

		AGENDA ITEM NO.																									
Report Cover Sheet																											
Name of Meeting:		Executive & Council																									
Date of Meeting:		11 th February and 21 st February 2008 respectively																									
Report Title:		BUDGET 2008/09 AND COUNCIL TAX – REVENUE AND CAPITAL																									
Summary of report:		To consider all matters pertinent to agreeing revenue and capital budgets for 2008/09, as well as a revised financial strategy in the light of the Comprehensive Spending Review 2008 and subsequent local government grant settlement																									
For Further Information Please Contact (report author):		Mary Hawkins (Tel: 01926 456400) Mike Snow (Tel: 01926 456800)																									
Would the recommended decision be contrary to the Policy Framework:		No – this reports sets a part of the policy framework																									
Would the recommended decision be contrary to the Budgetary framework:		No – this reports sets the budgetary framework																									
Wards of the District directly affected by this decision:		All																									
Key Decision?		Yes																									
Included within the Forward Plan?		Yes																									
Is the report Private & Confidential		No																									
Background Papers:		Report to Executive 10th December, 2007: Approval of General Fund Base Estimates Revised 2007/08 and Original 2008/09 Report to Executive 22nd October, 2007: Proposed Fees and Charges for 2008/09																									
Consultation Undertaken Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.																											
<table border="1"> <thead> <tr> <th>Consultees</th> <th>Yes/ No</th> <th>Who</th> </tr> </thead> <tbody> <tr> <td>Other Committees</td> <td>Yes</td> <td>All Policy & Scrutiny in December cycle</td> </tr> <tr> <td>Ward Councillors</td> <td>No</td> <td>n/a</td> </tr> <tr> <td>Portfolio Holders</td> <td>Yes</td> <td></td> </tr> <tr> <td>Other Councillors</td> <td>No</td> <td>n/a</td> </tr> <tr> <td>Warwick District Council recognised Trades Unions</td> <td>Yes</td> <td></td> </tr> <tr> <td>Other Warwick District Council Service Areas</td> <td>No</td> <td>n/a</td> </tr> <tr> <td>Project partners</td> <td>Yes</td> <td>Chamber of Trade and LSP partners</td> </tr> </tbody> </table>				Consultees	Yes/ No	Who	Other Committees	Yes	All Policy & Scrutiny in December cycle	Ward Councillors	No	n/a	Portfolio Holders	Yes		Other Councillors	No	n/a	Warwick District Council recognised Trades Unions	Yes		Other Warwick District Council Service Areas	No	n/a	Project partners	Yes	Chamber of Trade and LSP partners
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Parish/Town Council	No	
Highways Authority	No	
Residents	No	
Citizens Panel	Yes	See report Para 14
Other consultees	No	
Officer Approval With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.		
Officer Approval	Date	Name
Relevant Director(s)	author	Mary Hawkins
Chief Executive	As part of CMT	
CMT	17 January	
Section 151 Officer		author
Legal	Sent 21 Jan	Simon Best
Finance	Joint author	Mike Snow
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. RECOMMENDATIONS (TO COUNCIL) –

- 1.1 The 2007/08 Revised General Fund Revenue Estimated net expenditure of £17,251,991 as summarized in Appendix 1, after taking into account the allocations in paragraph 6.5.
- 1.2 The changes to the 2008/09 General Fund revenue base budget in paragraph 7.2, together with the Portfolio holder proposals for new growth and savings in paragraph 8.1 be agreed with net expenditure of £17,523,700, as summarised in Appendix 1 (and the formal resolution to this effect be contained in the further budget report that will be prepared for the 21 February Council meeting. This report is to include the parish, county and police precepts.).
- 1.3 The Council Tax for Warwick District Council for 2008/09 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts be agreed at £138.03, an increase of 4.5% (£5-94) on 2007/08.
- 1.4 The Council Tax charges for Warwick District Council for 2008/09 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts, for each band be as follows:-

A	£92.02
B	£107.36
C	£122.69
D	£138.03
E	£168.70
F	£199.38
G	£230.05
H	£276.06
- 1.5 The General Fund Capital Programme and the Housing Investment Programme as set out in Appendix 8 and Paragraph 12 are agreed together with their financing as shown in paragraph 12.4 and 12.5.
- 1.6 If there is any mismatch between these subsidiary strategies and action plans officers bring forward proposals for managing within the agreed budgets. (Para 5.1)
- 1.7 The release of monies from the Equipment Renewal Reserve is supported by a report to the CMT, and made subject to CMT agreeing the need for the allocation in consultation with the relevant service Portfolio holder and the Corporate and Strategic Leadership Portfolio holder (Para 7.2 (f)).
- 1.8 The work in 2009/10 on the Core Strategy be met from the Planning reserve, which will still leave £70,000 for any unforeseen challenge to a planning decision.(Para 7.2 (g))

- 1.9 £450,000 be allocated to the contingency budget in 2008/09, but £200,000 not be used for any other purpose than concessionary fares until all costs are certain. (Paras 7.2 (d) and 7.2 (i))
- 1.10 A review of the current taxi scheme takes place to review the total package on offer in order to see what can be provided for the original sum on non-statutory concessionary travel, when the current arrangement comes to an end.(Para 8.1.2 (a))
- 1.11 When the position regarding external funding and the staffing of the CDRP is known a report is brought forward to agree the priorities and detailed budget issues in Community Safety to make best use of the additional council support. (Para 8.1.2.(b))
- 1.12 In order to monitor the achievement of the milestones necessary to achieve the building on excellence savings during 2008/09, it is recommended that this be included in the budget monitoring reports to members. (Para 9.2 (f))
- 1.13 An all party group be formed to advise and monitor priorities for reducing the Council's budget (Para 9.6)
- 1.14 The implications for future year's taxes as set out in Paragraph 9 and Appendix 3 are noted
- 1.15 Audit and Resources be asked to pay particular Scrutiny attention to the reserves and balances set out in Appendix 5 (Para 10)
- 1.16 The Prudential indicators as set out in Appendix 6 and highlighted in Paragraph 13.1 are agreed and recommended to Council for approval.
- 1.17 The revised financial strategy as set out in Appendix 10 is agreed, and further updated in the light of a review of all resource strategies (Para 15)
- 1.18 The fees for woodland burials are increased to £1,600 (Para 7.2 (j))
- 1.19 Should the Executive receive viable self –funded business cases, amendments be made to the budget.(Para 12.2.4) .
- 1.20 The longer term prospects for the housing programme are subject to review during 2008/09. (Para 12.3.5)

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Council is required to set a budget and council tax each year taking into account the many factors that are considered in paragraphs 5 and onwards of this report. In particular:-
- The revenue and capital budget are being considered together.
 - The Council is required to determine an affordable borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators 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).

2.2 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.

3. ALTERNATIVE OPTIONS CONSIDERED

No specific alternative to the recommendation is made, however the information given would enable members to propose variations to the proposals. The key recommendations on the revenue budget are in paras 7.2 and 8.1, and for the capital budget are in para 12.

Members do have a duty to consider all possible options. The proposals in the report reflect the Portfolio holder priorities as put to the last Executive and consulted on with the Scrutiny Committees and others.

4. POLICY AND BUDGET FRAMEWORK

4.1 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 the Corporate Strategy also being presented to this Committee as demonstrated in Appendix 4 and paragraph 12.2.2.

5. BACKGROUND, REPORT STRUCTURE AND PROCESS OF BUDGET SETTING

5.1 The budget is a major milestone in the life of the Council. It is a financial expression of the Council's policies and priorities reflecting the Corporate Strategy, and having regard to resource availability and taxation consequences of ambitions for the area. The Service Area Plans have been reviewed in the light of achievement of the Corporate Strategy to date and externally imposed changes, primarily from Government initiatives. The Council has many subsidiary plans and strategies and as this budget reflects the Corporate Strategy 2007– 2011 it is proposed that if there is any mismatch between these subsidiary strategies and action plans officers bring forward proposals for managing within the agreed budgets.

5.2 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 structure of the report is as follows:-

Paragraph 5: Background and Process of Budget Setting

5.2 Report Structure

5.3 The Total Tax Calculation

- Calculating the district element
- Parishes
- Major Precepting Authorities
- Formal setting of the Tax

Paragraph 6: Review of 2007/08 Revenue Budget and implications for 2008/09

Paragraph 7: The 2008/09 Base Revenue Budget

- 7.1 Base Budget
- 7.2 Further Changes
- 7.3 Collection Fund
- 7.4 Government Finance Grant Settlement
- 7.5 Key Assumptions

Paragraph 8: Proposals for the 2008/09 Revenue Budget

- 8.1 Portfolio holder proposals
- 8.2 Council Tax Capping
- 8.3 Making the Council Tax Decision And Legal Implications

Paragraph 9: Implications for the medium term and efficiency

Paragraph 10: Reserves and Balances

Paragraph 11: Risk and Budget Management

- 11.1 Sensitivity
- 11.2 Risk
- 11.3 Budget Management

Paragraph 12: Review of, and proposals for the Capital Programme – Housing and General Fund

- 12.1 Update to current capital programme
 - 12.2 Proposed additions to the current capital programme
 - 12.3 Housing Investment Programme
 - 12.4 Funding the capital programme
 - 12.5 Funding the Housing Investment Programme
- Paragraph 13: Affordable borrowing limit and prudential indicators
- Paragraph 14: Consultation
- Paragraph 15: Financial Strategy

Appendix 1: Proposed summary budget

Appendix 2: Statement by Chief Financial Officer

Appendix 3: Summary of budget proposals on 2008/09 – 2013/14

Appendix 4: Summary of revenue proposals links to Corporate Strategy

Appendix 5: Summary of Reserves and Balances

Appendix 6: Prudential indicators

Appendix 7: Risk Assessment against General Fund balances

Appendix 8: Proposed Capital Programme

Appendix 9: Changes within Capital Programme

Appendix 10: Updated Financial Strategy

Appendix 11: Citizens Panel Consultation Results

Appendix 12: Equipment Renewal Schedule

5.3 The Total Tax Calculation

- Calculating the district element

The Council's element of the Council Tax is calculated by taking its total budget requirement, subtracting the grants from Central government in respect Revenue Support Grant (RSG) and Redistributed Non Domestic Rates and any collection fund balance. This figure is divided by the 2008/09 tax base to derive the District Council Band D Council Tax. The Tax Base for 2008/09 has been calculated at 52,025.50. These figures are shown in Appendix 1. The District element represents 9.84% of the total Council Tax in 2007/08.

The recommendations within this report produce a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2008/09 of £138.03, this being an increase of 4.5% over the current council tax of £132.09. The Council Tax levels for each of the respective bands will be:-

A	£92.02
B	£107.36
C	£122.69
D	£138.03
E	£168.70
F	£199.38
G	£230.05
H	£276.06

- **Parishes**
Parish and town councils throughout the district have been asked to submit their precepts for 2008/09. At the time of writing, not all precepts have been confirmed. It is estimated that the precepts will total around £1,017,000. An updated position will be given to the meeting.
- **Major Precepting Authorities**
As at the time of writing neither the County Council nor the Police Authority have set their 2008/09 budgets and element of the Council Tax. The meeting of the County Council is scheduled for the 5th February 2008, and an update on this will be given to the Executive. The Police Authority are due to meet on the 20th February 2008.
- **Formal Setting of the Tax**
This is the arithmetical process of aggregating the council tax levels calculated by the County Council and the Police Authority for their purposes with those required by this Council. A report to the Council Meeting on the 21st February, 2008 will provide the required details. This report will be available on the evening of the meeting and will be sent by e-mail beforehand once the figures from the Police Authority have been incorporated. 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.

6. REVIEW OF 2007/08 REVENUE BUDGET AND IMPLICATIONS FOR 2008/09

- 6.1 The budget has been reviewed on a regular basis throughout 2007/08.
- 6.2 The Revised 2007/08 Estimates considered in December 2007 showed net expenditure of £16.572m, presenting a surplus of £373,000 for the year over the original estimates. The main item being £321,000 from increased investment interest received. The remainder is a mixture of items, the most notable being additional recycling income (-£163,000), contributions from other partners in respect

of Warwickshire Direct Partnership (-£138,000), reduced fuel costs (-£61,000), NNDR refunds (-£58,000), increased costs of the Assisted Travel Scheme (+£104,000), reduced Local Land Charges fee income (+£146,000) and increased costs of refuse collection and recycling (+£100,000).

6.2 The following adjustments are now proposed to the 2007/08 Revised Estimates:-

- Backdated NNDR refund re Riverside House (-£92,000)
- New Insurance Contract (-£92,000)
- Reserve Accounting changes (-£150,000)
- Additional Investment Interest (- £66,000)
- Implementation of new Waste Management Contract (-£12,000)
- Car Parking Income (+£2,000)
- Increased External Audit Fees (+£2,000)
- Investigations arising from the Legal Services position and associated matters (+£80,000)
- Contribution from Myton School not required (+£25,000)
- Increased H.R.A. charges to General Fund (+£74,000)

6.4 Local Authority Business Growth Incentive Scheme (LABGI) – 2007/08 is the third year in the original LABGI scheme. No details have been made available over how funding will be distributed this year. The Government have recently announced that due to challenges that have been made against the scheme, it is reconsidering all aspects of the approach used to distribute the remaining resources available for Year 3 of the LABGI scheme. The sum total of remaining LABGI resources available for distribution will be dependent on the amounts that may be required to meet any potential consequences arising from the court's decisions on the legal challenges for years 1 and 2 of the LABGI scheme.

Accordingly no further receipts in respect of LABGI are expected in the current year. £307,000 was received earlier this year as a supplementary payment in respect of last year. This has been allocated to the Equipment Renewal Reserve.

6.5 Taking into account these changes, the adjusted Revised Estimates for 2007/08 present a net surplus of £604,700. It is proposed that the additional surplus is allocated as follows:

- £4,700 into the 2007/08 Contingency Budget,
- £600,000 is allocated into the General Fund Balance and used in future years to dampen potential council tax increases.

These allocations will all be subject to review when the 2007/08 Accounts are closed in the light of the actual outturn position.

7. THE 2008/09 BASE REVENUE BUDGET

7.1 Base Budget

7.1.1 The base budget was reported to the 10th December Executive. Paragraph 6.1 sets out the main changes in the base budget that arise from scrutiny of the 2007/08

original estimates. In addition to these sums the Council had committed itself to additional expenditure/savings in 2008/09 as part of the 2007/08 and earlier years budget setting on the following on an ongoing basis:-

£'000

New Waste Management Contract	964k
Pension Fund Costs	101k
Savings from Admin Review	-51k

In addition there are one-off costs for provision of stone circles at the Crematorium, £14,500 and an extension to the EDRMS staffing contract, £34,000.

7.2 Further changes

(a) New duties – the settlement contains additional sums for new duties. As each element is not hypothecated down to local authority level we have to estimate the sums allowed for in our settlement. They are as follows:-

- Electoral administration – For the last two years the settlement included amounts for the implementation of the Electoral Administration Act 2006. The Act requires more work to be done to ensure electoral registers are complete and up to date, as well as initiatives to increase voter turnout, and improvements in security. Last year the one-off grant of £52,000 but from 2008/09 it has been consolidated into the general grant. The Assistant Chief Executive (Members) estimates that he will require £40,000 in 2008/09 to carry out the additional work required. Most of this is spent on printing and postages. He has indicated that he may require more money in election years.
- Stray dogs - The Government have now transferred the responsibility for stray dogs from the Police to Local Authorities under section 68 of the Clean Neighbourhoods and Environment Act. We calculate that the Government has made an allowance of £8,500 for this, and it is proposed that this sum is allocated to the Environmental Health Service so they can bring forward proposals to set up a service to meet this duty. There is a report elsewhere on the Executive agenda.
- Local Government New Conduct regime – The Local Government and Public Involvement in Health Act requires that most decision-making on standards of conduct will be devolved to the Council through a new locally-based regime and a revised strategic role for the Standards Board. The Board has advised that, on average, each local authority could expect to receive between five and seven allegations about their authority each year. In addition, approximately ten allegations could be expected annually regarding the conduct of town/parish councillors.

The investigation of complaints could be undertaken by obtaining the assistance of a Monitoring Officer from a neighbouring authority, or possibly a retired former Monitoring Officer from elsewhere. The costs involved will

vary depending on how complex the issues are. These could be relatively minor in most instances, but the reverse would be the case in more complicated investigations. The costs of the time of the Monitoring Officer, and Deputy, will also be involved as will the members of the Standards Committee. We estimate that the Government have allocated £3,500 to us for the costs of this new duty and it is recommended that this be allocated to Legal Services.

- Waste Performance and Efficiency Grant – We estimate that the Government has allocated £62,000 for this in the base grant to replace the previous three year targeted grant. Last year this Council received £130,000, from the special targeted grant, and this was split capital to revenue half and half. There is now no capital being allocated to District Councils, it is all being allocated to the County tier for 2008/09 and beyond. The Community Services Manager has indicated that in 2008/09 she would like to use the additional £62,000 for the purchase of additional household recycling containers. Take up of red boxes has already used up this years special allocation with over 15,000 additional red boxes being requested during the year. It is likely as recycling gains momentum that a similar number of containers will be required next year as residents take on board the facilities for recycling plastic bottles and card. £62,000 will enable us to purchase 10,000 additional red boxes, 15000 plastic sacks and 5000 green reinforced sacks for those households who are unable to store wheeled bins for garden waste to meet next years demand.
 - Contaminated Land - It is proposed that the £1,000 that we estimate the Government have given us will go to the Environmental Health, Environmental Protection Section. It will go towards our work in relation to radiation on contaminated land. It gives a bit more flexibility to use consultants for expert opinion and keep staff training up to date in this very technical area.
- (b) Car parking – a review of car parking income was undertaken at the beginning of January based on the most up to date information and has been incorporated into the budget..
- (c) Salaries – the Base Estimates for 2008/09 allowed for a 3% pay award from 1 April 2008. As a result of the Grant Settlement, and the expected pay awards elsewhere expected in the public sector, the Head of Organisational Development advises that 2.6% is a prudent allowance given the Chancellors recent statement on public sector pay, balanced against the unions opening stance of a 6% pay claim, and the background of a 2.475% settlement in 2007/08. This lower figure has now been included in the Estimates, reducing the General Fund salary cost by £54,000. It is hoped that there will be a three year settlement in line with the three year grant settlement.
- (d) Contingency - it is recommended that the Council continues to include a contingency sum within its budget. The Council only started this approach during the last administration. However it has allowed for priority opportunities and issues to be addressed. Preparing for the additional expenditure on major contracts over the last 4 year period allowed for one-off sums to be allocated to a contingency. However the budget now contains the ongoing requirement for

the major contracts. Consequently it is proposed that a sum of £250,000 be allocated within the 2008/09 Estimates as a Contingency Budget. In order to finance this budget, it is proposed that the Equipment Renewal Reserve be reduced by £250,000.

- (e) General Fund Balance – This was increased to the current level of £1.1 million in the budget two years ago. A contribution of £400,000 was allowed for in the 2007/08 Original Estimates in order to aid the smoothing of the major contract costs, by using this additional sum in later years. It is now planned to use this in 2008/09. In addition, a further contribution of £600,000 to increase the General Fund Balance is proposed to be made in 2007/08 using the surplus estimated for the current year, bringing the increase in the year to £1m. It is then intended to reduce the General Fund Balance in future years back to £1.1m, and so support the General Fund Expenditure and limit council tax increases (see paragraph 9.3).
- (f) Equipment Renewal Reserve – The Council has previously replaced items of equipment and funded surveys on an ad-hoc basis through the service planning process. Last year it was reported that we needed to give more attention to planning for replacement and renewal of the basic goods needed for everyday service delivery. A schedule is attached at Appendix 12 of the replacements and renewals expected over the next few years for items that are in excess of £5,000. This shows how we propose to fund the replacements and gives notice to service managers where appropriate of the need to actively pursue external funding. It also identifies the need to identify some capital resources from 2010/11 onwards. The total estimated for the next three years for WDC to fund capital is about £800,000. However as there is never total certainty over when a replacement or renewal is required there needs to be careful scrutiny of the need to spend. Consequently it is recommended that the release of any monies be supported by a report to the CMT, and made subject to CMT agreeing the need for the allocation in consultation with the relevant service Portfolio holder and the Corporate and Strategic Leadership Portfolio holder.
- (g) Planned contribution to planning reserve and planning fees. - The reserve will stand at just over £225,000 at 1st April 2008. The Head of Planning has indicated that he will require the following sums over the next three years for the development of the Council's Core Strategy which is the document that will replace the Local Plan.

	08/09 £'000	09/10 £'000	10/11 £'000
Planning assessments (e.g.' flooding, retail, Sustainability)	120	15	15
Legal advice	10	30	-
Public examination	-	<u>95</u>	-
TOTAL	130	140	15

The Government has recently issued guidance allowing Councils to increase planning fees from 2008/09 by 23%. We estimate this will yield approximately

£130,000, and previously our financial forecasts had allowed for such a substantial increase from 2009/10 as the planning development grant, used to fund posts falls out. Consequently the budget includes additional income of £130,000 and an allowance for the cost of the work required as set out above in 2008/09. It is proposed that the work in 2009/10 be met from the Planning reserve, which will still leave a small amount for any unforeseen challenge to a planning decision.

- (h) Housing General Fund/HRA review – there has been a review of matters that should properly be charged to these two accounts. It would appear that when the housing landlord/housing strategy split was made 6 years ago that some elements of housing strategy that should have been charged to the General Fund continued to be charged to the Housing Revenue Account. We had been aware that we would need to review the position, and a provision of £150,000 had been built up in the General Fund for the results of any review. This has now taken place and the estimated additional cost to the General Fund (and saving to the HRA) is £76,100.
- (i) New duties on concessionary fares – from 1 April 2008 the Government have extended the local free bus scheme to be a national free bus scheme. We have been allocated a specific grant of £397,000 for this new duty. Negotiations with the bus companies are carried out on a countywide basis and agreement has yet to be reached on the additional costs we will pay them for the new scheme. However, as we already have a countywide as opposed to district wide scheme we would hope that it would not be the entire additional sum. However the Government are committed to reviewing the additional costs of the scheme and reallocating the money in subsequent years if incidence of additional cost is different to the specific grant allocations. It is proposed that for presentational reasons only £197,000 is allocated to the concessionary fares budget, and that the remaining £200,000 be allocated to the contingency budget, but not be used for any other purpose than concessionary fares until all costs are certain.
- (j) In June 2006 the Executive agreed to start a woodland burial service. It has taken some time to comply with the stringent planning conditions, and burials should now be able to start in April 2008. Currently the sale of burial rights for each grave in our cemeteries is £772 and the interment fee for a single depth grave is £698 giving a total of £1,470. As it is felt that there should be a premium for the woodland burial it is recommended that the fee be set at £1,600. This will not have a significant effect on the revenue budget as it is not anticipated there will be more than a dozen such burials.

7.3 Collection Fund

In accordance with the relevant regulations, the collection fund balance has been projected. This shows a Council Tax deficit balance as at 31st March, 2008 of £107,000. This is to be shared between Warwickshire County Council, Warwickshire Police Authority and Warwick District Council in 2008/09. This Council's share amounts to £12,000. In estimating the balance, a prudent approach has again been taken. This additional sum to be met by the District Council is equivalent to Council Tax of £0.23p

7.4 Government Finance Grant Settlement

The provisional settlement was verbally reported to the Executive on 10th December. The Council is forecast to receive total External Grant (RSG/Redistributed NNDR) of £10.355m. Taking into account changes in functions, this represents an increase of 1% on 2007/08. Government Grant represented just over 60% of our net expenditure in 2007/08.

The 1% increase reflects the Council receiving the minimum level of increase for district councils, referred to as the “floor”. In recent years the Council has had its grant scaled back as it has had to contribute towards ensuring other authorities received the minimum “floor” increase. Without the “floor guarantee increase”, Warwick Council would be receiving £9.979m, that is, £376,000 less. 40% of district councils are similarly receiving only the minimal floor increase.

The Grant Settlement is based on the latest population estimates issued by the Office for National Statistics. These latest figures reflect improved methodology for estimating population levels. For Warwick, the 2007/08 Settlement was based on a 2007 population of 139,994. The latest estimate for 2008 is 137,137. This decrease is one of the key drivers causing Warwick to have only a Floor increase. In previous years, the Council has gained from increasing population estimates. We understand that it is not that the population is not increasing, it is that it is not increasing at the rate previously forecast by National Statistics.

The settlement is the first covering a three year period, going up to 2010/11. Increases for 2009/10 and 2010/11 for the Council are 0.5%, again being the minimal floor increase for district councils. District councils have the lowest floor increases as shown below:-

	2008/09	2009/10	2010/11
Social Services Authorities	2.0%	1.8%	1.5%
Police Authorities	2.5%	2.5%	2.5%
Fire & Rescue Authorities	1.0%	0.5%	0.5%
Shire District Authorities	1.0%	0.5%	0.5%

The settlement is well below inflation for most authorities, representing a real cut. The Government is expecting that authorities will make 3% year on year cashable efficiency savings so as to make up any shortage in funding.

The final settlement is expected at the end of January and will be reported directly to the meeting. It is not expected that there will be significant changes in the grant from the £10.355m for 2008/09. Should there be a small change in the 2008/09 grant when the final announcement is made, it is recommended that this is accommodated within the proposed 2008/09 Contingency Budget.

7.5 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

- (a) Salary vacancies – The practice introduced in 2002/03 of holding a vacancy factor is continued. 1.5% has been taken as an assumed reduction in cost, and the remaining 1% forms a budget of £120,600 in the Personnel service for a central reserve to cover the costs of maternity, long-term sickness and recruitment costs. This enables these costs to be spread across all units so they are smoothed over time and manageable.
- (b) Key activity assumptions – large budgets and volatile budgets are those which members should pay most attention to. The key figures for 2007/08, which have formed the basis of the Estimates, are as follows:
- Number of council land charge searches – 2,600 based on current demand (compared to 2,700 original budget assumption last year).
 - Number of planning applications – 1,900 estimated (1,900 originally estimated in 2007/08).
 - Number of building control applications – 1,900 estimated (2,080 initially estimated in 2007/08).
 - Car Parking - The target for off street car parking for 2008-09 income from all ticket sales, season tickets and excess charge notices from all WDC car parks excluding Royal Priors is £2,434,000.
 - Number of golf course rounds – 21,800 based on current demand (26,300 estimated in 2007/08).
 - Number of swimming and gym admissions to leisure centres – 358,000 (351,500 estimated in 2007/08).
- (c) An increase in the budget has been made for additional road cleaning and waste collection from new households
- (d) Inflation assumptions – The inflation indices used were reported in Base Estimates report in December. The key figures for the increases between 2007/08 and 2008/09 are:-

	Percentage
Salaries	2.33 (which represents a 2.6% pay award)
Non-domestic rates	3.0
Grounds maintenance contract	4.0
Cleansing services	4.0
Council Tax benefits	5.0
Repair & Maintenance	5.4
Gas Contract supplies	-14.0
Electricity – Major sites	35.0
General inflation	3.0

In relation to these figures economic forecasters are currently predicting that inflation as measured by the Consumer Prices Index which has replaced the Retail Prices Index will average 2.19% in 2008.

- (e) Our Treasury Consultants currently forecast the Bank Rate on which short term investment rates are based to be 5.25% at the start of 2008/2009. It will then fall to 5.00% sometime during quarter 2 (April to June) and remain there for the rest of the year. However, there is a downside risk to this forecast if inflation concerns subside and the MPC feels able to make further

bank rate cuts. The target return for the Council's in-house managed investments is the average Bank Rate for the year. In addition the expected rate of return from the £5m investments managed by Invesco is 5.50%. The additional return expected from the Invesco managed portfolio is accounted for by the use of Gilts that may earn a higher rate of interest than Money Market deposits and also offer the opportunity for capital gains which enhance the overall return of the portfolio. These two factors when combined produce an overall expected return on investments of 5.25%.

(f) The Council is reliant on income collection. Recovery targets 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 monitoring.

- Council Tax - percentage received in the year - 98.4%
- Business Rates - percentage received in the year - 98.8%
- Housing Rents – percentage of rent collected – 97.75%

8. PROPOSALS FOR THE 2008/09 REVENUE BUDGET

8.1 Portfolio holder proposals

8.1.1 There are only 4 proposals for ongoing growth and 4 proposals for one-off growth.

8.1.2 Ongoing growth - The budget contains the following sums

(a) Enhancement to community taxi scheme - £50,000 is set aside for enhancement to the current scheme. The current contract with Warwick racing runs for a further year until the end of 2008/09. It is proposed to assist those who cannot benefit from the concessionary bus scheme by providing an alternative service. This proposal was included in the consultation on the budget and 42.2% of respondents agreed with proposal opposed to 32.9% who disagreed. At its meeting in December the Executive agreed “the 3 options for change be noted, with a preference for option C, the final decision being made in February 2008, when the Council knows its resource position” The cost of option C was estimated to be £50,000 assuming take up by 1,000 individuals providing 5 free trips to those who live in more rural areas (to be defined) to any hospital or medical/dental practice. It is recommended that a review of the current taxi scheme takes place to review the total package on offer in order to see what can be provided for the original sum on non-statutory concessionary travel, when the current arrangement comes to an end.

(b) Supporting community safety work - £50,000 to maintain and enhance community safety work. There were two growth bids, one to make the post of anti-social behaviour officer a permanent post and another to set up an electronic case management system. There was a further bid to replace the anticipated loss of funding from the Home Office, currently supporting staff working in Warwick D.C. In addition there is currently a proposal to merge the officer support to the joint Warwick and Stratford CDRP, and this may also have financial implications. There is still a high degree of uncertainty regarding the latter two matters. Given the Council's overall financial situation it is proposed that when the position regarding external funding and the staffing of the CDRP is known a report is brought forward to agree the priorities and detailed budget issues to make best use of the

additional council support. In the Consultation on the budget 41.7% of respondents thought we should make up any loss of external funding whereas 27.4% disagreed.

(c) Continuing support to anti-smoking work - £3,000 for continued work on enforcing the new legislation.

(d) A new health and safety system - £5,300 for a system to track the regular monitoring of compliance with the health and safety policy. This should make it easier for both managers and the Council's Health and Safety officer to comply with the many different forms of health and safety registers and their regular review, freeing up time for other work. This will also safeguard the Council from liability in making such systems more robust.

8.1.3 One- off growth – the budget contains the following sums

(a) Consultancy for developing efficiencies – £35,000 is set aside to engage consultants on developing projects that have a high chance of delivering ongoing future cashable efficiency savings.

(b) Contribution to development of Kenilworth public service centre proposals - £20,000 is set aside for this Council's contribution to the anticipated costs of bringing this scheme to a viable proposal for members to consider. It is a multi-agency project and all partners are being asked to make a contribution to these costs.

(c) Implementing the Homechoice review - £ 7,000 has been included to ensure that the one-off costs of implementing the review can be undertaken. This will mainly be spent on printing and postage as there will need to be publicity, and an update to the current housing register.

(d) Contribution to early retirement reserve - £100,000 is recommended, as there will only be about £30,000 left in the reserve when redundancies arising from the building on excellence reorganisation are completed.

8.1.3 Savings

The budget figures include net additional income of £65,600 for magistrates court fee income. After further increase in 2009/10 and 2010/11 we would then be at the average fee obtained by other authorities. Each year the magistrates have to agree the fee level, and permission has already been given for the fees proposed for 2008/09, and nearer the time permission will need to be sought for increases in later years. The increases are being phased as it is unlikely that the magistrates would agree to our fees being in line with others in one year given the difference. In the citizens panel consultation 78.1% agreed with the proposal to increase our fees in line with other Council and only 8.8% disagreed.

8.2 Council Tax Capping

8.2.1 Councillors need to be advised that Ministers have made clear their intention to consider Councils which increase their taxes for capping. Alongside the Grant announcement the Government minister said "We expect the average council tax increase in England to be substantially below 5%. We will not hesitate to use our capping powers as necessary to protect council tax payers from excessive

increases". It is clear from these statements that any proposals for an increase in tax of over 5% would put the Council at risk of capping.

8.2.2 If the Council were to be capped the process would be as follows –

- Once local authorities have set their budgets, the Secretary of State will consider whether the authority's budget is excessive or whether there has been an excessive increase.
- Designated authorities shall be duly notified, with the notification stating the decision, the principles, and the amount proposed to be the maximum budget.
- The Council then has 21 days to respond either accepting or challenging the designation.
- Having considered the response, the Secretary of State will then respond stating the amount of the maximum budget requirement.
- Within 21 days of being notified of the new amount, the authority has 21 days to make and approve a new budget and tax calculations.

8.2.3 The biggest risk to the Council would be in the additional costs of re-billing. This is estimated to be a cost in the order of £50,000 for additional costs of rebilling, plus all the administrative costs in relation to account adjustments and dealing with queries from the public. On top of this there will be the cost of increased borrowing/loss of interest due to missed instalments and delayed recovery action against some taxpayers.

8.3 Making the Council Tax Decision and Legal Implications

8.3.1 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.

8.3.2 Should Members wish to make 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. The report sets out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 2 from the Chief Financial Officer.

8.3.3 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.

8.3.4 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.

8.3.5 Members are also reminded of Section 107 of the Local Government and Finance Act 1992, which prohibits any Member who has not paid for at least two months his/her Council Tax when it becomes due, from voting on setting the budget and making of the Council Tax and related calculations.

9. IMPLICATIONS FOR THE MEDIUM TERM AND EFFICIENCY

9.1 Appendices 3a-d set out the current planning totals for the Council's budget for the years 2009/10 to 2012/13, based on current decisions, and changed assumptions as set out in the paragraphs below. This shows the following increases in Council Tax if all assumptions held true and no other action were taken:-

2008/09 – 4.5%
2009/10 – 4.5%
2010/11 – 4.5%
2011/12 – 4.5%

These are indicative increases based on current assumptions

9.2 The key assumptions and changes being made in this forward forecast apart from the gap between inflation (3%) and grant increase (0.5%) are :-

- (a) The last actuarial review of the pensions fund has identified a deficit on the fund. In order to make good this funding gap has been necessary for the Council's contributions to increase annually by around £100,000 per annum from 2006/07 to 2010/11, and £55,000 annual increase thereafter on advice from the County Council's valuation advisers. A further detailed review of the state of the pension fund, and the contributions required, is due prior to setting the 2009/10 budget.
- (b) The car parking strategy continues to contribute additional income between £100,000 and £150,000 per year until 2010/11.
- (c) An allowance of £80,000 per year is included for above average current inflation allowance growth. In recent years energy cost inflation has been significantly more than other items.
- (d) It has been assumed that there can be further increases in magistrates court fees (see Para 8.1.3)
- (e) There is inclusion of an additional £23,000 every year for the costs of additional properties which fall primarily to the refuse collection and street cleansing budgets.
- (f) The building on excellence savings have been built in and would result in savings of £315,000 in 2009/10, much of this resulting from making better use of accommodation. Although no final decision has been made the savings are based on the scenario of Leamington Town Council assuming responsibility for the Town Hall. It will be necessary to monitor the achievement of the milestones necessary to achieve these savings during 2008/09, and it is recommended that this be included in the budget monitoring reports to members.
- (g) A sum of £8,000 has been included for the ongoing costs of running a new committee system (see Para 12.2.3)

- 9.3 In coming to the Council Tax projections of 4.5% it has been necessary to utilise the £1m of the General Fund Balance that it is being increased by in 2007/08. In addition substantial future savings and efficiencies will need to be secured. Details of the amounts assumed each year are shown below:-

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Contribution from General Fund Balance	467	226	307	
Assumed Savings and Efficiencies			148	826

- 9.4 In October 2007, the Department published “delivering value for Money in Local Government: Meeting the challenge of CSR07. This detailed its efficiency targets for Local Authorities for the next 3 year period (2008-09 to 2010-11). Efficiencies are about providing the same level of service at a lower cost (cashable), or enhancing the level of service at no additional cost (non-cashable). Reductions in service or increased costs to service users are not acceptable as efficiencies. The target is 3% cashable efficiencies calculated as 3% of the 2007-08 baseline and is multiplicative. Although this target will not be mandatory, Councils will be required to report bi-annually on the total net value of ongoing cash releasing gains made since the start of 2008-09. (Over the period 2005/06 to 2007/08 (CSR04) this Council was set a target of £1.2 million of efficiencies, our latest estimate was that we are on target to achieve efficiencies of £1.8 million, of which 52% would be cashable).
- 9.5 There is some confusion over the definition of the baseline that appears to have changed since the last regime, and is currently being queried. Subject to this caveat we have calculated our 3% targets as follows:-

Baseline total		£4,454,000
Target 2008-09	3.0%	£134,000
Target 2009-2010	6.1%	£272,000
Target 2010-2011	9.3%	£414,000

- 9.6 Future efficiencies are expected to accrue from initiatives on:-

- Shared services
- Procurement projects
- Reviewing operations to reduce costs in line with best practice examples
- Increasing paying customers where there is spare capacity

Further opportunities to reduce net costs will arise from

- Being successful in gaining housing and planning delivery grant (for which no assumptions are included in the budget)
- Ensuring income opportunities from selling recyclables is maximised
- Making best use of the potential bonus payments from the waste contractor
- Carefully controlling costs in excess of basic inflation assumptions to reduce the need for the annual sum of £80,000 as in 9.2 (c).

- Any relaxation in Government rules that do not currently allow us to make surpluses on land charge and building control functions (The government issued a consultation document on the former on 18 January)

It is recommended that an all party group be formed to advise and monitor priorities for reducing the Council's budget.

- 9.7 When determining future years capital programmes the Council will need to be mindful of the implications for staff who design schemes. It is assumed that there are no additional costs arising to revenue in later years where the capital programme is still to be determined.

10. RESERVES AND BALANCES

The reasons for the reserves and their use was last reported to the Executive in the budget report last year. This is now included in Appendix 5. Audit and Resources are especially asked to scrutinise this element and pass comment to the Executive. Those reserves which show a significant change in the overall balance in the period 1st April 2007 to 31st March 2012 are:-

10.1 General Fund Reserves

Other Commuted Sums - reduction of £330,000 due to annual funding of mainly Open Spaces maintenance costs.

Car Parks Commuted Sums – the balance of £138,075 at 1st April will be entirely used up during 2007/08 funding the Car Parking capital programme.

Corporate Property Programme Reserve – reduction of £162,000 due to funding required for the capital programme.

Insurance Reserve – increase in balance of £513,000 reflecting the annual £90,000 contribution from the General Fund and HRA re self insurance and contributions made in lieu of interest.

Capital Investment Reserve – decrease in balance of £296,000 mainly due to the use of the reserve in financing additional General Fund capital expenditure.

Gym Equipment Reserve – increase in balance of £159,000 due to annual contributions of £30,000 from the General Fund. The replacement of the Gym equipment is not scheduled within the existing General Fund Capital programme.

Best Value Reserve – The balance of £105,000 will be extinguished during 2007/08 and 2008/09.

Planning Appeal Reserve – reduction of £90,000 due to funding the Local Plan Inquiry in 07/08.

Early Retirements Reserve – reduction of £245,000 due to funding redundancy/early retirement costs arising from Building on Excellence etc. in 2007/08 and 2008/09. This is netted down by a £100,000 contribution to the reserve in 2008/09 to top it up.

Equipment Renewal Reserve – reduction of £647,000 due in the main to funding the likely equipment replacement programme shown in Appendix 12.

General Fund Balance – This balance is recommended to be increased by £1m during 2007/08, comprising of £400,000 allowed for within the 2007/08 original estimates, and a further £600,000 arising from the estimated 2007/08 surplus. Over the next three years it is projected that the General Fund Balance is reduced back to £1.1m, with £1m being used to assist the financing of General fund expenditure and so limit potential council tax increases..

10.2 Housing Revenue Account Reserves

Total Housing Revenue Account Reserves are estimated to increase from £11.5m as at 1st April, 2007 to £15.9m on 31st March, 2012.

The use of these reserves will be reviewed following consideration of the outcome of the study into operating outside of the Housing Subsidy System.

11. RISK AND BUDGET MANAGEMENT

11.1 Sensitivity analysis

11.1 The key assumptions made in setting the budget are set out in paragraph 7. A sensitivity analysis of these assumptions on the budget is as follows:-

- 0.5% change in pay award = £69k
- 0.25% fall in interest rates from levels assumed in budget = £83k cost to the Council for a full year.

11.2 Risks

11.2 The risks in the 2008/09 budget together with notes on how they are controlled are considered to be:

Revenue

- Economic cycle issues that can affect some of the key assumptions in paragraph 7.5 – regular budget monitoring will be undertaken to highlight these areas.
- The cost of the current and new national concessionary bus fares scheme – the operators are able to appeal if usage is higher than anticipated – over £100,000 had to be added to the 07/08 budget as a result of increased take up and higher costs. The detailed proposals are based on best estimates. Regular budget monitoring will be required.
- The new duties under the Local Government New Conduct regime are higher than the government has allowed for – we will monitor expenditure and lobby the government should funds significantly exceed the allocation
- Further large ‘environmental’ prosecution or case of some type – there is little the Council can do in addition to the regular monitoring of premises.
- Costs from an environmental uninsured event – the Council’s insures to

- mitigate against the effects of this
- Partner issues – to the extent that any financial difficulties from partner organisations could affect plans the maintenance of good relations is critical in being able to take any issues on board.
- The costs of planning appeals - a reserve and regular budget monitoring.
- Loss of South Warwickshire Tourism if Stratford continue to reduce their contribution – use influence of Councillors, and keep situation under review
- Reduction in parking income – keep under review.
- Local Area Agreement may give rise to partners putting financial demands on us – we have attempted to make sure that this would only be reallocating resources, it will require the understanding of our partners to manage

Capital

- Dealing with contaminated land – this is not controllable to the extent it is 'historic'.
- Loss of capital receipts – The capital investment reserve should be able to smooth any delay in capital receipts
- Large projects going over budget due to unforeseen circumstances – The balance on the Capital Investment Reserve is judged to be adequate to cover this eventuality.

Later Years & Medium Term

- Concessionary fares increases continue to be more than Government allows as we enter the national system.
- The building on excellence savings are not achieved (see Para 9.2 (f))
- Additional sums may be required in election years to carry out the new duties in the Electoral Administration Act
- Parking income does not match expectations should proposals for a local park and ride be introduced
- The magistrates do not agree to increase court fees in line with projections

Having considered these risks and controls CMT consider that together with the Council's balances of over £1.1million, the forecast balance on the capital investment reserve together with the ability to borrow in future years within the prudential framework give sufficient capacity to manage these during the current year. However, the Council faces a significant challenge to balance budgets in 3- 4 years time and must start to address this immediately as recommended in Para 9.6.

Comment is often made on the potential for taking money from the Council's balances and reserves. The earmarked reserves generally have commitments against them. In order to consider a reasonable level of general reserves a risk assessment has been done and is contained at Appendix 7 and shows the requirement for the General Fund balance of over £1 million against the risks identified above.

A key issue for this Council 4 – 5 years ago was the risk of overspending. However yet again a contingency provision is proposed and the Council has learnt from experience in that the Council now has a more robust budget monitoring process.

Opportunities/Positive risks

There are also some opportunities for the Council that are set out in Para 9.5 .

11.3 Budget Management

- 11.3 From 2004/05 CMT agreed a new set of procedures which require monthly monitoring reports to be produced for their meetings. There was also a new procedure for managers to sign off their budgets and their regular budget monitoring returns. These will continue and it is recommended that the quarterly reporting to the Executive is continued.

12. REVIEW OF, AND PROPOSALS FOR THE CAPITAL PROGRAMME – HOUSING AND GENERAL FUND

12.1 Current General Fund capital programme

Appendix 9 contains a reconciliation and details of all the changes, including funding, to the current capital programme from the programme shown in the 2007/2008 Budget Book until now.

12.2 Proposed additions to the current capital programme

- 12.2.1 The proposed total programme both General Fund and Housing is set out in Appendix 8. This includes the proposals within this section.

- 12.2.2 The new schemes recommended for funding from capital 2008/09 to 2011/12 as a result of the Portfolio holder review of the service plans together with the Corporate Strategy Targets they are expected to contribute to are as follows :-

	Scheme	Year	Corporate Target	Amount
				£
1	Server Virtualisation – we would otherwise need to replace 13 physical servers at a cost of over £30,000	2008/2009	Manage services openly, effectively and efficiently	10,000
2	Rural Initiatives Grants – to continue the current scheme	2008/2009 – 2010/2011	Target resources to areas of greatest need	300,000 (100,000 per year)
3	New Committee system - see Para 12.2.3	2008/09	Manage services openly, effectively and efficiently	25,000
	Total spend over period			£335,000

- 12.2.3 Committee services are currently reviewing Committee management systems, primarily because the current system hosted by the County is not disability compliant and they do not have plans to upgrade it in the near future. There should be other benefits and it is recommended that the Executive receive a further report on the business case options for a new system to ensure it is satisfied this is value for money in the current tight financial climate.

- 12.2.4 As part of the service planning process a number of tentative self financing projects were proposed. It is recommended that should the Executive receive viable self – funded business cases, amendments be made to the budget. .
- 12.2.5 Proposals are due to come forward to a future Executive on the development of a public service centre in Kenilworth, when costs and potential additional capital receipts are known. This would need to be agreed as an amendment to the programme presented here.
- 12.2.6 A report elsewhere on the agenda sets out proposals for car park improvements and funding of those improvements. The figures set out in that report are not reflected in this report or the capital programme displayed in Appendix 8.

12.3 Housing Investment Programme

- 12.3.1 The proposed Housing Investment Programme is shown in Appendix 8 part 3. For 2008/09 the figures reflect the slippage from 2006/07 as agreed last June.
- 12.3.2 For 2008/09 onwards there have been no major changes to the overall expenditure levels for Housing Revenue Account Capital spend.
- 12.3.3 Due to the housing moratorium there are no potential housing association sites available for immediate development that do not have Housing Corporation or Council funding, and there are few new sites coming forward. The 2007/08 programme for housing association schemes stands at almost £1.6 million with about £1 million of schemes set against this. The anticipated under spend in this year has been added to future years resources to provide a programme of £400,000 per year until 2012/13.
- 12.3.4 The private sector housing programme is proposed to continue at £570,000 per annum. This is primarily for discretionary and non-discretionary improvement grants.
- 12.3.5 Both the housing association and private sector housing programme are funded from housing capital receipts, with the former being supplemented by commuted sums from developers; and the latter with government grant assistance. In 4 years time, if housing capital receipts continue at their current rate the present levels of investment will not be sustainable. It is proposed that the longer term prospects for the housing programme are subject to review during 2008/09.

12.4 Funding the General Fund capital programme

12.4.1 The General Fund capital programme outlined in Appendix 8 is to be funded as follows:-

General Fund

Method	2007/08	2008/09	2009/10	2010/11	2011/12
	£	£	£	£	£
Prudential Borrowing	0	0	0	0	0
Capital Receipts*	5,292,920	1,048,455	100,000	100,000	0
External Contributions	2,702,430	53,335	0	0	0
Rev. Contributions	125,000	1,100	0	0	0
Commuted Car Park Sums Reserve	140,837	0	0	0	0
Corporate Prop. Res.	77,600	96,000	0	0	0
Energy Management Reserve	40,000	0	0	0	0
Capital Inv. Reserve	0	580,510	600,000	300,000	230,000
TOTAL	8,378,787	1,779,400	700,000	400,000	230,000
*This includes funding for Oakley Wood in 2007/08, and for three years of Rural initiatives for 2008/09 – 2009/10 from housing capital receipts.					

12.4.2 Over the period 2007/08 – 2011/12 it is assumed General Fund capital receipts available for capital financing will total £2,650,250 arising from the disposal of the following sites:

Sale of the Old Art Gallery
Sale of De Montfort Hotel freehold.
Final payment in respect of Site E.
Sale of Land at Oaks Road, Kenilworth

12.4.4 Also shown in Appendix 8 is a summary of the total General Fund capital resources available to the Council over the period 2007/2008 to 2011/2012 matched against the projected spend. This shows that over the period the Council has £2.217m surplus resources once the current programme is financed. The major element is represented by a balance of just under £2 million on the capital investment reserve, in accordance with the current financial strategy with smaller reserves making up the balance. This is in effect a capital contingency for overspending, receipts not materialising when anticipated or some major event that requires expenditure in excess of insurance or Government reimbursement schemes.

12.5 Funding the Housing Investment Programme

12.5.1 The Housing Investment Programme outlined in Appendix 8 is to be funded as follows:-

Housing Investment Programme

Method	2007/08	2008/09	2009/10	2010/11	20011/12
	£	£	£	£	£
Prudential Borrowing	0	0	0	0	0
Capital Receipts	931,229	951,100	951,100	951,100	951,100
Commuted Sums	521,871	220,000	0	0	0
Major Repairs Allowance.	3,051,000	3,239,500	3,239,500	3,239,500	3,239,500
Capital Grant	572,600	120,000	120,000	120,000	120,000
Housing Repairs A/C.	1,829,700	1,647,800	1,414,900	1,414,900	1,414,900
General Fund	4,000	4,000	4,000	4,000	4,000
TOTAL	6,910,400	6,182,400	5,729,500	5,729,500	5,729,500

13. AFFORDABLE BORROWING LIMIT AND PRUDENTIAL INDICATORS

13.1 The affordable limit and Prudential Indicators that this Council is required to adopt are detailed in Appendix 6. It is recommended that the limits and indicators as shown in paragraphs 2.2,3.1,4.1,5.2, 6.2,7.2,8.2,9.1, 10.2, 11.2 and 12.2 of Appendix 6 are approved and endorsed by the full Council.

14. CONSULTATION

14.1 The Portfolio Holders set out items for consultation to the Policy and Scrutiny Committees for their meetings in December. None of the Committees made any comments on the substance of the proposals.

14.2 A Budget consultation was carried out with members of the citizen's panel by questionnaire. There were 522 responses. The detail is attached as Appendix 11. The key messages in terms of the questions on proposals for investment are:-

- 40% agreed that in order to assist those who cannot benefit from the national concessionary bus scheme due to limited bus services, we should enhance alternative support at an estimated cost of £50,000. 33% of respondents were opposed to this proposal.
- 42% agreed that so as to make up grant we received to support community safety work, we should spend £50,000 per annum (capital). 27% of respondents were opposed to this proposal.
- Over half agreed that we should continue the Rural Initiatives funding of £100,000 per year for a further three years.
- 78% supported increasing the charge for court fees so as to bring Warwick District Council in line with other councils, so raising an additional £60,000 per annum.

For the questions concerning expenditure on the totality of the Council's budget

- In all categories of the Council's budget there was a majority in favour of keeping the service at the same level.
- Over 81% feel that the Council Tax is good value or very good value.
- The two areas that were most popular for an increase in service are public conveniences and CCTV, which is unchanged from last year.
- The two areas where there is most support for a reduction in service are again cultural facilities and tourism promotion.
- Representatives of the business community were sent a slightly amended version of the citizen's panel questionnaire, and invited to attend the Audit and Resources Overview and Scrutiny Committee. The Leamington Chamber of Trade was the only body to respond to the consultation. In particular they wanted to see levels of service maintained apart for street cleaning where they would like to see an increase in service.

14.3 A similar document has also been made available to the Council's LSP partners explaining the Council's proposals and asking if they wish to make any comments.

14.4 As a result of the consultation

- The proposals still include a proposal for a 4.5% increase in tax which is above the rate of inflation, being mindful of the need to maintain services in 2008/09 when the contract renewals could prove expensive, and to keep the limitation in that year to a reasonable level
- All proposals have been included in the budget being presented

15. UPDATED FINANCIAL STRATEGY

15.1 The new Financial Strategy which includes the Capital Strategy is at Appendix 10. Whilst it has been revised in the light of the proposed Corporate Strategy, it will need to be further reviewed in the light of

- An update of all the other resource strategies following agreement to the Corporate Strategy (asset management, staffing plan and ICT).
- Harmonising the approach to resources strategies in line with best EFQM practices .
- Any revised guidance issued in relation to Use of Resources requirements.