savings in order to service the debt repayment costs or lease rentals.

Service Managers and Portfolio Holders have already been tasked with reviewing their items on this schedule on a quarterly basis. There needs to be careful scrutiny of the need to spend from this Reserve.

In September 2011, members re-affirmed the following process for the release of monies from this Reserve-

- Service Manager to consult Portfolio holder
- Service Manager to report to Senior Management Team
- Chief Executive to consult the Corporate and Strategic Leadership Portfolio holder

It is recommended that the same approval process remains in place for 2014/15. This will enable both SMT and the Council Leader to scrutinise and challenge the need for the replacement and the costs.

- 3.8.4 In December 2013 Members received a report on the monies required to maintain the Corporate Assets at working standards for the next 30 years. In connection with this it is proposed to create a new reserve to be entitled "Corporate Assets Reserve" and to close the Sports and Culture Facilities Reserve and transfer its balance of £300,000 to the new reserve. In addition, within the recommendations within this report, the following appropriations are also proposed to be made to this reserve:-

2013/14 surplus	£261,000
2014/15 surplus	£238,500
2014/15 New Homes Bonus	£539,000
Total allocations	£1,038,500
Transfer from Sports and Culture Facilities Reserve	£300,000
Corporate Asset Reserve Balance	£1,338,500

This funding will present a start to funding the first five years of the asset review work. Further allocations will be required to this reserve in future years which may include funding from other reserves, future New Homes Bonus and asset disposals. A separate report on this agenda considers how this funding should be utilized, also within the forthcoming report on Corporate Property Improvements Budget due in March.

- 3.8.5 Where property developments affect the natural habitat of the areas in which the development is taking place, developers are now required to make contributions towards replacement habitats elsewhere. As there can be a delay in between the contribution being made and the replacement habitat being

provided it is proposed to establish a new Biodiversity Contributions Reserve into which the contributions can be transferred until required to finance the habitat improvements.

3.9 General Fund and Housing Capital Programmes.

3.9.1 Appendix 8 contains the current capital programmes for both the General Fund and Housing (HRA), together with their funding. Appendix 9 contains reconciliation and details of all the changes, including funding, to the current capital programme compared to that shown in the 2013/14 Budget Book.

General Fund Capital Programme

3.9.2 The current General Fund Capital Programme includes the additional projects, listed below and detailed within the Capital Variations in Appendix 9:-

<u>Project</u>	<u>Amount</u>	<u>Comments</u>
Royal Spa Centre Screening Equipment	£37,000	Approved by Executive July 2013 and funded from Service Transformation Reserve
Royal Spa Centre Lighting Desk	£12,000	Approved by SMT May 2013 and funded from Equipment Renewal Reserve
Royal Spa Centre Lighting & Sound Equipment	£80,000	Approved by SMT July 2013 and funded from Equipment Renewal Reserve
Town Hall Refurbishments	£142,000	Approved by Executive July 2013 and funded from Capital Investment Reserve
Abbey Fields Ruins - Gatehouse	£40,000	Approved by Executive April 2013 and funded by a revenue contribution from the Corporate Repairs & Maintenance budget
Pageant House Rewire	£45,000	Approved by Executive April 2013 and funded by a revenue contribution from the Corporate Repairs & Maintenance budget
Dog Warden Van	£16,200	Approved by SMT August 2013 and funded via a Finance Lease
Castle Farm Skate Park	£29,500	Approved by Executive as part of September 2013 Budget Monitoring report and fully funded by external contributions from Groundworks UK
Replacement of concrete lighting columns and luminaires	£214,600	Approved by February 2013 Executive and funded from Capital Investment Reserve, revenue contributions from WDC Rural Footway Lighting budget and external contributions
Loan to Warwick Town Council re Court House Improvements	£150,000	Approved by June 2013 Executive, to be repaid before the end of 2013/14. Now proposed to be repaid by the end of September 2014.
Partnership Funding for HLF Grant re Pump Room Gardens Restoration	£100,000	Approved by July 2013 Executive and funded from Service Transformation Reserve
Sarah's Place/Alfonso's Place – acquisition of cafe building	£10,000	Approved by November 2013 Executive and funded by a revenue contribution

<u>Project</u>	<u>Amount</u>	<u>Comments</u>
		from the Properties & Estates budget
TOTAL	£876,300	

3.9.3 At this time, the only proposed addition to the Capital Programme is to include the highway improvements at the Fen End Employment site. As reported to the January 2014 Executive, the Department of Communities and Local Government are providing capital funding by way of grant to allow the development of a research and development campus for the automotive/autosports sector. In addition, a request from Warwick Town Council to extend the repayment of the loan agreed in June 2013 for £150,000 from March 2014 to 2014/15 has been received. This request is due to delays in WTC receiving the VAT reimbursement from HMRC. It is recommended that the loan repayment period is extended to be repaid by 30 September 2014, with ideally repayment before this date. These two changes to the Capital Programme, which have no effect on the overall capital resources, have not been reflected within the Capital Programme (Appendix 8).

3.9.4 Any future capital schemes, both self funded and otherwise will need to be in line with the Council's corporate priorities and full business cases will be required. The business case will need to identify the means of funding following, where appropriate, the carrying out of an options appraisal exercise. It will also need to make sure there are no additional revenue costs which the Council is unable to accommodate and will put further pressure on the Council's reducing revenue resources.

3.9.5 Also shown in Appendix 8 (part 5) is a summary of the total General Fund capital resources available to the Council over the period 2013/14 to 2017/18 matched against the projected spend. This shows that over the period the Council has £3.581m surplus resources once the current programme is financed. The major elements are represented by balances of £1.928m and £1.458m on the Capital Investment Reserve and Equipment Renewals Reserve respectively with external contributions and smaller reserves making up the balance. However it should be borne in mind that the current projected calls on the Equipment Renewals Reserve figure are, in the main, not reflected in the capital programme outlined in Appendix 8, when these are taken into account the "surplus" balance is exhausted by the end of 2017/18. The Capital Investment Reserve is in effect a capital contingency for overspending, unbudgeted risks materialising, receipts not materialising when anticipated or some major event that requires expenditure in excess of insurance or Government reimbursement schemes. The policy is for the unreserved balance on the Capital Investment Reserve to be maintained at around £2m.

Housing Investment Programme

3.9.6 The proposed Housing Investment Programme (HIP) is shown in Appendix 8 part 2. For 2013/14 the figures reflect the slippage from 2012/13 as agreed in June 2013, plus any changes identified as part of the Budget Monitoring process. The current HIP and its funding reflect the new Self Financing regime which commenced on 1st April 2012.

3.9.7 The Housing Revenue Account related expenditure and its financing as shown in Appendix 8 part 2 and 4 is based upon the current 50 year self financing business plan which incorporates a programme of new build. Other than the

Fetherston Court redevelopment in 2013/14 to 2015/16, no new build is included in the HIP as shown in Appendix 8, part 2. This situation is reflected in the balance on the Housing Capital Investment Reserve.

3.9.8 2013/14 Expenditure on the General Fund (GF) related element of the HIP has been reduced by a net amount of £697,500 from the original budget.

Then most significant changes are:

- A reduction of £104,000 in expenditure for private sector housing grants, to reflect the latest forecast for actual expenditure.
- £589,800 net 'slippage' of budgets for providing affordable housing, available for when appropriate schemes become available.

3.9.10 Expenditure on Private Sector Housing grants in 2014/15 onwards has been increased by £33,400 per year to include the revised Home Improvement Agency fees recommended in this report (+£74,500), offset by savings on Care and Repair and Decent Homes Grants.

3.9.11 The Registered Provider programme is primarily funded from commuted sums (s106 contributions) from developers, and secondarily from capital receipts from active disposals of housing assets which have been retained subject to being used to provide affordable housing or regeneration. Decent Homes Grants are funded from Capital Grant balances received for this purpose in previous years. Disabled Facilities Grants are mandatory, and whilst mostly funded from the Capital Grant received for this purpose, there is also a significant use of capital receipts to meet necessary expenditure. Discretionary Private Sector Housing Grants are funded from general capital receipts. In addition general capital receipts can be used to fund additional expenditure on any of these areas.

3.9.12 Thirty five council houses have been sold in 2013/14 to date, resulting in approximately £250,000 of useable capital receipts. Right to Buy Legislation was changed in April 2012 to increase the maximum discount available to tenants which has led to an increase in Council House sales compared to previous years; however the amount received per receipt is, of course reduced. Furthermore the 'pooling' mechanism used to determine the share of each receipt the council must pay over to central government is based on a complicated series of thresholds measured each quarter. After a certain threshold, part of any additional receipts must be used to provide for the debt taken on by the HRA under Self Financing. After another threshold additional receipts are reserved for the provision of new recordable housing, and can be retained only subject to being spent within 3 years on providing new affordable housing with at least 70% of the funding being provided from other sources. The net effect of all these changes is to reduce the average amount of each receipt that is available for other purposes, such as funding the General Fund HIP programme.

3.9.14 Currently there is £1.4m unallocated within the 2014/15 registered provider element of programme, as suitable schemes have yet to be identified. However it is expected that a number of opportunities will become available during the year. Financing for these potential projects is provided from projected s106 contribution balances and Capital Receipts from active disposals which are restricted to use on providing affordable housing or regeneration.

3.9.15 As referred to in paragraph 3.9.11, a capital grant is provided from Central Government towards Disabled Facilities Grants (DFG). For 2014/15 this is

expected to be £312,000. From 2015/16, this funding is due to be channelled through the Better Care Fund (formerly known as the Integration Transformation Fund). Nationally this fund will total £3.8bn made up of:-

- £1.9bn of NHS funding
- £1.9bn based on existing funding in 2014/15, comprising:
 - £130m Carers' break funding
 - £300m CCG reablement funding
 - £354m capital funding (including £220m Disabled Facilities Grant)
 - £1.1bn existing transfer from health to social care

This funding is likely to be administered by the County Council. Whilst there is a risk that the Council's DFG funding may reduce, the guidance suggests that the DFG element is still effectively ring-fenced. The guidance also includes £373,000 for 2015/16 in respect of this Council's DFGs.

3.10 Prudential Indicators.

- 3.10.1 The Council is required to determine an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators (Appendix 10 refers) in accordance with the CIPFA Code for Capital Finance in Local Authorities.

4. POLICY FRAMEWORK

4.1 Fit for the Future

The Council's priorities have been reaffirmed within its Fit For the Future Programme. Savings from the Programme have been built into the Budgets now presented to members for Approval. The Budgets have also been set to support this Council's delivery of the projects within the Fit for the Future Programme.

- 4.2 The budget is a major milestone in the life of the Council. It is a financial expression of the Council's policies, having regard to resource availability and taxation consequences. The Council has formulated a number of strategies setting the framework to ensure that its overall aims and objectives are achieved. The Financial Strategy is one of its Resource Strategies; the 2014/15 Budget has been set in line with this Strategy. Should there be any mismatch between these subsidiary strategies and action plans, officers will bring forward proposals for managing these within the agreed budgets.

5. BUDGETARY FRAMEWORK

- 5.1 The Council's budget and Council tax setting is a major component in reflecting and expressing the Council's priorities and policies. The budgets proposed for both capital and revenue are in accordance with Fit for the Future. The financial strategy and capital strategy are revised in the light of the proposed revenue and capital budgets, and the issues that these budgets address.

6. RISKS

- 6.1 The Council's Significant Business Risk Register contains several risks which are finance related. Shortage of finance will impact upon the Council's plans for the

provision of services. Reduced income or increased expenditure will reduce the funding available.

6.2 The main sources of income which may be subject to reductions include:-

- Government grant (eg. Revenue Support Grant, Benefits Administration Grant)
- Business Rates Retention
- Fees and charges from the provision of services
- Rent income
- Investment Interest

6.3 Increased expenditure in service provision may be due to:-

- Inflation and price increases for supplies and services.
- Increased demand for services increasing costs
- Changes to taxation regime
- Unplanned expenditure
- Assumed savings in budgets not materialising

6.4 Triggers for increased costs or reduced income include:-

- Economic cycle – impacting upon inflation, interest rates, unemployment, demand for services, Government funding available
- Unplanned expenditure, eg Costs from uninsured events, Costs of planning appeals or other legal process
- Project costs – whereby there are unforeseen costs, or the project is not properly costed, or the risks related to them are not properly managed.

6.5 Many controls and mitigations are in place to help manage these risks. These include:-

- The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current and future years, along with any possible issues that may impact upon their budgets. As part of this process, Budget Review reports are issued to the Executive and Senior Management Team.
- Financial Planning with the Medium Term Financial Strategy/financial projections, bringing together all issues that will impact on the Council's finances in medium term.
- Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).
- Project Management and associated controls
- Trained staff and access to appropriate professional advice (eg WCC Legal).
- Risk Management process across the Council, including the on-going review and maintenance of risk registers.
- Scrutiny by members of the Council's finances, including Budget Reports, and the financial implications of all proposals.

- Within the proposed 2014/15 there is a Contingency Budget of £200,000 for any unplanned unavoidable expenditure.
- Reserves – The Council holds reserves as discussed within section x.x. Whilst much of these reserves have already been earmarked for specific projects, it is important that reserves are held for any unforeseen demands.
- The General Fund Balance is £1.5m as discussed in paragraph 3.8.1. This is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance at this level.
- The specific causes of reductions to income or increased expenditure (para 6.2 and 6.3) should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 No specific alternatives to the recommendations are made, however, the information given will enable Members to propose variations to the proposals.
- 7.2 Members do have a duty to consider all possible options. The proposals in the report reflect the Portfolio Holder priorities and are reflected in the Fit For the Future programme.

8. BACKGROUND

- 8.1 This is a complex report which brings together the information which has been set out in a number of background reports over the last few months. The appendices to the report are:-

Appendix 1: Proposed summary budget
 Appendix 2: Statement by Chief Financial Officer
 Appendix 3: Private Sector Housing Fees and Charges
 Appendix 4: Medium Term Financial Strategy (Financial Projections)
 Appendix 5: Summary of Reserves and Balances
 Appendix 6: Equipment Renewal Schedule
 Appendix 7: Risk Assessment against General Fund balances
 Appendix 8: Proposed Capital Programme
 Appendix 9: Changes within Capital Programme (Variations)
 Appendix 10: Prudential indicators
 Appendix 11: Statement of New Homes Bonus
 Appendix 12: Financial Strategy February 2014

- 8.2 Key Assumptions
 There are a number of key assumptions made in setting the budget that Members are endorsing in agreeing to the budget. The main ones are:-

- 8.2.1 Staff turnover - The salary estimates include a 2.75% vacancy factor.
- 8.2.2 Inflation assumptions. No inflation allowance has been included within the 2013/14 Budget for pay or price inflation. In fact a 2.5% reduction annually

over a four year period (totalling 10%) has been incorporated into future financial forecasts. Major contracts continue to be at the 2013/14 tender prices. Future years will be increased by RPI less 0.5%. The latest RPI (December 2013) is 2.7% having followed a downward trend from 5.6% from September 2011. Economists are expecting inflation to continue to fall over forthcoming months, although at a reduced rate.

- 8.2.3 Whilst including zero or -2.5% inflation for most budgets, the 2014/15 estimates do include a general £125,000 Inflation Provision which budget managers may seek to access if it proves impossible to manage their services with no inflationary increase. Staff rejected the 2013/14 Fit for the Future Pay Award in favour of a nationally agreed 1% increase. Future years assume further increases of 1%, with 2% for 2017/18 and 2018/19.
- 8.2.4 Our Treasury Consultants currently forecast the Bank Rate on which short term investment rates are based to be 0.5% at the start of 2014/15 and it is expected that Bank Rate will remain at this level throughout 2014/15. The target return for the Council's cash flow derived investments in 2014/15 reflects this forecast and has been set at 0.44%. When the expected returns from the Council's core investments are added in, the overall investment rate for 2014/15 is expected to be 0.64%.
- 8.2.5 Key activity assumptions – it is considered that it is those large and/or volatile budgets which Members should pay most attention to. The key figures for 2014/15 which have formed the basis of the Estimates, are as follows:
- i) Number of planning applications – 1,800 estimated (1,800 originally estimated in 2013/14).
 - ii) Number of building control applications – 1,900 to 2,100 estimated (1,500 initially estimated in 2013/14).
 - iii) Car Parking - The target for off street car parking for 2014/15 income from all ticket sales, season tickets and excess charge notices from all WDC car parks, excluding Royal Priors, is £2,488,000.
 - iv) Number of gym admissions to Leisure Centres: 120,000. Total number of swimming admissions: 275,000. (2013/14 estimated admissions: 100,000 and 260,000 respectively.)
- 8.2.6 The Council is reliant on income collection. Recovery measures have been set for the main sources of income as detailed below. These are deemed to be stretching, yet should also be achievable. These will be monitored throughout the year as part of the budget review process.
- Council Tax - percentage received in the year - 98.3% (98.8% 2013/14 target)
 - Business Rates - percentage received in the year – 98.5% (98.5% 2013/14 target)
 - Housing Rents – percentage of rent collected – 98.5% (98.5% 2013/14 target).