

Supplementary Papers



Listening Learning Leading

FOR THE MEETING OF

Cabinet

held on Thursday 31 January 2019 at 6.00 pm
in the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB

Open to the public including the press

11. Capital strategy (Pages 2 - 13)

To consider the head of finance's report.

12. Revenue Budget 2019/20 and Capital Programme to 2023/24 (Pages 14 - 46)

To consider the head of finance's report.

Cabinet Report

Report of Head of Finance

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To: CABINET

Date: 31 January 2019

Capital strategy 2019/20 to 2028/29

Recommendation

That cabinet recommends council to approve the capital strategy 2019/20 to 2028/29 which is contained in appendix one of the report of the head of finance to cabinet on 31 January 2019

Purpose of Report

1. To request cabinet to recommend council to approve the capital strategy for 2019/20 to 2028/29. The capital strategy outlines the councils approach to capital spending, based on the council's corporate strategy, and is linked to the council's, corporate objectives, medium term financial strategy, and management of projects and programmes.

Strategic Objectives

2. The capital strategy assists the council in meeting its strategic objectives. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. By determining the framework within which decisions on capital expenditure and investment are made the strategy will ensure that such decisions assist the council in meeting its corporate strategic objectives.

Background

3. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

Under the Code, a capital strategy is required to be agreed ahead of the 2019/20 financial year and will be reviewed on an annual basis.

4. The capital strategy for 2019/20 to 2028/29 is attached as appendix one to this report. The strategy provides the overall policy framework for capital expenditure and investment. It does this by bringing together the requirements of the council's strategic objectives, and the constraints of its medium term financial plan, and within the parameters set by those it determines how capital schemes can be progressed from initial idea through to conclusion.
5. There are number of key "building blocks" that are essential to underpin the strategy that are currently being developed. These include:
 - An asset management strategy and maintenance plan
 - Medium term service planning
 - Consistent management of projects and programmes
6. The capital strategy will be a key document for the Council going forward. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. It will also provide an overview of how associated risk is managed and the implications for future financial sustainability. It will increase transparency in the planning, approval and monitoring of capital expenditure.

Financial Implications

7. There are no direct financial implications arising from implementing the strategy.

Legal Implications

8. None.

Conclusion

9. This report provides details of the proposed capital strategy for 2019/20 to 2028/29 and asks cabinet to recommend the capital strategy to council. These documents provide the parameters within which capital expenditure and investment decisions will be made once the supporting requirements are in place.

Background Papers

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.

Appendices

Appendix one Capital strategy 2019/20 to 2028/29

**Capital Strategy
2019/20 – 2028/29**

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1 Introduction

The council's capital strategy represents its approach to future investment. The council has a significant capital investment programme for the period from 2019/20 to 2024/25. The council faces a number of competing demands on finite resources. To achieve its aims the council seeks to work with partners who share its ambitions for improved outcomes for residents.

2 Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with long-term objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy will be a key document for the Council and will form part of the authority's integrated revenue, capital and balance sheet planning. It will provide a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services. It will also provide an overview of how associated risk is managed and the implications for future financial sustainability. It will include an overview of the governance processes for developing proposals, approval and monitoring of capital expenditure.

3 Scope

This Capital Strategy will include all capital expenditure and capital investment decisions, not only as an individual local authority but also any entered into under joint arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets and will stress the need for evidence-based decision making.

4 Capital Expenditure

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset that is needed to provide services. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, vehicles. This contrasts with revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.

The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included would be commercial investments.

5 Capital vs. Treasury Management Investments

Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use during the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Investment Strategy, see under linked documents.

The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments.

6 Delivery and Commercial Investments

These are investments for policy reasons outside of normal treasury management activity. These may include:

6.1 Delivery investments

These are investments held clearly and explicitly in the course of the provision, and for the purposes, of operational delivery, including regeneration.

6.2 Commercial investments

These are investments taken for mainly financial reasons. These may include:

1. investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers;
2. investments explicitly taken with the aim of making a financial surplus for the Council.

Commercial investments also include fixed assets which are held primarily for financial benefit, such as investment properties.

Due to the nature of the assets or for valid investment reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported.

The Section 151 Officer/Head of Finance will ensure that the Council has the appropriate legal powers to undertake such investments and will also ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes it to an excessive level of risk compared to its financial resources.

7 Due Diligence

For all capital investments, it is proposed that the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.

The process and procedures will include effective scrutiny of proposed investments that will, for example, consider:

- identification of the risk to both the capital sums invested and the returns;
- understanding the extent and nature of any external underwriting of those risks;
- the potential impact on the financial sustainability of the Council if those risks come to fruition;
- identification of the assets being held for security against debt and any prior charges on those assets;
- where necessary independent and expert advice will be sought.

The Section 151 Officer / Head of Finance will ensure that members are adequately informed and understand the risk exposures being taken. Internal control and policy compliance will regularly be assessed by Joint Audit and Governance Committee.

8 Council Objectives

The Council has a set of corporate aims, priorities and objectives which shapes the provision of services. These are set out in the Corporate Plan. Capital investment projects if, and when undertaken, must be in line with these overall objectives and considered in the longer term.

9 The Capital Budget Setting Process

9.1 Key Criteria for Strategy

For any budget setting year, the key criteria by which proposals would be considered will be set. These may include for example:

- Maintenance of the essential infrastructure of the organisation;
- Essential Health and Safety works;
- Essential rolling programmes;
- Invest to save schemes;
- Match funded investment for regeneration projects;
- The outcome of feasibility studies.

9.2 Deciding which Schemes are to be put forward for review

When decisions on capital projects to be put forward are made it is proposed that consideration is given to the following:

Prudence:

- Recognition of the ability to prioritise and refocus following changes to the Council's Corporate Plan;
- Recognition of the capacity in the organisation to deliver such a programme;
- Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk;
- Recognition of the future vision of the authority;
- The approach to commercial activities including ensuring effective due diligence, defining the risk appetite and considerations of proportionality in respect of overall resources;
- The approach to treasury management and the management of risk is set out in the Treasury Management Strategy.

Affordability:

- Revenue impact of the proposals on the Medium Term Financial Plan;
- The borrowing position of the Council as required, projections of external debt and the use of internal borrowing to support capital expenditure;
- The authorised limits and operational boundaries;
- Whether schemes are profiled to the appropriate financial year.

Sustainability:

- An overview of asset management planning including maintenance requirements and planned disposals;
- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of and risks faced with reference to the life of the project/assets;
- If the need to borrow is approved provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy and consideration by Joint Audit and Governance Committee of the impact on the repayment on future viability.

All proposals would be produced in line with the agreed budget timetable with consideration for the financial information contained within the bid.

Sources of funding would be considered for each of the proposed capital schemes. Each project would be considered in terms of revenue funding to cover the operational running costs of the asset and any borrowing repayment costs, and how the asset would be funded in terms of capital expenditure. This is known as whole life budgeting.

9.3 Prioritisation of Schemes put forward

A system for prioritising capital projects will be adopted. This will result in a list of proposals to be considered as part of that year's budget setting process.

9.4 Options Appraisals and Feasibility Studies

As part of the process of producing a list of potential schemes the capital programme option appraisals will be required to determine the most cost effective and best service delivery options.

Some projects may require a feasibility study. As part of any feasibility study an assessment of the maintenance costs per annum averaged over the whole life of the asset will be calculated.

9.5 In Year Opportunities

Schemes which arise during the year will only be considered for inclusion in the capital programme if they meet key criteria set out in section 9.1 or one or more of the following criteria:

- The location of the property to be purchased will bring added value to the estate;
- The requirement for the asset is an extraordinary service demand which could not be anticipated in the normal planning processes.

9.6 Member Approval Process

As part of the annual budget cycle.

10 Monitoring of the Capital Programme Expenditure

The Capital Budget Monitoring Report is currently produced quarterly, listing provisional and approved capital schemes, giving details of the project manager, budgets, year to date spend, brought forward spend and capital financing.

The report is sent to budget managers of each department for comment and reports are returned to Finance Team for incorporating into the Capital Budget Monitoring Report that is sent to the Strategic Management Team for review to ensure schemes are on target.

When the capital schemes are completed a full evaluation report will be made available.

11 Multi-Year Schemes

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Estimated payment patterns are calculated for each

project so that the expected capital expenditure per year is known. This is known as a cash flow projection and is key to analysing funding requirements.

The length of the planning period is defined by the financing strategy and the risks faced with reference to the life of the project/assets. For example, some schemes may span two or three whereas others may be over much longer timeframes.

This allows greater integration of the revenue budget and capital programme and matches the time requirement for scheme planning and implementation since schemes have a considerable initial development phase.

12 Funding Strategy and Capital Policies

This section sets out the policies of the Council in relation to funding capital expenditure and investment.

12.1 External Funding

The Council will seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government.

Prior to submitting proposals for grant funding, an assessment of the risk of a contract price increase, associated with market conditions or abnormal building plan demands attached to some grants, must be completed to estimate the likelihood of additional funding being needed.

12.2 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an asset. In most cases they cannot be spent on revenue items.

12.3 Prudential/Unsupported Borrowing

Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. This borrowing may also be referred to as Prudential Borrowing.

Section 151 Officer / Head of Finance will make an assessment of the overall prudence, affordability and sustainability of the total borrowing which is reviewed by the Joint Audit and Governance Committee before approval by the Council. The impact of this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

The view of Section 151 Officer / Head of Finance will be fed into the corporate budget process so that, should the required borrowing levels be unaffordable or not

prudent, then the schemes will be prioritised against the available funding from borrowing using the corporate prioritisation system.

Section 151 Officer / Head of Finance will also determine whether the borrowing should be from internal resources, or whether to enter external borrowing.

12.4 Invest to Save Schemes

Occasionally projects arise which require set-up costs of projects which may bring long term service delivery improvements and/or cost savings. The initial set up costs may be of a revenue or capital nature. Assistance for these schemes must be considered on an individual basis.

For 'invest to save' schemes it is expected that in the longer term these schemes will produce savings and/or additional income that will support the revenue budget.

12.5 Leasing

Section 151 Officer / Head of Finance may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources will be made, and Section 151 Officer / Head of Finance will ascertain that leasing provides the best value for money method of funding the scheme.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

13 Procurement and Value for Money

Procurement is the purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

The Council uses Capita and In-House Procurement that ensures they provide value for money and to see where efficiency savings can be achieved. This also covers capital procurement.

It is essential that all procurement activities comply with EU procurement directives and adhere to the relevant requirements. Guidance on this can be sought from the Procurement team. Procurement must also comply with the Councils policies and regulations such as Contract Procedural Rules and Financial Regulations.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality and ensure all expenditure is appropriate.

14 Performance Management

Clear measurable outcomes will be developed for each capital scheme. After the scheme has been completed, a review can be undertaken.

Reviews will look at the effectiveness of the whole project in terms of operational delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

15 Risk Management

To manage risk effectively, the risks associated with each capital project will be identified, analysed, and monitored.

It is important to identify the appetite for risk (see below) by each scheme and for the capital programme, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

Section 151 Officer / Head of Finance will explicitly identify the affordability and risk associated with the Capital Strategy. Where appropriate they will consider specialised advice to assist in decision making.

An assessment of risk will therefore be built into every capital project and major risks recorded in a Risk Register, before consideration by Council.



Listening Learning Leading

Report to: Cabinet Scrutiny Committee Council

Report of Head of Finance

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To: CABINET

31 January 2019

To: SCRUTINY COMMITTEE

5 February 2019

To: COUNCIL

14 February 2019

Revenue Budget 2019/20 and Capital Programme to 2023/24

RECOMMENDATIONS

1. That cabinet agrees to maintain car park fees and charges at current levels.
2. That cabinet recommends to council that it:
 - a. sets the revenue budget for 2019/20 as set out in appendix A.1 to this report,
 - b. approve the capital programme for 2019/20 to 2023/24 as set out in appendix D.1 to this report, together with the capital programme changes as set out in appendix D.2 of this report,
 - c. sets the council's prudential limits as listed in appendix E to this report,
 - d. approves the medium term financial plan to 2023/24 as set out in appendix F to this report,
 - e. allocates £500,000 to fund the Communities Capital and Revenue grant scheme,
 - f. asks Officers to review the Medium Term Financial Strategy (MTFS) following the 2019 spending review and Ministry of Housing, Communities and Local Government (MHCLG) announcements of changes to the council's future funding streams
3. That cabinet agrees that the cabinet member for finance, in conjunction with the head of finance, may make minor adjustments to this report and the prudential indicators should they prove necessary prior to its submission to council on 14 February 2019.

Purpose of report

1. This report:
 - brings together all relevant information to allow cabinet to recommend to council a revenue budget for 2019/20 and a capital programme for 2019/20 to 2023/24;
 - recommends the prudential indicators to be set by the council in accordance with 'the Prudential Code' introduced as part of the Local Government Act 2003;
 - contains the opinion of the council's chief financial officer on the robustness of estimates and adequacy of the council's financial reserves;
 - contains the Medium Term Financial Plan (MTFP) which provides details of the forward budget model for the next five years.

Strategic objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The objectives identify where investment, including proposed growth, will take place in order to help the council achieve its corporate plan targets.
3. Where growth proposals (known as growth bids) have been made, each bid sets out how it will help achieve the council's objectives. The cabinet member for finance has chosen to include some growth bids in these budget proposals and these are identified in **appendix B.1** (revenue) and **appendix D.2** (capital).

Revenue budget 2019/20

Budget target 2019/20

4. The MTFS previously approved by Council in 2018 sets a target within which the revenue budget will be set each year. It is:

'to set a revenue budget requirement that increases by no more than inflation each year, except where new responsibilities are placed on the council'.

Budget composition 2019/20

5. **Appendix A.1** summarises the movements in the base budget from £16,913,897 in 2018/19 to £16,643,702 in 2019/20. These movements are detailed below.
6. **Opening budget adjustment reduction £1,625,117 (appendix A.2)**. This includes the removal of one-off growth items relating to 2018/19 and before, and the realisation of the full-year effect of savings proposals identified in previous years.
7. Additions to the base budget:
 - **inflation, salary increments and other salary adjustments £1,534,057 (appendix A.3)**. The salary and contract inflation totals £470,700 representing an average increase of 2.8 per cent on the 2018/19 net expenditure budget. For council employees an overall increase in salary of 2.7 per cent is budgeted for 2019/20. Increments payable to council employees not at the top of their salary

range total £90,244. Other salary adjustments of £973,112 primarily reflect the cost of the council staff restructure. This cost is offset by base budget reductions and revisions to the managed vacancy factor and contingency budgets.

Discretionary fees and charges have been increased by inflation, except for car park fees and charges which are proposed to remain at current levels, pending a more detailed review during 2019/20.

- **essential growth – one-off £195,647 and ongoing £859,143 (appendix A.4)**, these items comprise additional expenditure which have been identified by officers and the cabinet member and are considered to be unavoidable and reflect changes that have occurred in the current year or which are known will happen in 2019/20. Deductions from the base budget:
 - **base budget reductions £674,657 (appendix A.5)** These base budget savings are reductions in costs identified by officers which may be the result of more efficient working or previously agreed policy decisions, cost reductions outside of the council's control, increases in income, or correction to budgets. These savings do not affect frontline service delivery. This was facilitated by the Chartered Institute of Public Finance and Accountancy (CIPFA) who, as reported to cabinet on 18 December 2018, supported us in challenging the budget.
 - Included in this figure is £120,000 that is required to be found to fund the staff restructure and identified as being available by our recent work with CIPFA but has yet to be allocated to services.
 - **increase in managed vacancy factor £303,705**, this provision has been increased to four per cent of budgeted employee costs and reduces the overall employees budget to reflect the savings that result from vacancies arising as part of normal staff turnover. The increase reflects the trend in vacancies and recruitment lead times seen in recent years.
 - **decrease in revenue contingency £255,563**, this reduces the overall contingency budget to £200,000 as officers are confident that the budget challenge process has reduced the need for a larger contingency.
8. As a result of these changes the council's revised base budget for 2019/20 is **£16,643,702** some **£270,195** below that set in 2018/19.

Revenue growth proposals

9. A limited number of revenue growth proposals are being recommended to council for inclusion in the budget for 2019/20. These are detailed in **appendix B.1** and total **£165,000**. The growth proposals have been selected by the cabinet member on the basis that they support the council's strategic objectives as set out in the council's corporate plan 2016-2020 and enhance service provision.
10. Highways England is currently working on proposals for a new expressway road between Oxford and Cambridge. An announcement on preferred route options is expected later in 2019. Depending upon the route selected, the council may choose to take part in public engagement and inquiry processes at which point costs may be incurred. No budget has been created in 2019/20 for potential costs nor have potential costs been reflected in the five-year MTFP as the Council's view and response to this issue cannot be determined at this time.

11. There are no revenue consequences of proposed capital growth in 2019/20. Capital growth is detailed in **appendix D.2** and is considered later in this report.

Gross treasury income

12. Treasury income earned in 2019/20 is currently forecast to be **£2,806,660**, and will be allocated as follows:

- £2,350,660 to support the revenue budget for 2020/21; and
- £456,000 reinvested in financial instruments.

13. More details of treasury income can be found in the council's Treasury Management Strategy report¹.

14. Including growth and treasury income results in a net expenditure budget for the council of **£14,002,042** compared with **£13,974,037** in 2018/19.

Reserves and other funding

New Homes Bonus (NHB)

15. The provisional government allocation for NHB payment for 2019/20 is **£1,920,550**. Projections of future NHB earnings and how they will be used are detailed later in this report.

Transfers to/from reserves

16. The proposed transfers to / from earmarked reserves total **£995,187** and reflect:

- The transfer from reserves of treasury income earned in 2018/19 and earmarked to support the revenue account in 2019/20,
- The transfer to reserves of treasury income earned in 2019/20,
- The transfer to reserves of investment income from property in Didcot for future investment,
- Other transfers to / from the revenue grants reserve.

17. Based on the above use of reserves and other funding, the amount of revenue expenditure to be financed from government settlement and from council tax 2019/20 is **£9,786,430 (appendix A.1)**.

Funding

Local government settlement

18. As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government offered to councils a four-year funding settlement for the period 2016/17 to 2019/20. Table 1 below details the funding for the council up to 2019/20.

¹ Considered by Cabinet 31 January 2019, Council 14 February 2019

Table 1: Settlement funding assessment (provisional)

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	1,195	572	192	0
Business Rates Baseline Funding Level	2,384	2,433	2,506	2,563
Settlement Funding Assessment	3,579	3,005	2,698	2,563
Tariff/Top-Up adjustment	0	0	0	0
Total	3,579	3,005	2,698	2,563

19. The provisional settlement for 2019/20 is five percent lower than 2018/19. Whilst the baseline funding element of the settlement is increasing in line with the increase in national business rates, Revenue Support Grant (RSG) is reduced to nil in 2019/20. Figures previously circulated for 2019/20 originally indicated that an additional tariff payment would be due, reflecting a redistribution of government funding. This has commonly been referred to as negative RSG. However, for 2019/20 only the government has provisionally confirmed that this will not now occur.
20. Rural services delivery grant of **£42,229** has been allocated to the council for 2019/20. No funding has been assumed after 2019/20.
21. The importance of NHB funding has increased over recent years and is critical to the sustainability of the council's MTFP. As identified above funding has been provisionally announced along with the settlement this year at £1,920,550 for 2019/20.
22. As reported to Cabinet on 18 December 2018, government confirmed that 2019/20 is the final year of the NHB scheme in its current form. It is assumed at this stage that the government will honour existing awards of NHB funding only. No assumption has been made regarding income that could be receivable in future under a revised NHB scheme or a replacement for the NHB scheme.
23. Estimates of future receipts of NHB are shown in table 2 below and are also included in the MTFP (detailed in row 42). In total the council is expected to have received in excess of £4.2 million during the MTFP period.

Table 2: new homes bonus

Year earned	Year of receipt				
	2019/20 actual £000	2020/21 indicative £000	2021/22 indicative £000	2022/23 indicative £000	2023/24 indicative £000
2015/16	0	0	0	0	0
2016/17	675	0	0	0	0
2017/18	581	581	0	0	0
2018/19	255	255	255	0	0
2019/20	410	410	410	410	0
Total	1,921	1,246	665	410	0

24. At the time of writing this report the final settlement funding assessment had not been received from the government. It is not anticipated that when this information is available it will be significantly different to the provisional figures.

Business rate retention scheme

25. For budget setting purposes it has been assumed that the council's share of business rates income after payment of tariff will remain at the baseline level for the period of the MTFP. However, and as discussed in the budget setting update report considered by Cabinet in December 2018, the actual funding generated will depend on the outcome of the review of the retained business rates scheme which will include changes to:
- The percentage of business rates growth is retained by the different tiers of local government,
 - the baseline in accordance with the fair funding review.
26. Any surpluses arising from membership of the Oxfordshire Business Rate Pooling Distribution Group will be added to the council's reserves at the end of the financial year and are not budgeted for.
27. Business rates retained by the Council as planning authority relating to facilities generating renewable energy within the district is estimated at **£84,287** (MTFP row 52).

Collection fund

28. The surplus on the collection fund is estimated in 2018/19 to be **£320,354**.

Use of reserves

29. The difference between expenditure requirement and the funding available is smoothed over the medium term financial plan by transfers to and from earmarked reserves and the general fund balance. The net impact of these budget proposals is a draw on general fund balances of **£1,081,353** and on NHB reserves of **£2,208,896** in 2019/20.

Cabinet member for finance's revenue budget proposal

30. Based on the amendments detailed above, and as shown in **appendix A.1** of this report, the cabinet member's budget proposal, including growth, is for a net revenue budget of **£9,786,430**. This revenue budget as proposed would result in an increase of £5.00 to current band "D" council tax to **£121.24**. **Appendix C** shows the breakdown of the revenue budget.
31. The cabinet member for finance's revenue budget proposal of **£9,786,430** is within the revenue budget target, meeting the requirement laid down in the MTFS.

Capital programme 2019/20 to 2023/24

Current capital programme

32. The latest capital programme (before growth) is attached at **appendix D.1** and is summarised in table 3 below. It is the capital programme as set by council in February 2018 plus: -
- slippage (caused by delays to projects) carried forward from 2017/18
 - new schemes approved by council during 2018/19

- re-profiling of expenditure on schemes from the 2018/19 financial year to future years where delays to schemes have occurred
- cabinet approved movement of schemes from the provisional to the approved capital programme
- the deletion of previously agreed schemes that have completed or are no longer being pursued at this time in their original form.

Didcot Leisure Centre has been removed from the capital programme at this time. However, it will be taken forward as part of a wider health and well-being initiative relating to Didcot Garden Town, which is a multi-partner initiative including Oxfordshire County Council and Vale of White Horse District Council.

Cabinet capital programme proposals

33. **Appendix D.2** contains a list of capital schemes that are being recommended for inclusion and amendment in the capital programme. Officers will amend the provisional capital programme to include the proposals if approved by cabinet and council.

Financing the capital programme

34. **Table 3** contains a schedule showing the current and proposed capital programme and how it will be financed, including the growth proposals, if they are approved. The programme proposed can be fully funded from existing and anticipated capital resources. The total planned capital expenditure is **£39.2 million** over five years.

Table 3: current and proposed capital programme with financing

	2018/19 latest estimate	2019/20 estimate	2020/21 estimate	2021/22 estimate	2022/23 estimate	2023/24 estimate	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000
Capital programme before growth							
- approved	4,673	5,186	7,573	2,651	1,451	1,451	22,985
- provisional	1,124	8,759	1,548	1,183	1,183	1,183	14,980
	5,797	13,945	9,121	3,834	2,634	2,634	37,965
Cabinet capital growth proposals	0	1,052	1,649	(491)	(491)	(491)	1,228
Total expenditure	5,797	14,997	10,770	3,343	2,143	2,143	39,193
Financing							
Grant funding	1,809	2,364	2,979	839	839	839	9,669
Developers' contributions	34	156	0	0	0	0	190
Usable capital receipts/revenue reserves	3,954	12,477	7,791	2,504	1,304	1,304	29,334
Total financing	5,797	14,997	10,770	3,343	2,143	2,143	39,193
Estimated balances as at 31 March 2024							
Usable capital receipts							0
Enabling fund							(3,219)
New homes bonus:							
Unringfenced							0
Affordable homes							(1,524)

Future pressures on the capital programme

35. **Table 3** also shows the use of council resources to fund the capital programme.

Officers advise cabinet not to earmark all available resources in proposing the budget

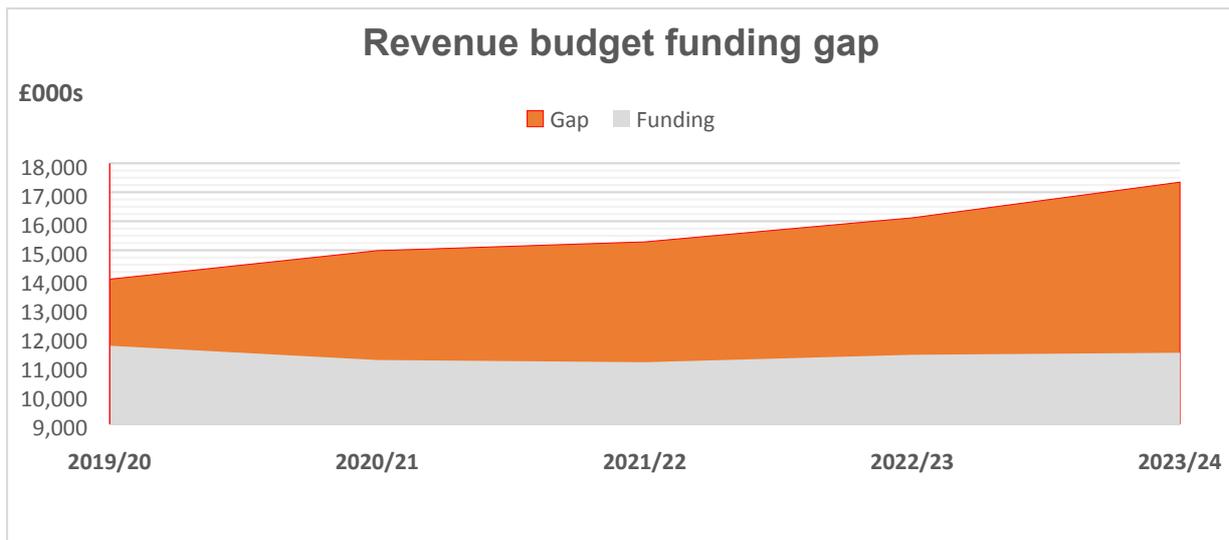
to council, as the prudential code requires local authorities to set sustainable budgets. By retaining unallocated balances, cabinet can demonstrate that through a combination of this and future income (that can be expected beyond the period of the budget) it can fund future pressures.

The prudential code and prudential indicators

36. In setting its revenue and capital budgets for 2019/20, the council must agree prudential indicators in accordance with the prudential code (see below). When recommending its budgets to council, cabinet must also recommend the prudential indicators.
37. From 1 April 2004, government control of local authorities' borrowing was abolished and replaced by a prudential system of self-regulation. Authorities are able to borrow based on need and affordability, which they demonstrate through compliance with the prudential code developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and given statutory force by government regulation.
38. The key objectives of the prudential code are to ensure that the capital investment plans of the authority are affordable, prudent and sustainable. To demonstrate that authorities have had regard to these objectives, the prudential code sets out a number of indicators that must be considered covering five distinct areas – capital expenditure, affordability, prudence, external debt and treasury management. Council must approve the indicators through the budget process before 1 April each year, but they can be revised during the year if required.
39. The key indicators that will drive the capital budget decision making process will be those concerning long term affordability, as these measure the impact of capital investment decisions on the overall revenue budget and in particular the precept against the collection fund.
40. In setting or revising the prudential indicators the council is required to have regard to:
 - affordability e.g. implications for the precept
 - prudence and sustainability e.g. implications for external borrowing
 - value for money e.g. option appraisal
 - stewardship of assets e.g. asset management planning
 - service objectives e.g. strategic planning for the council
 - Practicality e.g. achievability of the forward plan.
41. Under the code, the head of finance as chief finance officer is responsible for ensuring that the council considers all relevant matters when setting or revising indicators through a report. The head of finance is also required to establish procedures to monitor performance against all forward-looking indicators; and report upon any significant deviations from forward forecasts with proposed actions.
42. **Appendix E** contains the recommended prudential indicators, which have been calculated based on the budget proposals. The head of finance is satisfied that these indicators show that the council's capital investment plans are affordable, prudent and sustainable.

The Medium Term Financial Plan (MTFP),

43. The MTFP provides a forward budget model for the next five years. **Appendix F** contains the MTFP for 2019/20 to 2023/24. This is a projection of the revenue budget up to 31 March 2024. The projection allows for budget pressures in later years and assumes that council approves all the budget proposals within this report. Officers have made no adjustments for the costs of contracts that will be re-let during this period. They could rise or fall depending on market conditions.
44. The MTFP identifies significant challenges ahead for the council. It reflects the updated provisional settlement figures published in draft by the government in December 2019 and shown in table 1 above. Ongoing funding after 2019/20 is an estimate by officers and is subject to change. The estimates will be refined as more information on the future funding schemes becomes available. Estimates of future receipts of NHB are shown in table 2 above.
45. Officers consider that the pressures highlighted are manageable in the period covered by the MTFP (in light of the reserves and balances available to the council and our ability to vary budgets and redirect funding).
46. The graph below illustrates the gap between funding and expenditure over the period of the MTFP excluding the savings target.



47. The council's MTFS states that the council will hold £50 million of investments of which up to £35 million can be invested in capital schemes that will produce a return of certainty. The remaining balance can be invested in treasury investments. Whilst the treasury investments may in some cases be capable of being realised, investment in capital schemes is not capable of being realised. Such principles will need to be reviewed and potentially adjusted in accordance with the level of future government funding.
48. As at 31 March 2024 the council is currently projected to have invested or earmarked £35 million in capital schemes, including an ongoing £15 million loan to South Oxfordshire Housing Association. The remaining £20 million is held in long term investments.

49. Excluding the £50 million investment, the council is projected to hold £4.0 million of general revenue balances and £9.9 million earmarked revenue reserves as at 31 March 2024.

Communities Capital and Revenue Grant Scheme

50. On an annual basis, the council has considered the amount to be made available for the Community Capital Grant Scheme. From 2018/19, some of this funding has been allocated to revenue projects. The council is asked to consider the amount to be made available for the Community Capital and Revenue Scheme and it is recommended that a grants budget of £500,000 be set for 2019/20 comprising:

- £180,000 for individual councillor grants,
- £320,000 for the communities' capital grants scheme.

Any underspend on the individual councillor grants will be available to fund additional spend on the communities' capital grants scheme.

The robustness of the estimates and the adequacy of reserves

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

52. The construction of the budget has been managed by qualified accountants and has been subject to challenge, specifically by the head of finance, other heads of service and cabinet members. The process of building the budget within accountancy has been more challenging than previous years due to the departure, in-year, of experienced accountants following a restructuring of its service by Capita. The team initially building the 2019/20 budget was both smaller and far less experienced than the team in previous years.

53. On 10 December 2018 the management accounting function was in-sourced from Capita and additional resources were deployed on budget setting. This has allowed the necessary officer scrutiny and challenge of the budget information. Informal meetings of cabinet have considered the budget, and informal briefings have been provided to the opposition. An informal briefing will be given to the council's scrutiny committee members which will be open to all councillors. In view of the process undertaken and his own knowledge of the budget, the head of finance is satisfied that the budget is both prudent and robust.

54. The council's practice is not to use interest in the year it is earned, but in later years. On the basis of the settlement the head of finance is satisfied that this allows retention of sufficient uncommitted balances at the end of the period to ensure that the overall level of reserves is adequate in relation to the proposed revenue budget and capital programme and that the budgets are sustainable. The enabling fund balance as at 31 March 2024 is estimated to be £3.2million. In the MTFP the 2023/24 revenue budget is balanced by using the enabling fund.

55. The need to use reserves to balance the MTFP across its duration reflects the fact that revenue expenditure exceeds revenue income each year. Although the budget is sustainable across the medium term it is not sustainable beyond the medium term

based on current projections of government funding, which are themselves subject to uncertainty pending further information on the results of the fair funding review and the review of NHB. To identify ways to address the projected funding shortfall the council needs to carry out a thorough review of its MTFS during 2019/20 and in the next few years take steps to reduce the gap between its income and expenditure to ensure its longer-term viability.

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

Legal Implications

57. The cabinet needs to make recommendations to council on its spending proposals. Under the Local Government Act 2000 it is council that must agree the revenue and capital spending plans, and then set the council tax. Council will meet on 14 February 2019 in order to set the budget, and the council tax (including amounts set by Oxfordshire County Council and the Police and Crime Commissioner for the Thames Valley).
58. The requirement placed on council by the Local Government Act 2003 to set prudential indicators and for the chief finance officer to make a report to the authority on the robustness of the estimates and the adequacy of reserves are addressed within the body of this report.

Equalities Implications of savings proposals

59. The council has reviewed the proposal to reduce the communities capital grants from £811,000 to £320,000 in line with the Equality Act 2010. The scheme will still give priority to projects that will improve services and facilities for disabled people, ethnic minority people and vulnerable groups. With less money available the council will not be able to support as many of these community projects, which could reduce the ability to improve access to community facilities. To mitigate against the impact officers will signpost to other grants available, including the councillor grants scheme and will work collaboratively with communities to deliver successful projects with the funds available.

Other Implications

60. Agreement of the revenue and capital budgets authorises expenditure in accordance with the council's delegated powers and financial procedure rules. The officer, councillor or councillor body taking those decisions will take into account the human resources, sustainability and equality and diversity implications of individual spending decisions.

Conclusion

61. This report provides details of the revenue base budget for 2019/20, the capital programme 2019/20 to 2023/24, government grants (the settlement), uncommitted reserves and balances, the cabinet member for finance's budget proposals and the resulting prudential indicators.
62. In light of the information provided cabinet must make a number of recommendations to council regarding the revenue budget, the capital programme and the prudential indicators.

Appendices

- Appendix A.1 Revenue budget 2019/20
- Appendix A.2 Opening budget adjustments
- Appendix A.3 Inflation, salary increments and other salary adjustments
- Appendix A.4 Essential growth
- Appendix A.5 Base budget savings
- Appendix B.1 Revenue growth
- Appendix C Service budget analysis
- Appendix D.1 Capital programme before growth
- Appendix D.2 Capital growth bids
- Appendix E Prudential indicators
- Appendix F Medium term financial plan

Background Papers

Provisional settlement figures (December 2019)

Medium term financial strategy 2018/19-2022/23 – Cabinet 12 February 2018, Council 15 February 2018

Council tax base 2019/20 – Cabinet 18 December 2018, Council 20 December 2018

Treasury management strategy – Cabinet 31 January 2019, Council 14 February 2019

South Oxfordshire DC - revenue budget summary 2019/20

	2018/19 Budget	2019/20 Budget	Appendix Ref:
Opening base budget 2018/19		16,913,897	
Revisions to base budget			
Opening budget adjustments		(1,625,117)	Appendix A.2
Inflation, salary increments and adjustments		1,534,057	Appendix A.3
Essential growth - one-off		195,647	Appendix A.4
Essential growth - ongoing		859,143	
Base budget savings		(674,657)	Appendix A.5
Other movement in revenue contingency		(255,563)	Appendix A.6
Movement in managed vacancy factor		(303,705)	
Total base budget after revisions	16,913,897	16,643,702	
Growth proposals			
Revenue - one-off		160,000	Appendix B.1
Revenue - ongoing		5,000	
Capital (revenue consequences of)		0	Appendix D.2
Gross treasury income	(2,939,860)	(2,806,660)	
Net expenditure	13,974,037	14,002,042	
Funding			
Funding from reserves and New Homes Bonus	(4,703,093)	(4,215,612)	Appendix C
Funding from government grants and council tax	(9,270,944)	(9,786,430)	
Total Funding	(13,974,037)	(14,002,042)	
Council tax yield required	6,457,969	6,885,620	

South Oxfordshire DC - 2019/20 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
ALL SERVICES						
2017/18	Employer pension contributions	19,000	19,000	19,000	19,000	19,000
		19,000	19,000	19,000	19,000	19,000
COMMUNITY SERVICES						
2017/18	Revenue grants	(72,141)	(117,610)	(32,321)	(32,321)	(32,321)
2017/18	Leisure officer and delivery Budget	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
2018/19	Additional resources	(1,908)	(4,908)	(61,392)	(61,392)	(61,392)
2018/19	Cornerstone - support ongoing delivery of the arts	(2,000)	(47,000)	(47,000)	(47,000)	(47,000)
2018/19	Cornerstone - Nourish café/bar	(2,000)	(21,000)	(21,000)	(21,000)	(21,000)
2018/19	Go Active Gold	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
2018/19	Grants officer	0	0	(27,652)	(27,652)	(27,652)
		(133,049)	(245,518)	(244,365)	(244,365)	(244,365)
CORPORATE MANAGEMENT TEAM						
2018/19	Management restructure costs	23,271	23,271	23,271	23,271	23,271
		23,271	23,271	23,271	23,271	23,271
CORPORATE SERVICES						
2014/15	Bi-annual residents survey	24,000	0	24,000	0	24,000
2017/18	Volunteer development officer	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)
2018/19	Staff development and culture	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
2018/19	Data Protection Officer	0	0	(21,500)	(21,500)	(21,500)
		(55,000)	(79,000)	(76,500)	(100,500)	(76,500)

South Oxfordshire DC - 2019/20 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
DEVELOPMENT & REGENERATION						
2017/18	Berinsfield	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
2017/18	Support for rough sleepers	0	(36,300)	(36,300)	(36,300)	(36,300)
2018/19	Growth Board - support	(45,000)	(60,000)	(60,000)	(60,000)	(60,000)
2017/18	Broadband	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)
2018/19	Growth Board Contribution	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
2018/19	Business & Innovation Strategy	0	(12,500)	(12,500)	(12,500)	(12,500)
2018/19	Station Road car park income		234,000	234,000	234,000	234,000
2018/19	Council office rental income	0	315,000	315,000	315,000	315,000
		(167,500)	317,700	317,700	317,700	317,700
HOUSING & ENVIRONMENT						
2017/18	Increased contractor payments	0	(25,000)	(25,000)	(25,000)	(25,000)
2018/19	Reduction In Flexible Homeless Support Grant	(90,000)	(155,000)	(155,000)	(155,000)	(155,000)
2018/19	OCC waste management agreement	50,000	50,000	50,000	50,000	50,000
2018/19	Public realm team	(5,000)	(5,000)	(190,500)	(190,500)	(190,500)
2015/16	Net increase in waste and recycling costs	52,653	52,653	52,653	52,653	52,653
2018/19	CCTV running costs	(19,443)	(19,443)	(19,443)	(19,443)	(19,443)
2018/19	Improvements to air quality/green travel initiatives	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
		(111,790)	(201,790)	(387,290)	(387,290)	(387,290)
LEGAL & DEMOCRATIC						
2014/15	District elections	50,000	(50,000)	0	0	50,000
		50,000	(50,000)	0	0	50,000
PARTNERSHIP & INSIGHT						
2017/18	5CP contract reprofiling	(726,632)	(793,211)	(904,171)	(992,094)	(992,094)
2017/18	Building capacity and accelerated housing growth	(77,417)	(77,417)	(77,417)	(77,417)	(77,417)
2018/19	Implementation of GDPR	(47,000)	(47,000)	(47,000)	(47,000)	(47,000)
		(851,049)	(917,628)	(1,028,588)	(1,116,511)	(1,116,511)

South Oxfordshire DC - 2019/20 budget build changes

Opening budget adjustments

Year of bid	Summary	Spending profile				
		2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
PLANNING						
2016/17	Recruitment and retention	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
2016/17	Recruitment and retention funding	28,000	28,000	28,000	28,000	28,000
2017/18	Planning appeals support	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
2017/18	Neighbourhood planning	0	0	(38,000)	(38,000)	(38,000)
2017/18	S106/CIL monitoring officer	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
2017/18	Local plan 2033	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
2018/19	Planning fee income	0	(60,000)	(60,000)	(60,000)	(60,000)
2018/19	Didcot Garden Town DPD	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)
2018/19	Planning appeals	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
		(399,000)	(459,000)	(497,000)	(497,000)	(497,000)
GRAND TOTAL		(1,625,117)	(1,592,965)	(1,873,772)	(1,985,695)	(1,911,695)

South Oxfordshire DC - 2019/20 budget build changes
Inflation, salary increments and other salary adjustments

Summary	Spending profile				
	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
ALL SERVICES					
Salary inflation	268,075	543,389	826,136	1,116,517	1,414,738
Salary increments	90,244	182,926	278,109	375,862	476,255
Other salary adjustments	973,112	973,112	973,112	973,112	973,112
Other net inflation	202,625	361,495	524,654	692,218	864,307
GRAND TOTAL	1,534,057	2,060,921	2,602,011	3,157,710	3,728,413

South Oxfordshire DC - 2019/20 budget build changes

Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
COMMUNITY SERVICES								
1	Utilities costs for Didcot Wave and Didcot Leisure Centre	To pay for increased utilities costs as a result of the extended contract arrangements with GLL for the Didcot centres. As part of the negotiations GLL took on the consumption risk.	Ongoing	15,000	15,000	15,000	15,000	15,000
2	Cornerstone Café	Realignment of income budgets due to additional competition.	Ongoing	48,696	48,696	48,696	48,696	48,696
				63,696	63,696	63,696	63,696	63,696
CORPORATE SERVICES								
1	Insurance increase	The budget for insurance premiums is currently £190,000. The current years premium has not yet been finalised, but will be in the region of £212,800 this is a small increase on last years premium of £206,440. Previously the shortfall was met from other budget underspends but it is not considered appropriate to continue doing this and a growth bid is therefore considered essential.	Ongoing	23,422	23,422	23,422	23,422	23,422
2	Health and Wellbeing Corporate group	The 2019/20 collective agreement between SODC, VWHDC and Unison includes a budget of £5,000 per council to be held by the Head of Corporate Services to support wellbeing working group objectives which is an officer group implementing staff welfare initiatives.	Ongoing	5,000	5,000	5,000	5,000	5,000
				28,422	28,422	28,422	28,422	28,422
DEVELOPMENT AND REGENERATION								
1	Lease of 135 Eastern Avenue and associated overflow car parking	The current lease of 135 Eastern Avenue ends in 2019 and terms for a new lease are being agreed to cover occupation until the new HQ at Crowmarsh is ready for occupation. As these costs are split 50:50 with Vale, this relates to South's element.	One-off	40,000	40,000	40,000	20,000	0
				40,000	40,000	40,000	20,000	0
FINANCE								
1	Housing benefits	Net movement in housing benefit volumes and subsidy.	Ongoing	30,561	30,561	30,561	30,561	30,561
2	Government grant income	Reduction in central government grants for administration of housing benefits and council tax reduction scheme.	Ongoing	58,308	58,308	58,308	58,308	58,308
3	Finance	Increase the management accounting function to support moving to monthly budget monitoring, increased benchmarking and active finance involvement in procurement decisions.	Ongoing	46,000	46,000	46,000	46,000	46,000
				134,869	134,869	134,869	134,869	134,869

South Oxfordshire DC - 2019/20 budget build changes

Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
HOUSING & ENVIRONMENT								
1	Homelessness prevention and supported accommodation	SODC received £165,841 Flexible Homelessness Support Grant from government in 2018/19. The grant "may be used only to prevent and deal with homelessness". It will be used to a) continue to fund supported housing for SODC residents who are homeless or at risk of becoming homeless for 2020/21; b) to help households secure accommodation and c) to extend the contracts of 3.5FTE fixed term staff, currently engaged in homeless prevention activities, to 31.03.2020. FULLY FUNDED	One-off	82,920	82,920	0	0	0
2	Homelessness prevention and tenancy support	SODC received £27,727 new burdens funding from government in 2018/19 to assist with the implementation of the Homelessness Reduction Act. The funding will be used to prevent homelessness through issuing rent-in-advance loans, deposit bonds and tenancy support payments to help households at risk of homelessness to secure or remain in accommodation. FULLY FUNDED	One-off	27,727		0	0	0
3	Biffa Waste Services	Increased contract costs to Biffa for waste collection services, due to an increase in properties, increased subscribers to the garden waste service and 2018/19 indexation not included in the base budget.	Ongoing	112,000	112,000	112,000	112,000	112,000
4	Street litter bins	Litter bin review has highlighted a large number of bins that need replacing as they are damaged. The funding will be used to replace the bins that are deemed to be a health and safety risk to the public.	Ongoing	10,000	10,000	10,000	10,000	10,000
5	Software licensing	Annual charge for licensing software (Idox and housing).	Ongoing	15,000	15,000	15,000	15,000	15,000
6	Feasibility study for Civil Parking Enforcement	Estimated cost of conducting a feasibility study to ascertain the cost of introducing Civil Parking Enforcement.	One-off	30,000				
7	Increase in non domestic rates in car parks	The NNDR in car parks increased last year by £55,000 less saving from NNDR being removed from public conveniences of £13,000, net £42,000 increase.	Ongoing	42,000	42,000	42,000	42,000	42,000
				319,647	261,920	179,000	179,000	179,000

South Oxfordshire DC - 2019/20 budget build changes
Essential growth

No	Title of bid	Summary	One-off/ Ongoing	Spending profile:				
				2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
LEGAL AND DEMOCRATIC								
1	Elections May 2019	This bid covers the majority of the costs for the delivery of the May 2019 district and parish council elections that will be incurred from April 2019 onwards. The base budget includes £100,000 but further work on the likely costs indicates a budget requirement of £115,000.	One-off	15,000	0	0	0	15,000
2	Cabinet member allowances (special responsibility allowance budget)	The existing budget is not sufficient to cover the number of special responsibility allowance posts following the appointment of seven Cabinet members (in addition to the leader and deputy leader).	Ongoing	10,000	10,000	10,000	10,000	10,000
3	External legal spend	To increase the budget for external legal advice to £200,000 per annum with effect from 1 April 2019 to cover increasing need/demand for this service which has for the last few years exceeded the base budget by a significant amount. This is due to legal advice particularly on proceedings such as judicial reviews and planning inquiries instigated by third parties and so outside the council's control.	Ongoing	126,758	126,758	126,758	126,758	126,758
				151,758	136,758	136,758	136,758	151,758
PARTNERSHIP AND INSIGHT								
1	5CP contract costs	Estimated revision to the 5 Councils Partnership contract payments following renegotiation of the contract and the Inter Authority Agreement. These costs are partially offset by lower actual costs than budgeted in the earlier years of the contract.	Ongoing	316,398	356,145	363,146	363,146	363,146
				316,398	356,145	363,146	363,146	363,146
PLANNING								
1	Local Plan	A new local plan. There is a statutory duty to review our local plan every five years. Although, we have yet to finalise our current local plan (South Local Plan 2034), we need to start the review process. This currently should run in parallel with the development of the Oxfordshire Plan 2050.	One-off	0	220,000	25,000	0	0
				0	220,000	25,000	0	0
TOTAL				1,054,790	1,241,810	970,891	925,891	920,891

South Oxfordshire DC - 2019/20 budget build changes

Base budget savings

No	Summary	One-off or ongoing?	Spending profile:				
			2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
COMMUNITY SERVICES							
1	A variety of Cornerstone budgets have been rightsized to expected actual expenditure.	Ongoing	(11,500)	(11,500)	(11,500)	(11,500)	(11,500)
2	Cornerstone Café budgets have been rightsized, reductions include purchase of equipment and bar supplies.	Ongoing	(8,073)	(8,073)	(8,073)	(8,073)	(8,073)
3	Leisure facilities management budget has been rightsized to expected actual expenditure.	Ongoing	(11,673)	(11,673)	(11,673)	(11,673)	(11,673)
			(31,246)	(31,246)	(31,246)	(31,246)	(31,246)
CORPORATE SERVICES							
1	MFD (Multi Functional devices) budget has been rightsized to expected actual expenditure.	Ongoing	(11,080)	(11,080)	(11,080)	(11,080)	(11,080)
2	Telephones and Fax communications budgets have been rightsized to expected actual spends.	Ongoing	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
3	Street naming and numberings budget for other expense has been challenged and reduced whilst we will see an increase in fees and charges income.	Ongoing	(14,939)	(14,939)	(14,939)	(14,939)	(14,939)
4	Corporate development have a range of costs that have been reduced including travel expense, catering, stationery and communications etc.	Ongoing	(5,379)	(5,379)	(5,379)	(5,379)	(5,379)
			(56,398)	(56,398)	(56,398)	(56,398)	(56,398)

South Oxfordshire DC - 2019/20 budget build changes

Base budget savings

No	Summary	One-off or ongoing?	Spending profile:				
			2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
DEVELOPMENT & REGENERATION							
1	Economic development's employee costs have been rightsized to expected actual spends.	Ongoing	(1,320)	(1,320)	(1,320)	(1,320)	(1,320)
2	All salaries and related costs have been removed from the budgets within Science Vale. An alternative model for delivery of Science Vale marketing has been established.	Ongoing	(3,856)	(3,856)	(3,856)	(3,856)	(3,856)
3	The current lease of 135 Eastern Avenue ends in 2019 and terms for a new lease are being agreed to cover occupation until the new HQ at Crowmarsh is ready. As these costs are split 50:50 with Vale, this is Vale's contribution to rental payment at 135 Eastern Avenue.	One-off	0	(315,000)	(315,000)	(157,500)	0
4	Rental of 135 Eastern Avenue ceases in 2022 when the new HQ at Crowmarsh is ready for occupation.	One-off	0	0	0	(322,500)	(645,000)
			(5,176)	(320,176)	(320,176)	(485,176)	(650,176)
PLANNING							
1	Development Management has reduced the budget for statutory advertisements of planning/listed building application following a review of the process and a new supplier.	Ongoing	(36,010)	(36,010)	(36,010)	(36,010)	(36,010)
			(36,010)	(36,010)	(36,010)	(36,010)	(36,010)

South Oxfordshire DC - 2019/20 budget build changes
Base budget savings

No	Summary	One-off or ongoing?	Spending profile:				
			2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
HOUSING & ENVIRONMENT							
1	The council receives 10% of the sale of each mobile home. Budget has been rightsized to reflect the last five years.	Ongoing	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)
2	Income for private sector housing licence fees reviewed and increased.	Ongoing	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
3	Rent deposit scheme is expecting a decline in loans provided to clients.	Ongoing	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
4	Reduction in housing professional subscriptions and travel expenses.	Ongoing	(865)	(865)	(865)	(865)	(865)
5	Environmental health administration costs have been rightsized and the budget for purchasing of office furniture and usage of external printing has been reduced.	Ongoing	(1,166)	(1,166)	(1,166)	(1,166)	(1,166)
6	Budget for Dog Warden services amended to reflect previous years actual spend. Set against a reduction in miscellaneous.	Ongoing	(15,773)	(15,773)	(15,773)	(15,773)	(15,773)
7	Food Safety budgets have been reviewed, resulting in a reduction in agency costs and professional fees.	Ongoing	(5,350)	(5,350)	(5,350)	(5,350)	(5,350)
8	Licensing Agency staff budget reduced.	Ongoing	(7,375)	(7,375)	(7,375)	(7,375)	(7,375)
9	Cemetery fees and charges budget has been rightsized to reflect volume.	Ongoing	(4,578)	(4,578)	(4,578)	(4,578)	(4,578)
10	Car parking income budget amended to reflect volume of previous years.	Ongoing	(82,476)	(82,476)	(82,476)	(82,476)	(82,476)
11	Land Drainage fees and charges income budget have been increased based on previous years actual figures.	Ongoing	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
12	Flexible homeless support grant. This is an earmarked grant for homeless projects.	One-off	(203,648)	0	0	0	0
			(357,131)	(153,483)	(153,483)	(153,483)	(153,483)

South Oxfordshire DC - 2019/20 budget build changes

Base budget savings

No	Summary	One-off or ongoing?	Spending profile:				
			2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
LEGAL & DEMOCRATIC							
1	Legal budgets have been rightsized, books and publication have been reduced by £10,000. We do also expect to see an increase in legal fee which has amounted to an increase of £8000.	Ongoing	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
2	Local land charges income is expected to increase due to fees for services.	Ongoing	(43,496)	(43,496)	(43,496)	(43,496)	(43,496)
3	Democratic services budgets have been rightsized to expected actual expenditure. This includes professional, computer supplies, software purchase and licences.	Ongoing	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)
4	Conference expense budgets rightsized to reflect previous years.	Ongoing	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
5	Several changes were made to the budget for electoral registration. This included the removal of government grant income which we no longer expect to receive and a reduction in budget for other expenses and casual pay.	Ongoing	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
			(68,696)	(68,696)	(68,696)	(68,696)	(68,696)
ALL SERVICES							
1	Unallocated Base budget savings to be identified.	Ongoing	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
			(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Overall total			(674,657)	(786,009)	(786,009)	(951,009)	(1,116,009)

South Oxfordshire DC - 2019/20 revenue budgets bids

No	Title of bid	Summary	One-off or ongoing?	South only or joint bid?	Spending profile:				
					2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
COMMUNITY SERVICES									
1	Seed Funding for Happier Healthier Communities	To provide seed funding for any projects that arise from the Happier Healthier Communities.	On-going	Joint	5,000	7,500	7,500	7,500	7,500
					5,000	7,500	7,500	7,500	7,500
CORPORATE MANAGEMENT TEAM									
1	Shared partnership work on the Oxford to Cambridge arc	Provision for the council to participate in shared partnership work on the Oxford to Cambridge arc, for example by contributing towards evidence studies for growth and development.	One Off	Joint	20,000	0	0	0	0
					20,000	0	0	0	0
CORPORATE SERVICES									
1	External advice for officers/members induction	To support and strengthen the officers and members Induction process in relation to governance roles and responsibilities.	One-off	Joint	15,000	0	0	0	0
2	Commercialisation	To support the development of a more commercial approach for the council.	One-off	South only	125,000	75,000	0	0	0
					140,000	75,000	0	0	0
GRAND TOTAL					165,000	82,500	7,500	7,500	7,500

South Oxfordshire DC Service budget analysis 2019/20		
Budget head	Final Budget £	Final Budget £
Community Services		1,657,833
Corporate Management Team		770,795
Corporate Services		3,136,381
Development & Regeneration		83,034
Finance		(637,120)
Housing & Environment		6,007,142
Legal Services		1,060,894
Partnership & Insight		3,673,400
Planning		1,455,510
Managed Vacancy Factor		(479,168)
Contingency		80,000
Net cost of delivering services		16,808,702
Gross treasury income		(2,806,660)
Net expenditure		14,002,042
Government grant funding:		
New Homes Bonus	(1,920,550)	
Transfer to reserves		
New Homes Bonus	175,527	
Didcot reserve	234,000	
Revenue grants reserve	93,000	
Interest and dividends	2,806,660	
Funding from existing resources:		
Transfer from reserves		
Previous years interest	(2,314,000)	
Revenue grants reserve		
General Fund Balance	(1,081,353)	
New Homes Bonus	(2,208,896)	
		(4,215,612)
Total net revenue budget		9,786,430

**SOUTH OXFORDSHIRE DISTRICT COUNCIL
CAPITAL PROGRAMME TO 31 MARCH 2024**

No.	App/Prov	Note	Costc	2018/19 Original Budget	2018/19 Latest Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
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APPROVED PROGRAMME										
Community Services	App			1,928	1,533	1,328	0	0	0	0
Corporate Services	App			33	694	2,222	6,122	1,200	0	0
Development & Regeneration	App			105	0	0	0	0	0	0
Finance	APP				50					
Housing & Environment	App			2,541	1,096	1,636	1,451	1,451	1,451	1,451
Partnership & Insight	App			1,374	1,275	0	0	0	0	0
Planning	App			25	25	0	0	0	0	0
TOTAL APPROVED PROGRAMME	App			6,006	4,673	5,186	7,573	2,651	1,451	1,451
PROVISIONAL PROGRAMME	Prov			5,761	1,124	8,759	1,548	1,183	1,183	1,183
GRAND TOTAL	Both			11,767	5,797	13,945	9,121	3,834	2,634	2,634

Cumulative Total Budget (Approved & Provisional)

37,965

CAPITAL FINANCING										
Government grants	Both			493	1,809	839	839	839	839	839
New homes bonus	Both			7,250	0	0	0	0	0	0
Developers contributions	Both			0	34	156	0	0	0	0
Revenue reserves Leisure	Both			332	0	0	0	0	0	0
Usable capital and earmarked revenue receipts	Both			11,008	3,954	12,950	8,282	2,995	1,795	1,795
GRAND TOTAL	Both			19,083	5,797	13,945	9,121	3,834	2,634	2,634

**SOUTH OXFORDSHIRE DISTRICT COUNCIL
CAPITAL PROGRAMME TO 31 MARCH 2024**

No.	App/Prov	Note	Costc	2018/19 Original Budget	2018/19 Latest Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Community Services										
CIF Grants										
Revenue Grants - 13/14 Delegated Powers	010	App	A257	4	0					
Revenue Grants - 15/16 Delegated Powers		App	A283		1					
Revenue Grants - 16/17 Delegated Powers		App	A293	250	433					
Revenue Grants - 17/18 Delegated Powers		App	A306	263	300	129				
Revenue Grants - 18/19 Delegated Powers		App	A308		493	211				
Leisure										
Didcot Wave Gym Equipment	198	App	A198		9					
Didcot Leisure Centre	227	APP	201415 (8) A227	938	1	0	0	0		
Abbey Sports Centre - spend to save	273	APP	A273		0	20				
Henley Leisure Centre - spend to save	274	APP	A274		9	71				
Park Sports Centre capital works	275	APP	A275		5	3				
Thame Leisure Centre - learner pool conversion	286	APP	A286	238	15	260				
Thame Leisure Centre - gym equipment replacement	287	APP	A287		1					
Thame LC Changing Rooms	296	App	A296		34					
Didcot Wave Essential Works	298	App	A298		46					
Henley LC Changing Rooms	305	App	A305		26					
Leisure Centre - capital works	078	APP	201314 (8) X155	235	160	634				
				1,928	1,533	1,328	0	0	0	0

**SOUTH OXFORDSHIRE DISTRICT COUNCIL
CAPITAL PROGRAMME TO 31 MARCH 2024**

	No.	App/Prov	Note	Costc	2018/19 Original Budget	2018/19 Latest Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Corporate Services											
Programmes & Assurance											
Crowmarsh Office	307	APP		A307		650	2,200	6,100	1,200		
Carbon Management											
Carbon Management Programme	176	App		A176	20	20					
Communications											
New Website			2016/17 (2)	A288	13	19					
IT Operations											
Upgrade GIS	088	APP		A088		5					
IT Infrastructure	251	APP	201314 (22)	A251		0	22	22			
					33	694	2,222	6,122	1,200	0	0
Development & Regeneration											
Private housing renovation											
Social Housing Initiatives	057	App		X110	105	0					
					105	0	0	0	0	0	0
Finance											
Rotherfield Peppard Community Loan	313	APP		A313		50					
					0	50	0	0	0	0	0

**SOUTH OXFORDSHIRE DISTRICT COUNCIL
CAPITAL PROGRAMME TO 31 MARCH 2024**

	No.	App/Prov	Note	Costc	2018/19 Original Budget	2018/19 Latest Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Housing & Environment											
Property											
Car Park Furniture	249	APP	201314 (20)	A249		0	4				
Customer Service, Licensing & Land Charges											
Licensing Software Project		APP		A259		1					
Technical											
Housing Act Works Refurbishment	103	APP		X170	106	6	150				
Flood Alleviation	143	APP		A143		4	15				
Private housing renovation											
Mandatory disabled facilities grants	011	App	201516 (1)	X108	2,375	962	1,399	1,399	1,399	1,399	1,399
Discretionary assistance	012	App		X109	45	10	52	52	52	52	52
Rent Management Software	299	App	201718 (5)	A299		0	1				
Waste											
Wheeled Bins	279	App		A068		98					
Energy Grants											
Energy Grants Scheme	237	App	201314 (6)	A237	15	15	15				
					2,541	1,096	1,636	1,451	1,451	1,451	1,451
Partnership & Insight											
Growth Points	136	App		A136	1,000	1,275					
Didcot Station Forecourt	207	App		A207	374	0					
					1,374	1,275	0	0	0	0	0
Planning											
Repairs to Castle Lane wall	304	APP		X134	25	25					
					25	25	0	0	0	0	0

**SOUTH OXFORDSHIRE DISTRICT COUNCIL
CAPITAL PROGRAMME TO 31 MARCH 2024**

	No.	App/Prov	Note	Costc	2018/19 Original Budget	2018/19 Latest Budget £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Provisional Capital Programme											
COMMUNITY SERVICES											
External Capital Grants	009, 010	PROV	201314 (4)		789	146	811	811	811	811	811
Leisure Centres Essential Works	173	PROV	201314 (8)		400	0	370	370	250	250	250
Thame Leisure Centre Sports Hall	264	PROV	201415 (3)		125	0					
Public Art - Chinnor cement works	247	PROV	201314 (18)			25					
Public Art - Great Western Park	248	PROV	201314 (19)			0	156				
Cornerstone Capital Works	242	PROV	201314 (13)		70	73	29	29	29	29	29
CORPORATE SERVICES											
Volunteer brokerage	302	PROV	2017/18 (9)		40	40					
DEVELOPMENT & REGENERATION											
Broadband	301	PROV	2017/18 (8)		250	0	125	125			
HOUSING & ENVIRONMENT											
Purchase of new bins	279	PROV	201516 (2)		93	0	93	93	93	93	93
Replacement CCTV Cameras	271	PROV	201516 (8)		95	0	5	90			
Car Park Resurfacing & Improvement	142	PROV	201314 (10)			42					
Refurb Kidmore and Wallingford cemeteries	265	PROV	201415 (6)			34					
Greys Road WC	291	PROV	201617 (7)		120	0	120				
Grounds Team Equipments	310	PROV	2018/19 (2)			70	30	30			
HAW Moulsoford	194	PROV	201516 (6)		170	0	170				
Housing Act Works	280	PROV	201516 (5)		150	0	150				
Flood Alleviation Wheatley	246	PROV	201314 (17)		59	59					
Flood Defence	281	PROV	201516 (7)			55					
Car park, Wallingford	303	PROV	2017/18 (10)		400	470					
Replacement Sewage Pumping Station for FMP	309	PROV	2018/19 (1)			60					
Temporary Accommodation	312	PROV	Council 10/17			0	1,000				
PARTNERSHIP & INSIGHT											
Land purchase	268	PROV			2,000	0					
Investment in Pension Scheme Assets	311	PROV	2018/19 (5)			0	5,000				
CONTINGENCY											
Capital Contingency	235	PROV	201314 (2)		1,000	50	700				
					5,761	1,124	8,759	1,548	1,183	1,183	1,183

No	Title of bid	Summary	One-off or rolling	South only or joint bid?	CAPITAL SPEND					REVENUE CONSEQUENCES				
					Spending profile:					Spending profile:				
					2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Community Services														
1	External Capital Grants	Reduction of budget relating to payment of grants to community organisations	Ongoing	South	(491,000)	(491,000)	(491,000)	(491,000)	(491,000)					
					(491,000)	(491,000)	(491,000)	(491,000)	(491,000)	0	0	0	0	0
Development & Regeneration														
1	Purchase of Vans	Purchase of one van for use by property team to carry out regular repairs and maintenance work to council buildings and property assets.	One-off	Joint	18,150									
					18,150	0	0	0	0	0	0	0	0	0
Partnership & Insight														
1	Affordable Homes Delivery Plan	Grant from Oxfordshire Affordable Homes Delivery Plan allocated to South Oxfordshire DC to fund the affordable homes scheme - FULLY FUNDED.	One-off	Joint	1,525,000	2,140,000								
					1,525,000	2,140,000	0	0	0	0	0	0	0	0
GRAND TOTAL					1,052,150	1,649,000	(491,000)	(491,000)	(491,000)	0	0	0	0	0

	A	B	C	D	E	F
1	South Oxfordshire District Council	Budget	Indicative	Indicative	Indicative	Indicative
2		2019/20	2020/21	2021/22	2022/23	2023/24
3		£	£	£	£	£
19	Base budget bfwd	16,913,897	16,913,897	16,913,897	16,913,897	16,913,897
20	Revisions to base budget					
21	Opening budget adjustments	(1,625,117)	(1,592,965)	(1,873,772)	(1,985,695)	(1,911,695)
22	Inflation, salary increments and adjustments	1,534,057	2,060,921	2,602,011	3,157,710	3,728,413
23	Essential growth - one-off	195,647	342,920	65,000	20,000	15,000
24	Essential growth - ongoing	859,143	898,890	905,891	905,891	905,891
25	Base budget savings	(674,657)	(786,009)	(786,009)	(951,009)	(1,116,009)
26	Movement in revenue contingency	(255,563)	(255,563)	(255,563)	(255,563)	(255,563)
27	Movement in managed vacancy factor	(303,705)	(303,705)	(303,705)	(303,705)	(303,705)
29	Total revised base budget	16,643,702	17,278,386	17,267,749	17,501,526	17,976,228
30	Growth, savings and other budget adjustments					
31	<i>Growth proposals</i>					
32	Revenue - one-off	160,000	75,000	0	0	0
33	Revenue - ongoing	5,000	7,500	7,500	7,500	7,500
36	Assumed future essential growth	0	500,000	1,000,000	1,500,000	2,000,000
38	Net cost of services	16,808,702	17,860,886	18,275,249	19,009,026	19,983,728
40	Gross treasury income	(2,806,660)	(2,875,390)	(2,986,950)	(2,890,490)	(2,635,690)
41	Net expenditure	14,002,042	14,985,496	15,288,299	16,118,536	17,348,038
42	New Homes Bonus	(1,920,550)	(1,245,247)	(664,515)	(409,822)	0
43	Transfers to/from earmarked reserves	995,187	559,937	653,487	390,900	201,200
44	Amount to be financed	13,076,679	14,300,186	15,277,272	16,099,613	17,549,238
45	Financing					
46	Business rates retention scheme	(2,563,130)	(2,614,393)	(2,666,680)	(2,720,014)	(2,774,414)
47	Less - tariff adjustment	0	237,910	242,668	247,521	252,472
48	Settlement Funding Assessment	(2,563,130)	(2,376,483)	(2,424,013)	(2,472,493)	(2,521,943)
49	Less - Parish share of council tax support grant	109,189	101,238	103,263	105,328	107,435
51	Add - Rural Services Delivery Grant	(42,229)	0	0	0	0
52	Add - renewable energy	(84,287)	(84,287)	(84,287)	(84,287)	(84,287)
54	Collection fund surplus/deficit	(320,354)	(300,000)	(300,000)	(300,000)	(300,000)
55	Council tax req'ment before reserves funding	10,175,868	11,640,655	12,572,235	13,348,162	14,750,444
56	Use of New Homes Bonus to balance budget	2,208,896	3,592,000	0	0	0
57	Use of revenue reserves to balance budget	1,081,353	738,096	4,802,958	5,114,361	6,084,098
58	Council tax req'ment after reserves funding	6,885,620	7,310,558	7,769,277	8,233,801	8,666,345
59	Tax base	56,793.3	57,910.0	59,199.0	60,436.0	61,359.0
60	Band D Council tax	121.24	126.24	131.24	136.24	141.24
61	Council tax increase from previous year	4.3%	4.1%	4.0%	3.8%	3.7%
62	Usable balances at year end:*	£000	£000	£000	£000	£000
63	General fund balance	(21,370)	(20,632)	(15,776)	(9,357)	(3,969)
64	Earmarked revenue reserves - allocated	(13,646)	(10,614)	(11,267)	(11,658)	(9,860)
65	Capital receipts	(10,242)	(2,451)	0	0	0
66	Total	(45,258)	(33,697)	(27,043)	(21,016)	(13,829)
67						
68	* Excludes balances held for the long term as per the Medium Term Financial Strategy					