

**TITLE: WORTHING OVERALL BUDGET ESTIMATES 2013/14 AND
SETTING OF 2013/14 COUNCIL TAX**

REPORT BY: SARAH GOBEY, EXECUTIVE HEAD (FINANCIAL SERVICES)

1.0 SUMMARY

1.1 This report represents the culmination of the annual budget exercise and asks members to consider the following:

- The final revenue estimates for 2013/14;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2013/14, prior to its submission to the Council for approval on the 19th February 2013. This will be subject to any proposals to change the draft revenue budget following the consideration of the budget proposals by Cabinet.

These budgets reflect the decisions taken by Members to date in relation to agreed savings proposals. The report also updates members about the impact of the 2013/14 settlement.

- 1.2 The budget is analysed by Cabinet Member portfolio. In addition, the draft estimates for 2013/14 have been prepared, as always, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities 2013/14 (except in relation to pension costs adjustments that do not impact either on the Budget Requirement or the Council Tax Requirement).
- 1.3 The arrangements for setting the Sussex Police Authority precept have changed this year. The new Police and Crime Commissioner has indicated that the overall increase to the Council Tax will be 0% for 2013/14 and this has been approved by the Sussex Police and Crime Panel on 11th January 2013.
- 1.4 The precept for West Sussex County Council has not yet been finalised and will not be confirmed until 15th February 2013. Therefore the formal detailed resolution setting the overall Council Tax for next year will be presented direct to the Council Meeting on 19th February 2013 as an urgent item.

2.0 BACKGROUND

2.1 The outline forecast report to Joint Strategic Committee on 26th July 2012 identified an initial likely budget shortfall of £352,000 for 2013/14. The Council agreed a budget strategy to meet this challenge through three major work streams:

2.0 BACKGROUND

1. Major Service Reviews;
2. Efficiency Reviews;
3. Base Budget Review.

Together with a review of the new Council Tax Freedoms

In addition, the Executive Heads also reviewed their budgets and operations to identify further savings options.

- 2.2 The subsequent report to Joint Strategic Committee on 29th November 2012 outlined the options for savings and updated Members as to the latest budgetary information particularly with respect to the local government finance review. The Committee at its meeting agreed the proposed savings of £517,000.
- 2.3 Since this time the budget has been finalised and the last adjustments have been included. Overall, therefore, the current financial position of the Council for 2013/14 can be summarised as:

	£'000
Original shortfall	352
Changes identified in November 2012:	
Impact of changed level of grant	202
Changes in expected level of Council Tax	100
Potential additional council tax income	(116)
New Homes Bonus for 2013/14	6
Net committed growth items identified by Executive Heads	295
Changes in grounds maintenance saving	31
Deferral of reinstatement of bad debt provision budget	(69)
Removal of contingency budget	(50)
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Budget shortfall as at 29 th November 2012	751
Main changes to the revenue budget:	
Impact of Settlement:	
Improvement in level of income expected from the business rate retention scheme	(190)
Final New Homes Bonus	(1)
Final Revenue Support Grant is marginally higher than expected	(70)
Final adjustment to Council Tax Freeze Grant	(2)
Improvement in Homelessness Grant	(16)
Changes to Council Tax :	
Estimated deficit on the Collection Fund	31
Increase Council Tax income resulting from changes to the tax base	(13)
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Revised budget shortfall C/fwd	490

2.0 BACKGROUND

	£'000
Revised budget shortfall B/fwd	490
Other changes identified:	
Revised assessment for the cost of increments, inflation, and the capital programme.	35
Reduction in Housing Benefit Administration Grant	56
Improvement in land charge income	(50)
Removal of erroneous budget for Commerce Way	(83)
Other changes identified by the executive heads and strategic directors (see appendix 2)	19
	467
Revised budget shortfall B/fwd	467
Less: Agreed Savings	(517)
	(50)
BUDGET SURPLUS TO BE PLACED IN RESERVES (BEFORE ANY FURTHER ACTION AGREED)	(50)

- 2.4 This is an extremely difficult time for Local Government. The last Comprehensive Spending Review in 2010 detailed an unparalleled reduction in support of 28% over the four years 2011/12 – 2014/15.

Local Government – Departmental Expenditure Limit (DEL)					
Departmental Expenditure Limit	£Billion				
	2010/11	2011/12	2012/13	2013/14	2014/15
Overall Total	28.5	26.1	24.4	24.2	22.9
Formula Grant Element	28.0	25.0	23.4	23.2	21.9
Council Tax Freeze	0	0.7	0.7	0.7	0.7
Other	0.5	0.5	0.4	0.4	0.4
Overall percentage reduction in Formula Grant		10.7%	6.4%	0.9%	5.6%
Overall reduction in Formula Grant					21.8%
Overall funding for Councils will fall by 28% over the 4 years					

This is the third year of the national deficit reduction plan which the Council is currently successfully managing. However, what has become clear over the past year is that the level of withdrawal of funding in 2013/14 is greater than expected. When the comprehensive settlement was first announced, the overall total indicated that the reduction would be front-loaded. However, it has become clear during the course of the year that the level of reduction of revenue support grant in the current year and 2014/15 will be nearly as great as that in previous years.

2.0 BACKGROUND

Worthing Borough Council	2010/11 (adjusted)	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Revenue Support Grant and 'baseline funding' *	6.821	5.720	5.046	4.582	3.847
Council Tax Freeze Grant		0.212	0.210	0.210	0.210
Homelessness grant				0.149	0.149
Council Tax Support Grant **				0.947	0.947
		5.932	5.256	5.888	5.153
Annual reduction		1.101	0.674	0.464	0.735
Annual percentage reduction		16.14%	11.78%	9.20%	16.04%
Cumulative total			1.775	2.239	2.974
			26.02%	32.83%	43.60%

* Excluding 2011/12 council tax freeze grant of £210k which was consolidated into the total in 2012/13; and Council Tax Support Grant of £947k and homelessness grant of £149k which will form part of government funding in 2013/14.

** The Council Tax Support Grant will form part of Revenue Support Grant and Baseline Funding from 2014/15 onwards. The overall reduction in grant in 2014/15 including Council Tax Support Grant will be 13.3%.

2.5 The Chancellor of the Exchequer delivered the Autumn Statement on 5th December 2012. This contained a clear indication of the continuing difficult prospects for public sector finances.

'We start with the working assumption that departmental resource totals will continue on the same trajectory as over the current spending review. The detail of departmental spending plans for 2015-16 will be set at a spending review, which will be announced during the first half of next year. What we do today is to take steps now to help deliver these spending plans, and to go on reducing the deficit in a way that is fair.....'

So today, we are reducing departmental resource budgets by 1% next year (2013/14) and 2% in the year after.'

Chancellor of the Exchequer George Osborne,
The Autumn Statement 2012

2.0 BACKGROUND

Consequently, it is now clear that we cannot expect any easing of the financial pressure in the next 2 – 3 years.

- 2.6 The likely impact of the settlement for 2013/14 and 2014/15 is now known and this is discussed in detail in the next section of the report.

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

- 3.1 The settlement was announced 19th December 2012; this marks the start of a new system of funding for local government. The transition from the current funding regime to the new arrangements has been dogged by uncertainty. The Government has made several significant changes to the proposed scheme over the last year, all of which have changed the potential scale and impact of the new arrangements. These are discussed in detail below.
- 3.2 However, within his statement to the House of Parliament on the Local Government Finance Settlement, the message of difficult times to come was reinforced.

'In his autumn statement, the Chancellor recognised that local authorities have risen to the challenge. That is why local government, unlike most of central Government, will be exempted from the 1% top slice next year, which is worth approximately £240 million to councils. However, as it looks to 2014 and beyond, local government needs to continue finding better and more efficient ways of doing things. There remains scope for sensible savings. With the exception of a handful of authorities, nobody has got to grips with procurement. More can also be done to share offices and services, cut fraud and provide more for less.'

The Secretary of State for Communities and Local Government
Mr Eric Pickles

As a result of this announcement, the Council now knows the likely level of funding for the next two years

In addition, the preliminary allocations of the New Homes Bonus have been released and this is also broadly in line with expectations.

- 3.3 As expected, there is a further significant reduction in grant to all classes of Council, although there was some transitional assistance to those hardest hit by the reductions. Overall, the main categories of Council were affected as follows:

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

YEAR-ON-YEAR CHANGE FOR THE 2013-14 SETTLEMENT			
Class of Local Authority	2012-13 Adjusted Formula Grant	2013-14 Formula Grant After Floor Damping	Overall Reduction in Grant
	£million	£million	%
England	27,139.53	26,073.95	3.93%
London Area	6,153.40	5,989.71	2.66%
Metropolitan Areas	7,317.23	7,063.90	3.46%
Shire Areas	13,665.50	13,017.01	4.75%
Isles of Scilly	3.40	3.33	2.07%

YEAR-ON-YEAR CHANGE FOR THE 2013-14 SETTLEMENT			
Class of Local Authority	2012-13 Adjusted Formula Grant	2013-14 Formula Grant After Floor Damping	Overall Reduction in Grant
	£million	£million	%
London Area			
London Boroughs	4,984.13	4,834.66	3.00%
GLA – all functions	1,169.26	1,155.05	1.22%
Metropolitan Areas			
Metropolitan Districts	6,982.98	6,753.69	3.28%
Metropolitan Fire Authorities	334.24	310.20	7.19%
Shire Areas			
Shire unitaries with fire	489.70	467.57	4.52%
Shire unitaries without fire	5,179.83	4,974.99	3.95%
Shire counties with fire	2,480.83	2,362.37	4.78%
Shire counties without fire	3,655.99	3,468.67	5.12%
Shire districts	1,328.79	1,253.55	5.66%
Combined fire authorities	530.36	489.85	7.64%

District and Borough Councils were the second most heavily affected class of authority by an overall cut in funding of just over 5.6%.

- 3.4 Members should be aware that the settlement figures quoted above are provisional only. The consultation period ended on 15th January 2013 with final settlement expected in early February 2013.
- 3.5 It is unlikely that there will be any significant change at this late stage. If there are any significant changes arising from the final information members will be briefed before Council.

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

3.6 Looking ahead the position becomes more uncertain. The Comprehensive Spending Review 2010 indicated that the Council should expect Government Funding to continue to fall.

3.7 The 2013/14 local government settlement has fundamentally altered Local Government Finance. There are four different issues which the Council needs to fully understand when setting the 2013/14 budget. These can be broken down into 4 topics, which are dealt with in more detail below:

1. Overall Government Funding
2. Business Rate Retention Scheme
3. Council Tax Support Scheme
4. Council Tax referendum

3.8 Overall Government Funding

The total overall funding to the Council has reduced by 9.4% which is the maximum reduction in funding that the Council can receive under the new system. The total funding from Government is then split into two components:

1. Baseline Funding
2. Revenue Support Grant

This split is based on a national calculation which has determined that the Baseline Funding will be 39.95% of the total funding. For Worthing this means that the overall funding will be split as follows:

Worthing Borough Council	£'000
Overall funding	5,888
Split as follows:	
Baseline Funding (39.95%)	2,352
Revenue Support Grant (60.05%)	3,536

The Baseline Funding then forms one of the components of the new business rate retention scheme discussed in further detail below.

3.9 Business Rate Retention Scheme

3.9.1 The proposed new business rate retention scheme has had several major revisions. The final version would appear to be much more favourable to the Council in several regards:

- The business rate target is now only based on the last two years of information rather than 5 years and contains generous allowances for appeals and write offs;

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

3.9 Business Rate Retention Scheme

- The safety net arrangements have been significantly improved. Initially, the scheme was to have a safety net based on 10% of Baseline Funding, the final version of the scheme will have a baseline of 7.5% of Baseline Funding which is an improvement of £38,600.
- The levy will now guarantee that the Council can keep at least 50p in every additional £1 generated over its share of the business rate target.

3.9.2 Under the new Business Rate Retention Scheme, the Council will be given a target income level for business rates. For 2013/14 this will be £29,933,320, of which 50% will be paid over to HM Treasury and 10% is paid to the County Council as follows:

	£
Business Rate target	29,933,320
Split as follows:	
HM Treasury	14,966,660
County Council	2,993,330
Borough Council	11,973,330

The monies paid over to the HM Treasury will be redistributed back to local government as Revenue Support Grant.

3.9.3 Those Councils whose share of business rate income exceeds their baseline funding are known as 'tariff' Councils and will have to pay over business rate income to the Government equivalent to the surplus. Those Councils whose business rate income is less than their baseline councils will receive additional funding from the Government and are known as 'top-up' Councils. Worthing Borough Council is a 'tariff' Council as follows:

Tariff calculation	£
Business Rate Target income	11,973,330
Less: Baseline funding	<u>2,352,240</u>
Tariff payment to government	<u>9,621,090</u>

3.9.4 Actual business rate income collected throughout the year will be compared to the target set:

- If there is a shortfall, the difference will have to be paid over to government. However, there is a maximum 'loss' of income that the Council is expected to fund and this has been set at 7.5% of the 'Baseline Funding' of £2,352,000 which is £176,400. This is known as the safety net.

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

3.9 Business Rate Retention Scheme

- If there is a surplus, then the Council can keep part of the additional income. This is set at 50% of any additional income raised. Consequently, for each additional £100,000 raised the Council will keep the following amounts:

	Additional income	Levy paid to Treasury	Kept locally
	£'000	£'000	£'000
HM Treasury	50		
County Council	10	5	5
Borough Council	40	20	20
	100	25	25

- 3.9.5 The Council expects to raise £29,947,477 overall in business rates which is marginally above the target set. The potential surplus will be split as follows:

	£
Target income level	29,933,320
Estimated income from business rates	29,947,480
Surplus income	<u>(14,160)</u>
Split as follows:	
HM Treasury	(7,080)
County Council	(1,420)
Borough Council	(5,660)

The Council will only be able to keep 50% of any surplus due to the levy arrangements described above which would limit any potential benefit to £2,830. However, given the marginal nature of the surplus and the uncertainty surrounding the new system, this has not been built into the budget at this time.

- 3.9.6 It should be appreciated that a 5% allowance for appeals has been built into the estimate of business rate income (£1,802,000) together with an assumed level of write-offs of £329,000. Clearly if appeals or write-offs are at a lower rate, then the Council will quite quickly financially benefit.

- 3.9.7 Looking further ahead, the generation of additional business rates may become one of the solutions to the Council's ongoing financial pressures. Members will be aware that there are several schemes progressing within the district which will create employment space. For example, a significant new business in the area may bring financial benefits to the Council as follows:

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

3.9 Business Rate Retention Scheme

Assumed rateable value £1m

Estimated Rates income: £462,000

	Additional income	Levy paid to Treasury	Kept locally
	£'000	£'000	£'000
Split as follows:			
HM Treasury	231,000		
County Council	46,200	23,100	23,100
District Council	184,800	92,400	92,400
	462,000	115,500	115,500

3.10 Implications of Council Tax Support Scheme

3.10.1 The new Council Tax Support Scheme (Council Tax Benefits) will affect the income from Council Tax as the cost of any benefit awarded will be charged to the Collection Fund. The mechanism through which this is achieved, is by reducing the tax base, which in turn reduces the income to the council from the Council Tax set. This is illustrated below:

	Tax base (a)	Borough Council Income from Council Tax (a x b)
		£
Council Tax	40,174.57	8,677,706.17
Less: Estimated impact of benefits	(4,891.16)	(1,056,490.00)
New Council Tax	35,283.41	7,621,216.18
Band D Council Tax (b)	216.00	

However, this loss of income is reimbursed by an additional Council Tax Support Grant which has been confirmed as £947,000 although as expected the grant is around 10% less than the cost of benefits.

3.11 Council Tax Referendum

Finally, as part of settlement, the Minister announced the new requirements with respect to Council Tax.

3.0 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14

3.11 Council Tax Referendum

'The Secretary of State has today proposed that a two percent referendum principle will apply for all principal local authorities, Police and Crime Commissioners and fire and rescue authorities. This would mean that if an authority wished to raise their relevant basic amount of council tax in 2013-14 by more than two percent, their local electorate will have the opportunity to approve or veto the increase in a binding referendum.

The exception to this excessiveness principle will be Shire Districts, Police and Crime Commissioners and fire and rescue authorities whose 2013-14 council tax was in the lower quartile of their category of authority. In the case of these authorities, a referendum must only be held where the authority increases its relevant basic amount of Council Tax for 2013-14 by more than 2 percent and there is a cash increase that is more than £5 in the relevant basic amount'

Written Ministerial Statement on Local Government Finance
The Parliamentary Under-Secretary of State for Communities
and Local Government (Brandon Lewis)

Worthing Borough Council can if it wishes raise its council tax by up to 2% without triggering a referendum. The level of increase in Council Tax for 2013/14 is discussed later in the report.

4.0 2012/13 BUDGET – CURRENT POSITION

4.1 The revenue monitoring report to Joint Strategic Committee on 29th November 2012 showed a forecast underspend for the year of £179,000 due to the following major factors:

	Forecast Over/(Under) spend
	£'000
Development and building control Reduction in fee income	170
Leisure Centre Improved net income from FIT4.	(199)
Investment Properties Lower income due to empty properties.	117
Parking Services Relates to budgeted share of turnover income that is not reaching the threshold and the on-going contractual dispute.	121

4.0 2012/13 BUDGET – CURRENT POSITION

	Forecast Over/(Under) spend
	£'000
Trade Refuse Collection	
Reduced disposal costs due to new disposal arrangements and reduced tonnages	(126)
Treasury Management	
Underachievement of investment income net of any lower borrowing costs	61
Corporate Management	
Reduction in audit fees	(49)
Unused contingency	(50)
Southern Pavilion	
The Southern Pavilion is currently empty leading to a loss in rental income.	62
Crematorium	
Saving on leasing cost at the Crematorium following the recent investment in new cremators are now funded by capital programme	(72)
Land Charges	
Increase demand for the service	(60)
Cross-Cutting savings	
Vacancy saving underachieved	12
Saving expected in cross-cutting budgets within the joint services	(155)
Net other over/(under) spends	(11)
Underspend as at 29th November 2012	(179)

4.2 The anticipated underspend of £179,000 will give the Council the much needed opportunity to place some funds into reserves to meet future needs as discussed elsewhere within this report. The ongoing trends that have been identified as part of this monitoring have been built into the 2013/14 revenue budget.

4.3 On past evidence, spending patterns between the November monitoring and the end of the financial year have shown there is every reason to expect that the position may continue to improve as the year progresses, which will be reported when the outturn report come before the Joint Strategic Committee in June 2013. Consequently, any final recommendations regarding this underspend must be deferred until the outturn results are known.

5.0 DRAFT REVENUE ESTIMATES 2013/14

- 5.1 Detailed budgetary work is now complete and the estimate of the budget requirement (net of any proposed transfers to reserves) is £14,232,220. This includes the savings agreed at Joint Strategic Committee in November.
- 5.2 The final budget will be dependent on Members consideration of the final tranche of savings, and the Council Tax increase that Members are prepared to support.
- 5.3 The key question of how the net budget requirement of £14.232m translates in to the Council Tax charge can now be determined as the final details of the Local Government Finance Settlement have been received.
- 5.4 Details of all of the main changes in the base budget from 2012/13 to 2013/14 are at Appendix 1. A breakdown of each Cabinet Member's summary budget is attached at Appendix 6. The changes can be summarised briefly as follows:

	£'000	£'000
2012/13 Original Estimate		14,327
Add: General Pay and Price Increases		333
Add: Committed and Unavoidable Growth:		
Increased Expenditure as per 3 year forecast (net of any proposed use of reserves)	443	
Reduced Income as per 3 year forecast	143	
Impact of Capital Investment Programme	370	
Impact of changes in local government finance	215	1,171
		15,831
Less: Compensatory savings/Additional Income:		
Compensatory savings	(294)	
Additional income	(45)	(339)
2013/14 budget prior to agreed savings		15,492
Less: Savings agreed by members		
Approved in 2012/13	(796)	
Approved in November	(517)	(1,313)
Cabinet member requirements		14,179
Potential contribution to reserves*		50
Potential budget requirement before external support		14,229
Collection fund deficit		31
2013/14 BUDGET REQUIREMENT		14,260
*The planned contributions to and from the reserves are analysed in Appendix 3. The final amount will depend on the decisions made about the Council Tax increase.		

5.0 DRAFT REVENUE ESTIMATES 2013/14

5.5 The estimates reflect the Council's share of the Joint Strategic Committee budget which was considered on 24th January 2013. The allocation of the costs of joint services under the remit of the JSC has been the subject of an annual review this year. The swing of costs between the two Councils has changed by 1.48% between the two Councils. Whilst no action has been taken about this potential swing at this time, this should be reviewed as part of the 2014/15 budget.

5.6 The initial report to members about the creation of the partnership discussed at the Simultaneous Executive Meeting on 12th July 2007 emphasised the need for stability of costs between the Councils, and it is not proposed to take action until a firm trend has established. As reported to the Joint Strategic Committee on the 24th January 2013 this year, there are several reasons for this:

- Any of the allocations for the newly created joint services are based on broad estimates which will be confirmed as the services mature;
- Some of the joint services have only been in operation for a relatively short-time and so it is impossible to identify whether there is a long-term trend in the allocation of costs.
- Some of the swings in costs may be temporary in nature.

Consequently for the purposes the 2013/14 budget it is assumed that there is no overall impact on each Council as a result of the allocation of the costs of the joint services. This accords with the principle of 'no detriment' agreed when the partnership was first introduced.

5.7 However, as part of the review of the allocation of support services there have been some changes for individual services which are reflected in the detailed budgets. It is important to note that this does not change the overall cost of the support services to each Council, but that it does influence the size of the share that each service takes, the proportion allocated to the HRA, and the proportion borne by the General Fund and the Capital Investment Programme.

Further details can be provided by request from Jo-Anne Chang-Rogers (Finance Manager) or Sarah Gobey {Executive Head (Financial Services)}.

5.8 The current net estimated 2013/14 spend is less than previously predicted and is mainly due to the following factors:

5.0 DRAFT REVENUE ESTIMATES 2013/14

	£'000
Impact of settlement (see paragraph 2.3 and section 3 above)	
Increase in grant arising from settlement (including the Council Tax Freeze Grant and New Homes Bonus)	(281)
Final adjustments in respect of inflation and salary increments	37
Reduction in Housing Benefit Administration Grant	56
Improvement to income from Land Charges	(50)
Other changes identified by the Executive Heads (see appendix 2)	(64)

- 5.9 In addition to the above, the projected deficit on the Collection Fund is now estimated to be £221,070, of which £31,490 is the Borough Council share. This is a relatively minor deficit in light of the overall income due which exceeds £59.7m, and is due to an improved level of income to the collection fund. These changes also ripple through to the estimated tax base for 2013/14. Therefore, if the Council wishes to set a Council Tax at a level of 0% in accordance with previous Council policy and central Government Policy, then the overall budget position would be:

	£'000	£'000
Net budget requirement		14,179
Less: Government grant	(3,536)	
Baseline Funding	(2,352)	
Council Tax (0% increase)	(7,621)	
Council Tax Freeze Grant	(86)	
New Homes Bonus	(665)	
Collection Fund deficit	31	(14,229)
Estimated budget surplus		(50)
Planned contribution to reserves		50
		-

- 5.10 The budget is balanced with a very small contribution to the reserves based on a 0% Council Tax rise. However, budgets are extremely tight and there is little flexibility to fund new initiatives to take forward key priorities such as economic development projects designed to stimulate the economy and create new jobs.
- 5.11 Members should also be aware that there are long term consequences to accepting the Council Tax Freeze Grant and setting a 0% Council Tax increase.

5.0 DRAFT REVENUE ESTIMATES 2013/14

Worthing Borough Council	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
If Council tax is frozen in 2013/14					
Council tax income	7,621	7,925	8,156	8,385	8,630
Grant from government	86	86	0	0	0
Total income	7,707	8,011	8,156	8,385	8,630
If council tax is increased by 1.9% in 2013/14					
Council tax income	8,843	9,174	9,437	9,699	9,977
Less: Council Tax Benefit	(1,057)	(1,078)	(1,105)	(1,133)	(1,161)
Net Council tax income	7,786	8,096	8,332	8,566	8,816
Increase/decrease (-) in income per annum	79	85	176	181	186

- 5.12 There was marginal support for a Council Tax rise in the recent budget consultation and a 1.9% increase would be a modest increase in the district council share of the bill for 2013/14 as follows:

Worthing Borough Council	£
Average Band D Council Tax	216.00
Annual impact of 1.9% increase	4.14
Amount per week	0.08

- 5.13 Members should also be aware that the Police and Crime Commissioner has already decided to set a nil increase for the Police Authority share of the overall bill. There are also indications that the County Council will also set a 0% increase. Consequently, the total increase in the Council Tax bill for a band D property would be just under 0.3%:

	2012/13	2013/14	
	£	£	
Worthing Borough Council	216.00	220.14	1.90%
West Sussex District Council	1,161.99	1,161.99	0.00%
Sussex Police Authority	138.42	138.42	0.00%
	<u>1,516.41</u>	<u>1,520.55</u>	0.27%

- 5.14 Members are asked to consider which level of council tax increase that they support. Increasing Council Tax by 1.9% will protect the longer term financial interests of the Council and build some much need capacity in the next financial year to invest in priority initiatives. However, given the current economic climate, members may want to freeze Council Tax to protect the local community.

6.0 IMPACT ON FUTURE YEARS

6.1 The impact of the proposed changes on the overall revenue budget for the next 5 years is shown at Appendix 1 (which includes an assumed no council tax increase for 2013/14 which is to be considered as part of this report). The difficult settlement, together with the other agreed changes to the budget means that the Council is likely to face a minimum shortfall of:

	Expected shortfall (Cumulative)				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Cumulative budget shortfall	467	1,224	1,857	2,840	3,474
Less:					
Savings agreed in November	(517)	(517)	(517)	(517)	(517)
Potential contribution to reserves to be agreed	50	-	-	-	-
Adjusted cumulative budget shortfall	-	707	1,340	2,323	2,957
Savings required each year	-	707	633	983	636

6.2 The continuation of the 'austerity measures' have significant consequences for the Council. Looking ahead, the stimulation of the local economy and provision of additional housing will be two of the measures which will help protect the Council's services. There are potentially four benefits which will directly improve the council's financial position:

- Increased income from business rates which is discussed fully in section 3 above;
- Reduced cost of Council Tax benefits from any new jobs created;
- Additional Council Tax income from each new home;
- New Homes bonus of £1,150 per band D home

However, these measures are unlikely to be enough. There will need to be a continuing emphasis on efficiency and value for money in the annual savings exercise. In addition, the Council will need to focus its scarce resources on key priorities.

6.3 Members should also be aware that the future of the overall funding for Local Government continues to be a cause for concern and there remains a risk that funding levels will reduce even beyond the current pessimistic projections.

7.0 RESERVES

- 7.1 Section 26 and 27 of The Local Government Act 2003 require the Council's Chief Financial Officer to comment on the adequacy of the Council's reserves. The reserves have therefore been reviewed in accordance with the best practice as advised by the Chartered Institute of Public Finance and Accountancy (CIPFA) in LAAP 77 'Local Authority Reserves and Balances'.
- 7.2 To enable a view to be taken on the adequacy of reserves, Members need to be aware that, broadly speaking, there are two categories of revenue reserves relevant to the Council. The **General Fund Working Balance** which primarily is available to cushion the impact of uncertain cash flows and act as a contingency to meet unforeseen costs arising during a budget year (e.g. supplementary estimates); and **Earmarked Reserves** which are sums held for specific defined purposes and to meet known or predicted liabilities. Both categories of reserves can be used on a planned prudent basis to underpin the annual budget.
- 7.3 The Council's established policy is to maintain the General Fund Working Balance at between 6 – 10% of net revenue expenditure. This is even more important in the current economic climate when there are so many uncertainties. The balance as at 31st March 2012 was £1,142,000 which is 7.9% of net revenue expenditure.

The year-end level on the General Fund Working Balance for the foreseeable future, therefore, is estimated as follows:

		£'000	%
31.03.2012	Balance carried forward – per Final Accounts	1,142	7.9
31.03.2013	No planned drawdown or contribution expected	1,142	8.0
31.03.2014	No planned drawdown or contribution expected	1,142	8.1
31.03.2015	No planned drawdown or contribution expected	1,142	8.3

The reduction in revenue support grant and the resultant decrease in the Council's net spend means that the same level of working balance equates to a higher percentage of net revenue expenditure.

- 7.4 On the basis of the year-end figures above, and taking into account past performance and the acknowledged track record of sound financial management in this Council, I believe the working balance is adequate for its purpose. In forming this view I have considered the following potential impacts upon the Council's finances:
1. A further fall in interest rates of 1% would cost the Council in a region of £120,000 in 2013/14.
 2. A pay award of 1% more than currently allowed for within the budget would cost the General Fund approximately £167,000.

7.0 RESERVES

3. Further adverse falls in income from such sources as development control income, car parks and land charges against a background of the recession which could result in falling income of over £100,000.
4. Demand is increasing for services such as homelessness and housing benefit which may well lead to increased (and unbudgeted) costs.
5. Other unforeseen circumstances such as the failure of a major contract.
6. Any use of the working balance would be difficult to recoup in the short term. Consequently, the reserve needs to be sufficient enough to cope with at least two years of adverse impacts.

Against this background, and especially given the current economic climate, it is important that the Council has minimum reserves in 2013/14 of £853,000 or 6% of net revenue spend as laid out in the current policy. However, it is unlikely that the Council will need in excess of £1,423,000 in the working balance which is roughly equivalent to 10% of net revenue spend. Consequently, the current policy of holding balances of between 6% and 10% is valid and the forecast level falls within these parameters.

7.5 The estimated balance of earmarked reserves as at 31st March, 2013 is £3,409,000. This excludes any Section 106 sums held for future environmental improvements and any specific capital resources. A detailed schedule of the earmarked reserves is attached at Appendix 3. The key risks to the overall budget and the Council's reserves are detailed below.

7.6 In all probability, the Council will continue to have occasional opportunities to put money into earmarked reserves rather than solely to drawdown on a planned basis. Even without this, I believe the earmarked revenue reserves are adequate for their particular purposes but the size and nature of the risks to the overall budget leaves the Council with little room for using these reserves for new on-going spending initiatives. The Council should maintain its current policy of spending its scarce earmarked reserves on:

- supporting one-off rather than recurring revenue expenditure;
- dealing with short-term pressures in the revenue budget; and
- managing risk to the Council's budget.

8.0 SIGNIFICANT RISKS

8.1 Members will be aware that there are several risks to the Council's overall budget. These can be summarised as follows:-

8.0 SIGNIFICANT RISKS

(i) Income

The Council receives income from a number of services which will be affected by demand. These include land charges, development control and now business rates. Whilst known reductions in income have been built into the proposed budgets for 2013/14, income may fall further than expected.

(ii) Withdrawal of funding by partners

All budgets within the public sector are under scrutiny which may lead to partners reassessing priorities and withdrawing funding for partnership schemes. Consequently, the council may lose funding for key priorities and be left with unfunded expenditure together with the dilemma about whether to replace the funding from internal resources.

(iii) Inflation

A provision for 2.0% inflation has been built into non-pay budgets together with an allowance for additional inflation on fuel. Pay budgets have a 1% inflationary increase allowed for. Whilst the Bank of England inflation forecasts expect that inflation to drop throughout 2013/14, there is a risk that inflation will run at a higher rate than allowed for within the budget. Each 1% increase in inflation is equivalent to the following amount:

	1% increase
	£'000
Pay	167
Non-pay	140

8.2 To help manage these risks, the council has a working balance of £1,143,000 and other earmarked reserves are also available to the Council to help mitigate these risks.

9.0 CONSULTATION

9.1 This report represents the culmination of the budget process which has involved consultation with Members, staff, members of the public and the business community.

9.2 The Council undertook a major budget consultation exercise with all residents and a large number of local businesses earlier in the year, the outcome of which was discussed the Joint Strategic Committee in November. In summary, these were as follows:

9.0 CONSULTATION

	Supportive %	Not supportive %
Changes to Council Tax		
1. Removal of second homes discount	93%	7%
2. Introduce a Long Term Empty Property Premium.	92%	8%
3. Reduce the exemption period for properties undergoing structural alteration or repair to 3 months.	78%	22%
4. Introduce a maximum one month discount for empty and unfurnished properties.	75%	25%
Changes to the benefit systems		
1. Protect the benefit paid to war widows	82%	18%
Council Tax for next year		
1. Support a small increase in council tax	54%	46% (prefer a freeze)

On the basis of these results, the changes to Council Tax and the Local Council Tax Support Scheme were approved in November.

10.0 UPDATE TO PRUDENTIAL INDICATORS, THE ANNUAL INVESTMENT STRATEGY STATEMENT, AND POLICY STATEMENT FOR MINIMUM REVENUE PROVISIONS (MRP)

Prudential Indicators

- 10.1 The Council's budget fully reflects the cost of financing the capital programme. Members have previously approved sufficient growth to accommodate the proposed capital programme including the financial impact of the acquisition of the refuse and recycling fleet and equipment which has been funded from prudential borrowing.
- 10.2 Under the Prudential Code of Practice and the capital finance system introduced in April 2004, the capital programme is based on the Council's assessment of affordability. This includes any new borrowing which the Council wishes to undertake. The Council has considered the revenue consequences of any proposed capital programme in agreeing the budget strategy for 2013/14. The Council has a fully funded capital programme and the associated revenue costs are built into the budget for 2013/14 and future years.
- 10.3 The Prudential Code of Practice requires the Council to set a series of indicators to show that the programme has due regard to affordability, sustainability and prudence.

10.0 UPDATE TO PRUDENTIAL INDICATORS, THE ANNUAL INVESTMENT STRATEGY STATEMENT, AND POLICY STATEMENT FOR MINIMUM REVENUE PROVISIONS (MRP)

- 10.4 The full set of Prudential Indicators and Treasury Management Limits is at Appendix 4. They have been updated for any changes to the Capital Programme since it was approved at the Joint Strategic Committee on 29th November 2012.
- 10.5 Members should note that the indicator for the authorised borrowing limit is a statutory indicator requiring approval by full Council under Section 3(i) of the Local Government Act 2003.

Annual Investment Strategy (AIS) & MRP Policy

- 10.6 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
- 10.7 In keeping with the guidance, it is also a statutory requirement that each year the Council produce an Annual Investment Strategy, including a Statement for its Policy on Minimum Revenue Provisions for repayment of debt. It is a statutory duty that these be approved by full Council before the start of the financial year to which they relate.
- 10.8 The proposals are usually reported within the submission of the Annual Treasury Management Strategy Statement & Annual Investment Strategy Report. As there is no Council meeting in March 2013, and there is a need to obtain Council approval for the statutory elements of the Strategy before the start of 2013/14 financial year, the AIS and MRP policy is included in Appendix (7) of this report. It is requested that these be approved by this meeting and recommended for approval at the next full Council Meeting to be held on 19 February 2013.

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

- 11.1 Section 25 of the Local Government Act 2003 requires an authority's Chief Finance Officer - the Executive Head (Financial Services) - to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions. The Section requires Members to have regard to the report in making their decisions.

11.0 COMMENTS BY THE CHIEF FINANCIAL OFFICER

11.2 As Members are aware, local authorities decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services. Because they decide on the council tax in advance of the financial year in question, and are unable to increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for each of the services, and in addition;
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

11.3 Overall view on the robustness of the estimates:

Subject to the important reservations below, a reasonable degree of assurance can be given about the robustness of the estimates and the adequacy of reserves. The exceptions relate to:

- (1) The provision of estimates for items outside of the direct control of the Council:
 - Income from fees and charges in volatile markets, e.g. car parks and development control fees.
 - External competition and declining markets, particularly during a recession. E.g. Local land charges and building control fees.
- (2) Cost pressures not identified at the time of setting the budget. This would include items such as excess inflation.
- (3) Initiatives and risks not specifically budgeted for.

It will therefore be important for members to maintain a diligent budget monitoring regime during 2013/14.

11.4 The Executive Head (Financial Services) and Section 151 Officer's overall view of the robustness of the estimates is, therefore, as follows:

The processes followed are sound and well established and identical to those that produced robust estimates in the past. The Council has also demonstrated that it has a sound system of financial management in place.

12.0 COUNCIL TAX SETTING

12.1 The Council is obliged to raise the balance of its resources after grant to finance the General Fund Revenue Budget from its local Council Taxpayers. The Worthing Borough Council Tax will be added to the Precepts from the West Sussex County Council and the Sussex Police Authority to form a combined Council Tax to levy on the taxpayers of Worthing Borough.

12.0 COUNCIL TAX SETTING

12.2 Once the Cabinet has reached a decision on the Total Budget Requirement it wishes to recommend to the Council for the 2013/14 Budget, the resulting Council Tax for the Borough can be set. This takes into account the Total Aggregate External Finance (Revenue Support Grant and Business Rates contributions) and any contribution to or from the local Collection Fund.

12.3 Worthing Borough Council:

- (a) The following table shows the net sum to be raised from local Council Taxpayers in 2013/14 prior to the consideration of the budget proposals. This is based on 0% Council Tax increase:

Net 2013/14 Budget		£	14,229,430
Plus:			
Contribution to the Collection Fund Deficit (as per paragraph 5.9)			31,490
Net Budget requirement (see Appendix 6)			14,260,920
Less:			
Aggregate External Finance:			
Revenue Support Grant	(3,535,750)		
Baseline Funding	(2,352,240)		
New Homes Bonus	(665,400)		
Council Tax Freeze Grant	(86,320)		(6,639,710)
Balance to be raised from Council Tax			7,621,210

However, within the section of the report, members are given the option of increasing the Council Tax by 1.9% as outlined above. Any additional income could be set aside for one-off initiatives in 2013/14 and the net budget adjusted accordingly.

(b) Council Tax Base

The Council's Tax base for 2013/14 is 35,283.40 Band D equivalent properties. There is an increase in the current year base of 39,578.60 due to an increasing number of homes, however the impact of the new Council Tax Support scheme is to reduce the base by over 4,890. The full calculation of the tax base is shown in Appendix 5.

12.0 COUNCIL TAX SETTING

(b) Council Tax Base

	2012/13 Tax Base	2013/14 Tax Base (Unadjusted)	Impact of Council Tax Benefits	2013/14 Tax Base
TOTAL	39,578.60	40,174.60	(4,891.20)	35,283.40

(c) Worthing Borough Council Band D Council Tax

In order to raise the required sum, and after allowing for special expenses, it is recommended that the Council Tax at Band D be set either:

- £216.00 the same as that charged in 2012/13; or
- £220.14 which is an increase of 1.9%.

12.4 West Sussex County Council and Sussex Police Authority

- (a) The County Council requirements are expected to be confirmed on 15th February, 2013, with the Police and Crime Commissioner confirmed that the Police Authority's increase would be 0% on the 11th January, 2013.

	2012/13 £	2013/14 £
West Sussex County Council	1,161.99	t.b.a.
Sussex Police Authority	138.42	138.42
TOTAL	1,300.41	t.b.a.

12.5 Overall Council Tax

The final figures for all authorities will be incorporated into the formal Council Tax setting resolution to be presented to the Borough Council meeting on 19th February 2013.

13.0 CONCLUSION

- 13.1 The past few years have been very difficult for the Council. The withdrawal of a significant amount of government grant has been challenging to address. Overall the Council has successfully identified further savings of over £0.517m to meet the current year's financial challenges. However, this has not been without pain. The council has reduced its workforce, with the inevitable pressure of additional work falling on the shoulders of the remaining staff. But we have largely to date protected the Council's front-line services, with the exception of grounds maintenance, which has been reduced as part of the 2013/14 budget.

13.0 CONCLUSION

- 13.2 Looking further ahead, 2014-15 and 2015-16 are likely to be equally as challenging as the Government deals with the national deficit. Whilst developing both the local economy to increase employment space and local jobs together with the provision of new homes will be one of the strategic measures that the Council can take to protect its longer term financial interests, there will be inevitably be some difficult days ahead as the Council seeks to address the remaining budget shortfall.
- 13.3 But we must not forget that the Council is in good financial health with strong reserves, which will help us deal with this whilst the Council revisits its priorities and strives for further efficiencies.
- 13.4 In preparing the strategy and forecast for 2013/14 an assessment was carried out of the significant risks and factors which may have an impact on the Council's budget. Where quantifiable, the budget has been adjusted accordingly but it is important to acknowledge that there are still some risks to the overall position which may have to be funded from reserves. Members will continue to receive regular budget monitoring reports and updates to the Council's 5-year Medium Term Financial Plan, to ensure that the financial challenges ahead are effectively met.
- 13.5 The annual preparation of the budget is a huge exercise involving the co-operation and support of countless officers in all departments of the Council. Most of the work, of course, falls on the Financial Services team and has to be completed within tight time constraints at a difficult time of year.

14.0 RECOMMENDATIONS

- 14.1 The Joint Overview and Scrutiny Committee is asked if it wishes to refer any comments or recommendations onto Cabinet at its meeting on 4th February 2013 regarding:**
- (a) The draft budget;**
 - (b) The level of Council Tax increase supported;**
- 14.2 The Cabinet is recommended to:**
- (a) Consider the level of Council Tax that they wish to support, and, if members support an increase, what the additional resources should be used for. Members should note that the actual council tax per band D is dealt with in recommendation (d) below;**
 - (b) Agree the changes to the prudential indicators as set out in Appendix 4 and recommend these indicators to Council for approval;**
 - (c) Agree to recommend to Council the draft budgets for 2013/14 at Appendix 6 as submitted in Cabinet Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £14,232,220, subject to any amendments above; and**

14.0 RECOMMENDATIONS

- (d) Consider which band D council tax to recommend to Council for Worthing Borough Council's requirements in 2013/14 as set out in paragraph 12.3;
- (e) Agree the Annual Investment Strategy and Policy for Minimum Revenue Provisions contained in Appendix (7), and recommend that they be submitted to full Council for approval at the meeting of 19 February 2013.

SARAH GOBEY
Executive Head
(Financial Services) & Section 151 Officer

ANDREW GARDINER
Strategic Director

Local Government Act 1972

Background Papers :

Report to the Joint Strategic Committee 26th July, 2012 Medium Term Financial Plan 2012/17 and Budget Strategy 2013/14

Report to the Joint Strategic Committee 29th November 2012 Outline 5 year forecast and savings proposals.

Local Authority Finance (England) Settlement Revenue Support Grant for 2013/14 and Related Matters: DCLG Letters and associated papers of 19th December 2012.

Statement on Local Government Finance Settlement by The Secretary of State for Communities and Local Government (Mr Eric Pickles)

The Autumn Statement 2012. HM Treasury

Local Government Act 2003 and Explanatory Note

"Guidance Note on Local Authority Reserves and Balances" – LAAP Bulletin No. 77 - CIPFA -published in November 2008

Statement of Accounts 2011/12

Report to Joint Strategic Committee 29th November 2012 - 2nd Revenue and Capital Monitoring report.

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

1.1 The budget supports the Council's achievement of all its priorities.

2.0 SPECIFIC ACTION PLANS

2.1 The report details how the Council proposes to meet the financial targets initially outlined in the 3-year outline forecast considered in July 2010.

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 The majority of the proposals included in the report will have no impact on equality issues as there are no proposed changes to the way in which services are delivered.

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7. REPUTATION

7.1 Matter considered and no issues identified

8.0 CONSULTATIONS

8.1 Consultations are detailed in Section 9 of the main report

9.0 RISK ASSESSMENT

9.1 The overall risks to the budget are detailed in Section 8 of the main report.

10.0 HEALTH AND SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 The report considers the impact that partnership working has on the overall revenue budget.

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2012/2013-2017/18

	2012/13 Base	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Net Spending to be Financed from Taxation	14,327	14,327	14,327	14,327	14,327	14,327
Base budget						
(a) Annual Inflation						
Estimated inflation		331	631	1,093	1,560	2,049
(b) One -off / non-recurring items						
Local Elections (not held once every four years)		(76)				
(c) Committed Growth						
Impact of 2010 pension valuation						
Annual increase in backfunding contribution		161	161	161	161	161
Increase in members allowances		20	20	20	20	20
Net committed growth items identified by Executive Heads (see Appendix 2)						
- Identified in the November report		295	295	295	295	295
- Itemised at Appendix 2		19	19	19	19	19
Reduction in Housing Benefit Administration Grant		56	56	56	56	56
(d) Compensatory savings						
Saving in medical examiners fee at the		(37)	(37)	(37)	(37)	(37)
Housing condition survey - carried out every 3 yrs			9			
Fall out of early retirement costs		(48)	(108)	(154)	(154)	(154)
Removal of contingency		(50)	(50)	(50)	(50)	(50)
Removal of double counted accomodation budget		(83)	(83)	(83)	(83)	(83)
(e) Impact of capital programme						
Financing costs		429	740	923	1,094	1,232
Revenue savings		(59)	(59)	(59)	(59)	(59)
(f) Additional income						
Increased income from the letting of the old 'Allied Carpets' building		(20)	(20)	(20)	(20)	(20)
Investment income		87	73	(74)	(148)	(179)
Council Tax Support Transition Grant		(25)	(25)	(25)	(25)	(25)
Improvement in Land Charge income		(50)	(50)	(50)	(50)	(50)
(g) Agreed Savings						
Accomodation strategy (tbc)		(81)	(162)	(162)	(162)	(162)
Grounds Maintenance		(433)	(464)	(464)	(464)	(464)
Theatres review		(154)	(154)	(154)	(154)	(154)
Other savings identified in 2012/13		(128)	(128)	(128)	(128)	(128)
Splashpoint - Improved financial perform'ce (tbc)		-	-	(150)	(150)	(150)
Impact of fall out of one-off savings		-	69	69	69	69
Impact of changes in Local Government Finance						
Homelessness prevention grant		150	150	150	150	150
Loss of Council Tax Benefit Overpayments		65	65	65	65	65
Potential payment for underachievement of business rate target		190	190	190	190	190
Removal of business rate payment following latest projections		(190)	(190)	(190)	(190)	(190)
Total Cabinet Member Requirements	14,327	14,696	15,275	15,568	16,132	16,728

WORTHING BOROUGH COUNCIL
Revenue Budget Summary Statement 2012/2013-2017/18

	2012/13 Base	2013/14	2014/15	2015/16	2016/17	2017/18
Total Cabinet Member Requirements b/fwd	14,327	14,696	15,275	15,568	16,132	16,728
Spending Baseline grant						
Current Govt grant + business rates	5,247	4,792				
Council tax support grant		947				
Homelessness grant		149				
Less: Revenue Support Grant		(3,536)				
Total spending baseline grant (a)	5,247	2,352	2,424	2,485	2,547	2,610
Revenue Support Grant (b)		3,536	2,729	2,183	1,747	1,572
Council tax income	8,549	8,562	8,887	9,145	9,402	9,675
Add: Potential benefit from Council Tax changes		116	116	116	116	116
Less: Cost of Council Tax Benefits		(1,057)	(1,078)	(1,105)	(1,133)	(1,161)
Adjusted Council Tax income (c)	8,549	7,621	7,925	8,156	8,385	8,630
Council Tax Freeze grant 2012/13	210	-	-	-	-	-
Council Tax Freeze grant 2013/14	-	86	86	-	-	-
New homes bonus (2011/12 - 2015/16)	273	273	273	273	-	-
New homes bonus (2012/13 - 2016/17)	172	172	172	172	172	-
New homes bonus (2013/14 - 2017/18)	-	220	220	220	220	220
New homes bonus (2014/15 - 2018/19)	-	-	222	222	222	222
Collection fund surplus/deficit (-)	(10)	(31)	-	-	-	-
Total other grants and contributions (d)	645	720	973	887	614	442
Total Income from Grants and Taxation (a+b+c+d)	14,441	14,229	14,051	13,711	13,292	13,254
(Surplus) / Shortfall in Resources	(114)	467	1,224	1,857	2,840	3,474
Use of / (contribution to) Reserves to Balance Budget						
Capacity issues reserve	(114)	-	-	-	-	-
Total Income from Reserves	(114)	-	-	-	-	-
AMOUNT REQUIRED TO BALANCE BUDGET	-	467	1,224	1,857	2,840	3,474
Savings agreed in November		517	517	517	517	517
Total savings identified		517	517	517	517	517
Savings still to be found/ (surplus)		(50)	707	1,340	2,323	2,957
Council Tax increase		0.00%	2.00%	2.50%	2.50%	2.50%
Savings required in each year		467	757	633	982	634

Net items identified by the Executive Heads	When / Value?			2013/14			
	2013/14	2014/15	Beyond	Adur	Adur - HRA	Worthing	Total
Housing, Health and Community Safety Adjustment Homelessness Prevention Grant	(7)	(7)	(7)	(6)		(1)	(7)
Legal Services Additional salary costs due to new requirements for publishing decisions	14	14	14	6		8	14
Customer Services Net reduction in concessionary fare income. Concessionary Fares are now administered by West Sussex County Council.	22	22	22	8		14	22
Planning, Regeneration and Wellbeing Base budget review - unused printing budget.	(3)	(3)	(3)	(1)		(2)	(3)
	26	26	26	7	-	19	26

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 per note 8 11/12 SoA	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1. CAPACITY ISSUES RESERVE Purpose: The Capacity Issues Reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise from 2006/07 onwards.	2,934	154 *	(1,400)	1,689	95 *	(132)	1,652
2. CREMATOR ABATEMENT Purpose: The Cremator Abatement Reserve and Crematorium Improvement Reserve were established in 2005 and consist of funds set aside from increases in fees and charges. They are designed to provide funds towards the cost of mercury emission abatement measures and crematorium infrastructure improvements respectively.	302		(302) C	-		C	-
3. CREMATORIUM IMPROVEMENT Purpose: See Cremator Abatement above.	-	51	(51) C	-	51	(51) C	-
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 per note 8 11/12 SoA	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4. INSURANCE RESERVE Purpose: The Insurance Reserve was established in 1993/94 to develop risk management, fund self-insurance and to achieve longer-term revenue savings.	499	26	-	525	26	-	551
5. JOINT HEALTH PROMOTION Purpose: The Joint Health Promotion reserve was established in 2005 with funding received from the local Primary Care Trust for health promotion projects.	44	-	-	44	-	-	44
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 per note 8 11/12 SoA	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6. LEISURE LOTTERY AND OTHER PARTNERSHIPS Purpose: The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations. This reserve is currently earmarked for support to the Museum Redevelopment bid and the Football Foundation bid.	78	-	-	78	-	-	78
7. LEISURE OPTIONS Purpose: The Leisure Options Reserve has been established using the interest earned from the proceeds of the disposal of certain assets being sold to generate funds to re-provide swimming facilities and refurbishing the Leisure Centre.	292	-	(292)	-	-	-	-
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 <i>per note 8 11/12 SoA</i>	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
8. MUSEUM RESERVE Purpose: The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.	110	-	-	110	-	-	110
9. PLANNING DELIVERY GRANT RESERVE Purpose: The Planning Delivery Grant was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives.	155	-	(10)	145	-	(10)	135
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 per note 8 11/12 SoA	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
10. SPECIAL AND OTHER EMERGENCY EXPENDITURE Purpose: The Special and Other Emergency Expenditure Reserve was set up to fund strategic or unforeseen one-off expenditure, which may arise.	536	-	(205)	331	-	-	331
11. VAT EXEMPTIONS LIABILITY Purpose: The VAT Exemption Liability Reserve was set up in 2002 to meet potential VAT liabilities.	212	-	-	212	-	-	212
12. VEHICLE REPAIRS AND RENEWAL Purpose: The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur and Worthing Council Services Fleet.	97	-	-	97	-	-	97
13. CAPITAL EXPENDITURE RESERVE	73	-	-	73	-	-	73
C = Capital Contribution							

SCHEDULE OF EARMARKED RESERVES

Reserve	Balance as at 01.04.12 <i>per note 8 11/12 SoA</i>	Planned Contributions	Planned Withdrawals	Forecast Balance as at 01.04.13	Planned Contributions	Planned Withdrawals	Forecast Balance as at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
14. PROJECTED UNDERSPEND Reserves to be identified at outturn.	-	179 *	-	179	-	-	179
15. GENERAL FUND WORKING BALANCE	1,143	-	-	1,143	-	-	1,142
TOTAL	6,475	410	(2,260)	4,625	172	(193)	4,604

C = Capital Contribution - * = Contribution to be confirmed at the year-end

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

1 BACKGROUND

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. Under the prudential system, individual authorities are responsible for deciding their own level of borrowing, having regard to CIPFA's Code. The essence of the code is that borrowing for capital investment purposes should be affordable, sustainable and prudent.

2. NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

This is a key indicator of prudence. Net external borrowing is the difference between gross investments and borrowing. The capital financing requirement (CFR) is a separate estimate of the underlying need to borrow, and is shown at Paragraph 5 below.

In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the preceding year plus the estimates of any additional (CFR) for the current and next two financial years.

The Executive Head (Financial Services) reports that the Council had no difficulty meeting this requirement in 2011/12, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. ESTIMATES OF CAPITAL EXPENDITURE

- 3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax - and in the case of the Housing Revenue Account (HRA), housing rent levels.

No. 1	Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	NON-HRA*	17.818	21.905	5.129	2.173	2.013

* Worthing does not have a Housing Revenue Account (HRA) and is, therefore, not required to produce an indicator for housing rent levels.

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

3. ESTIMATES OF CAPITAL EXPENDITURE

3.2 Capital expenditure will be financed as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	3.567	4.360	0.302	0.564	0.500
Government Grants	0.472	0.579	0.506	0.480	0.407
Revenue contributions	0.110	0.150	0.112	0.113	0.110
Revenue reserves	0.432	0.673	0.080	0.114	0.066
Unsupported borrowing	13.125	15.705	4.091	0.902	0.930
Other Contributions	0.112	0.438	0.038	-	-
TOTAL	17.818	21.905	5.129	2.173	2.013

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement (CFR).

4. RATIO OF FINANCING COSTS TO NET REVENUE STREAM

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the Council's net revenue streams required to meet borrowing costs. The definition of financing costs is set out at paragraph 69 of the Prudential Code (2011) and mainly comprises interest payable and revenue provisions for repayment of debt.

4.2 The ratio is based on costs net of investment income.

No. 2	Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
	TOTAL	4.23	2.81	5.32	5.70	3.60

The ratio is positive as the cost of borrowing exceeds interest receipts from investment income. The increase in the ratio largely reflects the financing costs from 2012/13 of the replacement leisure facilities.

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

5. CAPITAL FINANCING REQUIREMENT

- 5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. It is an aggregation of the amounts shown for non-Current Assets, Long-term debtors for capital transactions, the Revaluation Reserve, the Capital Adjustment Account, Donated Assets Reserve and any other balances treated as capital expenditure.

No. 3	Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	TOTAL CFR	20.943	23.194	26.405	26.434	26.491

- 5.2 The year-on-year change in the CFR is due to the following

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
BALANCE B/F	8.437	7.907	23.194	26.405	26.434
Capital expenditure financed from unsupported borrowing (per 3.2)	13.125	15.705	4.091	0.902	0.930
Revenue provision for debt Redemption.	(0.619)	(0.418)	(0.880)	(0.873)	(0.873)
Supported Borrowing	-	-	-	-	-
BALANCE C/F	20.943	23.194	26.405	26.434	26.491

6. ACTUAL EXTERNAL DEBT

- 6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No. 4	Actual Worthing External Debt as at 31/03/2012	£m
	Borrowing	4.755
	Other Long-term Liabilities	-
	TOTAL	4.755

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

7. INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS

- 7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

No. 5	Incremental Impact of Capital Investment Decisions	2012/13 Estimate £	2012/13 Revised £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
	Increase in Band D Council Tax	7.78	2.31	8.32	2.98	-4.24

The increase in 2013/14 reflects borrowing of £15.7m in 2012/13 to fund the capital programme.

8. AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

- 8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

8. AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

No. 6	Authorised Limit for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	Borrowing	24.0	24.0	24.0	24.0	24.0
	Other Long-term Liabilities	1.0	1.0	1.0	1.0	1.0
	TOTAL	25.0	25.0	25.0	25.0	25.0

8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Executive Head (Financial Services) has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet at the earliest opportunity.

No. 7	Operational Boundary for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	Borrowing	19.0	19.0	19.0	19.0	19.0
	Other Long-term Liabilities	1.0	1.0	1.0	1.0	1.0
	TOTAL	20.0	20.0	20.0	20.0	20.0

9. ADOPTION OF THE CIPFA TREASURY MANAGEMENT CODE

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8	Adoption of the CIPFA Code of Practice in Treasury Management
	Worthing Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 20 March 2003.

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

10. UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. total debt net of total investments).

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt up to a maximum level that mitigates.

No. 9	Upper Limit for Fixed Interest Rate Exposure:	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
	Investment	-100	-100	-100	-100	-100
	Borrowing	100	100	100	100	100

No. 10	Upper Limit for Variable Interest Rate Exposure :	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
	Investment	-100	-100	-100	-100	-100
	Borrowing	25	25	25	25	25

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. MATURITY STRUCTURE OF FIXED RATE BORROWING

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

PRUDENTIAL INDICATORS – ESTIMATES 2013/14 TO 2015/ 2016

11. MATURITY STRUCTURE OF FIXED RATE BORROWING

No. 11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	80	100
	12 months and within 24 months	19	100
	24 months and within 5 years	1	100
	5 years and within 10 years	0	100
	10 years and within 20 years	0	100
	20 years and within 30 years	0	100
	30 years and within 40 years	0	100
	40 years and within 50 years	0	100
	50 years and above	0	100

12. UPPER LIMIT FOR TOTAL PRINCIPAL SUMS INVESTED OVER 364 DAYS

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No. 12	Upper Limit for total principal sums invested over 364 days	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
	WORTHING BC	50.0	50.0	50.0	50.0	50.0

13. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT(CFR)

13.1 This is a new indicator from 2013/14 introduced by CIPFA in December 2012. It requires the comparison of actual Gross Debt with CFR (the underlying need to borrow), as it is a requirement to keep Gross Debt below CFR, except for short term variations. For this purpose CFR is taken as the amount in the preceding year, plus estimates of any additional CFR for the current and next two financial years.

No. 13		2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
	Actual Gross Debt	18.395	10.622	8.721	9.630
	CFR	23.194	26.405	26.434	26.491
	Under / (over) Borrowing	4.799	15.783	17.713	16.861

APPENDIX 4

13. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT(CFR)

13.2 This comparison is a key indicator of prudence, and is aimed to ensure that debt is only entered into for capital expenditure. Where the comparison highlights variations, the reasons are to be explained. For all years Worthing is under borrowed. This is due to the debt being of short-term durations of 1-5 years, while the CFR takes longer to write down as the MRP is provided for over a longer duration and in the case of borrowing for the Swimming pool is over 60 years.

PROPERTY ANALYSIS AND CALCULATION OF TAX BASE										
Properties	Band A -	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Number of Dwellings	0.00	7,462.00	10,760.00	12,685.00	8,940.00	5,251.00	2,248.00	882.00	25.00	48,253.00
Less: Exemptions	0.00	-167.30	-184.50	-144.70	-103.60	-52.50	-23.50	-11.10	0.00	-687.20
	0.00	7,294.70	10,575.50	12,540.30	8,836.40	5,198.50	2,224.50	870.90	25.00	47,565.80
Disabled Relief Adjustment (net)	11.00	34.00	12.00	5.00	-14.00	-15.00	3.00	-18.00	-18.00	0.00
Chargeable Dwellings	11.00	7,328.70	10,587.50	12,545.30	8,822.40	5,183.50	2,227.50	852.90	7.00	47,565.80
Broken down as follows:										
Full Charge	4.35	2,619.70	5,749.50	8,536.80	6,397.50	4,017.65	1,850.58	704.65	4.00	29,884.73
25% Discount (Including Adj for SP dis)	6.65	4,599.05	4,722.05	3,956.50	2,368.90	1,125.90	325.90	112.30	0.00	17,217.25
50% Discount	0.00	2.00	4.00	10.00	16.00	18.00	40.00	28.00	3.00	121.00
0% Discount (Long Term Empty Homes)	0.00	108.00	112.00	41.00	40.00	22.00	11.00	8.00	0.00	342.00
Total Equivalent Number of Dwellings	9.34	6,177.99	9,405.04	11,550.18	8,222.18	4,893.08	2,126.00	810.88	5.50	43,200.19
Add: Forecast new homes	0.00	14.00	75.00	34.00	7.00	7.50	2.50	0.00	0.00	140.00
Adjusted equivalent total dwellings	9.34	6,191.99	9,480.04	11,584.18	8,229.18	4,900.58	2,128.50	810.88	5.50	43,340.19
<u>Band D Equivalents</u>										
Revenue Support Settlement	5.20	4,128.00	7,373.40	10,297.00	8,229.20	5,989.60	3,074.50	1,351.50	11.00	40,459.30
Less: Adjustments for Losses on Collection, and Void Properties	0.00	-22.10	-39.50	-55.20	-112.00	-32.10	-16.50	-7.20	-0.10	-284.70
COUNCIL TAX BASE	5.20	4,105.90	7,333.90	10,241.80	8,117.20	5,957.50	3,058.00	1,344.30	10.90	40,174.60
Less: Adjustment for Council Tax Benefits										-4,891.20
ADJUSTED COUNCIL TAX BASE										35,283.40

APPENDIX 6
CIVIC BUDGET TABLE 2013/2014
Summary of Cabinet Member Requirements

INDIVIDUAL MEMBER PORTFOLIOS
Summary and Variance Pages

WORTHING BUDGET 2013/14
Summary of Cabinet Member Portfolios



APPENDIX 6

CABINET PORTFOLIO	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
Environment	4,927,940	4,109,260
Health and Wellbeing	1,353,190	1,399,200
Customer Services	3,516,580	3,844,960
Leader	837,460	903,110
Regeneration	2,449,950	2,575,880
Resources	2,718,080	2,890,680
Support Services Depreciation Not Charged To Services	551,650	616,730
NET SERVICE EXPENDITURE	16,354,850	16,339,820
Credit Back Depreciation / Impairments	(2,532,210)	(2,877,240)
Minimum Revenue Provision	505,690	732,240
	14,328,330	14,194,820
Transfer to / from Reserves	(2,300)	(15,740)
Balance Available to Transfer To Reserves	114,140	50,350
Total budget requirement before external support from government	14,440,170	14,229,430
Baseline Funding	(5,146,330)	(2,352,240)
Revenue Support Grant	(99,760)	(3,535,750)
Council Tax Freeze Grant	(209,770)	(86,320)
Other unfenced grants (New homes bonus)	(445,400)	(665,400)
Contribution to/ (from) Collection Fund	10,070	31,490
Amount required from Council Tax	8,548,980	7,621,210
Council Tax Base	39,578.5	35,283.4
Average Band D Council Tax - Worthing Borough	216.00	216.00
% increase	-	-

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
CHIEF EXECUTIVE	£	£
Corporate Management	31,930	28,200
CORPORATE AND CULTURAL SERVICES		
Elections	261,290	194,040
Democratic Representation and Management	544,240	680,870
	805,530	874,910
TOTAL LEADER PORTFOLIO	837,460	903,110

LEADER SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13



SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
	£	£	£	£	£	£	£	£	£	£	£
Chief Executive Corporate Management	31,930	100							-	(3,830)	28,200
Corporate and Cultural Services											
Elections	261,290	1,210	(75,580)	2,500					-	4,620	194,040
Democratic Representation and Management	544,240	5,510	-	23,000					(13,000)	121,120	680,870
	805,530	6,720	(75,580)	25,500	-	-	-	-	(13,000)	125,740	874,910
APPROVED ESTIMATE 2013/2014	837,460	6,820	(75,580)	25,500	-	-	-	-	(13,000)	121,910	903,110

WORTHING LEADER PORTFOLIO 2013/2014 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Chief Executive Corporate Management	-	3,510	-	-	5,100	-	-	8,610	19,590	-	28,200
Corporate and Cultural Services Elections	-	108,850	1,210	-	64,250	-	(5,210)	169,100	23,840	1,100	194,040
Democratic Representation and Management	245,760	197,110	-	2,580	41,760	-	-	487,210	193,660	-	680,870
	245,760	309,470	1,210	2,580	111,110	-	(5,210)	664,920	237,090	1,100	903,110
Percentage of Direct Costs	37%	46%	0%	0%	17%						

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
CUSTOMER SERVICES		
Environmental Projects	52,970	32,630
Environmental Health - Fixed Penalty Notices	(1,610)	(1,640)
Crematorium	(689,030)	(990,990)
Street Cleansing	875,940	936,580
Waste Collection	1,616,450	1,482,880
	1,854,720	1,459,460
CORPORATE & CULTURAL SERVICES		
Indoor Sports & Recreation	1,356,430	1,253,590
	1,356,430	1,253,590
HOUSING, HEALTH & COMMUNITY SAFETY		
Environmental Health	253,040	301,270
	253,040	301,270
PLANNING, REGENERATION & WELLBEING		
Sports Development & Recreation	159,610	102,780
	159,610	102,780
TECHNICAL SERVICES		
Flood Defence and Land Drainage	11,820	10,490
Highways/Roads (Routine)	25,490	34,590
Parking Services	(939,060)	(945,560)
Premises Development	3,580	3,640
Public Conveniences	371,770	369,340
Allotments	36,900	68,030
Community Parks & Open Spaces	1,720,500	1,299,730
Outdoor Sports & Recreation	4,840	(7,140)
Cemeteries	36,810	123,830
Public Transport	31,490	35,210
	1,304,140	992,160
TOTAL CABINET MEMBER FOR ENVIRONMENT	4,927,940	4,109,260

ENVIRONMENT SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13

SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
Customer Services	£	£	£	£	£	£	£	£	£	£	£
Environmental Projects	52,970									(20,340)	32,630
Environmental Health - FPN's	(1,610)	(30)									(1,640)
Crematorium	(689,030)	(14,960)							(276,790)	(10,210)	(990,990)
Street Cleansing	875,940	(3,280)							(3,000)	66,920	936,580
Waste Collection	1,616,450	(8,720)							(114,000)	(10,850)	1,482,880
	1,854,720	(26,990)							(393,790)	25,520	1,459,460
Corporate & Cultural Services											
Indoor Sports & Recreation	1,356,430	750							(17,840)	(85,750)	1,253,590
	1,356,430	750							(17,840)	(85,750)	1,253,590
Housing Health & Community Safety											
Environmental Health	253,040	(190)		6,500						41,920	301,270
	253,040	(190)	-	6,500	-	-	-	-	-	41,920	301,270
Planning, Regeneratin & Wellbeing											
Sports Development & Recreation	159,610									(56,830)	102,780
	159,610	-	-	-	-	-	-	-	-	(56,830)	102,780
Technical Services											
Flood Defence and Land Drainage	11,820	-								(1,330)	10,490
Highways/Roads (Routine)	25,490	310								8,790	34,590
Parking Services	(939,060)	(22,710)								16,210	(945,560)
Premises Development	3,580	60								-	3,640
Public Conveniences	371,770	5,440								(7,870)	369,340
Allotments	36,900	330								30,800	68,030
Community Parks & Open Spaces	1,720,500	25,030		25,000					(433,000)	(37,800)	1,299,730
Community Parks & Open Spaces	4,840	(140)		-					-	(11,840)	(7,140)
Cemeteries	36,810	(410)		5,000						82,430	123,830
Public Transport	31,490	450								3,270	35,210
	1,304,140	8,360		30,000	-				(433,000)	82,660	992,160
APPROVED ESTIMATE 2013/2014	4,927,940	(18,070)	-	36,500	-	-	-	-	(844,630)	7,520	4,109,260

WORTHING ENVIRONMENT PORTFOLIO 2013/2014 SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Customer Services											
Environmental Projects	-	25,640	-	-	-	-	-	25,640	3,530	3,460	32,630
Environmental Health							(1,640)	(1,640)			(1,640)
Street Cleansing	-	911,170	-	-	2,080		(172,080)	741,170	94,030	101,380	936,580
Waste Collection	-	1,341,840	14,040	-	352,860	1,400	(925,560)	784,580	189,000	509,300	1,482,880
Cremation	264,210		364,410	4,220	122,620	540	(1,915,250)	(1,159,250)	85,380	82,880	(990,990)
Corporate & Cultural Services											
Indoor Sports & Recreation	2,147,590	-	1,171,170	5,050	591,100	-	(3,658,750)	256,160	459,060	538,370	1,253,590
Housing Health & Community Safety											
Environmental Health	-	110,530	-	-	-	-	(3,060)	107,470	191,810	1,990	301,270
Planning, Regen. & W'being											
Sports Development & Recreation	-	88,800	-	-	-	-	-	88,800	13,980	-	102,780
Technical Services											
Flood Defence and Land Drainage	-	-	-	-	-	-	-	-	10,490	-	10,490
Highways/Roads (Routine)	-	-	15,690	-	-	-	-	15,690	18,900	-	34,590
Parking Services	-	34,630	6,440	-	7,990	-	(1,172,390)	(1,123,330)	44,330	133,440	(945,560)
Premises Development	-	-	3,640	-	-	-	-	3,640	-	-	3,640
Public Conveniences	-	-	278,760	-	2,740	-	(540)	280,960	41,100	47,280	369,340
Allotments	-	-	19,650	-	-	-	(2,810)	16,840	48,380	2,810	68,030
Cemetery	-	-	187,560	-	22,610	-	(225,140)	(14,970)	131,080	7,720	123,830
Community Parks & Open Spaces	-	1,920	698,490	98,030	490,260	136,500	-	1,425,200	(125,470)	-	1,299,730
Outdoor Sports & Recreation	-	-	-	-	-	-	(7,140)	(7,140)	-	-	(7,140)
Public Transport	-	-	22,640	-	-	-	-	22,640	12,570	-	35,210
	2,411,800	2,514,530	2,782,490	107,300	1,592,260	138,440	(8,084,360)	1,462,460	1,218,170	1,428,630	4,109,260
Percentage of Direct Costs	25%	26%	29%	1%	17%	1%					

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
CUSTOMER SERVICES		
Rate Relief	37,580	59,330
	37,580	59,330
CORPORATE & CULTURAL SERVICES		
Arts Development	25,390	25,630
	25,390	25,630
HOUSING, HEALTH & COMMUNITY SAFETY		
Environmental Health	668,450	673,900
Community Safety	172,210	173,290
	840,660	847,190
PLANNING, REGENERATION AND WELLBEING		
Sports Development & Recreation	155,980	153,910
General Grants, Bequests and Donations	241,860	259,730
	397,840	413,640
TECHNICAL SERVICES		
Environmental Health	48,610	50,240
Worthing Festival	3,110	3,170
	51,720	53,410
TOTAL HEALTH AND WELLBEING PORTFOLIO	1,353,190	1,399,200

HEALTH & WELLBEING SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13



SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
	£	£	£	£	£	£	£	£	£	£	3
Customer Services											
Rate Relief	37,580	750		21,000							59,330
	37,580	750	-	21,000	-	-	-	-	-	-	59,330
Corporate & Cultural Services											
Arts Development	25,390	440								(200)	25,630
	25,390	440	-	-	-	-	-	-	-	(200)	25,630
Housing Health & Community Safety											
Environmental Health	668,450	(2,730)		4,600						3,580	673,900
Community Safety	172,210	670								410	173,290
	840,660	(2,060)	-	4,600	-	-	-	-	-	3,990	847,190
Planning Regeneration & Wellbeing											
Sports Development & Recreation	155,980	10								(2,080)	153,910
General Grants, Bequests and Donations	241,860	4,670								13,200	259,730
	397,840	4,680	-	-	-	-	-	-	-	11,120	413,640
Technical Services											
Environmental Health	48,610	870								760	50,240
Worthing Festival	3,110	60								-	3,170
	51,720	930	-	-	-	-	-	-	-	760	53,410
APPROVED ESTIMATE 2013/2014	1,353,190	4,740	-	25,600	-	-	-	-	-	15,670	1,399,200

HEALTH & WELLBEING PORTFOLIO 2013/2014 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Customer Services											
Rate Relief	-	-	-	-	59,330	-	-	59,330	-	-	59,330
Corporate & Cultural Services											
Arts Development	-	-	-	-	47,440	-	(24,370)	23,070	2,560	-	25,630
Housing Health & Community Safety											
Environmental Health	-	500,110	4,550	-	82,620	-	(221,710)	365,570	307,670	660	673,900
Community Safety	-	88,180	3,400	-	30,590	-	-	122,170	44,430	6,690	173,290
Planning Regeneration & Wellbeing											
Sports Development & Recreation	370	136,890	-	-	-	-	-	137,260	16,650	-	153,910
General Grants, Bequests and Donations	-	20,830	-	-	237,780	-	-	258,610	1,120	-	259,730
Technical Services											
Environmental Health	-	-	44,370	-	-	-	-	44,370	5,870	-	50,240
Worthing Festival	-	-	-	-	3,170	-	-	3,170	-	-	3,170
	370	746,010	52,320	-	460,930	-	(246,080)	1,013,550	378,300	7,350	1,399,200
Percentage of Direct Costs	0%	59%	4%	0%	37%	0%					

**CUSTOMER SERVICES
PORTFOLIO**

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
FINANCIAL SERVICES		
Council Tax Benefit	44,130	(9,320)
Housing Benefit Payments	(352,170)	(269,270)
	(308,040)	(278,590)
CUSTOMER SERVICES		
Local Tax Collection	546,620	367,280
Housing Benefit Administration	587,780	705,150
Public Transport	11,660	-
	1,146,060	1,072,430
CORPORATE AND CULTURAL SERVICES		
Museum and Art Gallery	426,750	437,150
Theatres & Public Entertainment	1,161,220	1,226,900
	1,587,970	1,664,050
HOUSING, HEALTH & COMMUNITY SAFETY		
Environmental Health - Housing Standards	68,940	70,700
Homelessness	380,060	541,430
Housing Advances	6,960	7,160
Housing Advice	197,230	197,300
Housing Strategy	121,620	70,370
Private Sector Housing Renewal	80,150	86,850
Registered Social Landlords	10,060	-
Elderly People	54,690	56,710
	919,710	1,030,520
PLANNING, REGENERATION AND WELLBEING		
Community Centres	45,590	188,110
TECHNICAL SERVICES		
Community Parks & Open Spaces - Brooklands	5,720	-
Pier, Southern Pavilion & Amusement Hall	119,570	168,440
	125,290	168,440
TOTAL CUSTOMER SERVICES PORTFOLIO	3,516,580	3,844,960

CUSTOMER SERVICES SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13



SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
Financial Services	£	£	£	£	£	£	£	£	£	£	£
Local Tax Collection	44,130								(25,000)	(28,450)	(9,320)
Housing Benefit Payments	(352,170)	580		65,000						17,320	(269,270)
	(308,040)	580	-	65,000	-	-	-	-	(25,000)	(11,130)	(278,590)
Customer Services											
Local Tax Collection	546,620	(140)		-					(3,750)	(175,450)	367,280
Housing Benefit Administration	587,780	10,490		56,430					(450)	50,900	705,150
Public Transport	11,660	(40)		14,140					-	(25,760)	-
	1,146,060	10,310	-	70,570	-	-	-	-	(4,200)	(150,310)	1,072,430
Corporate & Cultural Services											
Museum and Art Gallery	426,750	8,070							(15,000)	17,330	437,150
Theatres & Public Entertainment	1,161,220	(8,440)			(193,000)					267,120	1,226,900
	1,587,970	(370)	-	-	(193,000)	-	-	-	(15,000)	284,450	1,664,050
Hsg Health & Community Safety											
Environmental Health - Housing Standards	68,940	-		-					-	1,760	70,700
Homelessness	380,060	4,000		150,000	-	-	-	-	(950)	8,320	541,430
Housing Advances	6,960	90		-	-	-	-	-	-	110	7,160
Housing Advice	197,230	330		-	-	-	-	-	-	(260)	197,300
Housing Strategy	121,620	-		-	-	-	-	-	-	(51,250)	70,370
Private Sector Housing Renewal	80,150	-		-	-	-	-	-	-	6,700	86,850
Registered Social Landlords	10,060	-		-	-	-	-	-	-	(10,060)	-
Elderly People	54,690	(1,250)		-	-	-	-	-	-	3,270	56,710
	919,710	3,170	-	150,000	-	-	-	-	(950)	(41,410)	1,030,520
Planning Reg. & W'being											
Community Centres	45,590	610								141,910	188,110
Technical Services											
Community Parks & Open Spaces	5,720	-		-						(5,720)	-
Pier, Southern Pavilion & Amusement Hall	119,570	1,900		20,000						26,970	168,440
	125,290	1,900	-	20,000	-	-	-	-	-	21,250	168,440
APPROVED ESTIMATE 2013/2014	3,516,580	16,200	-	305,570	(193,000)	-	-	-	(45,150)	244,760	3,844,960

WORTHING CUSTOMER SERVICES PORTFOLIO 2013/2014 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Financial Services											
Local Tax Collection	-	-	-	-	-	7,776,010	(7,855,670)	(79,660)	70,340	-	(9,320)
Housing Benefit Payments	-	-	-	-	29,700	35,886,240	(36,202,530)	(286,590)	17,320	-	(269,270)
Customer Services											
Local Tax Collection	275,730	-	-	3,100	110,610	-	(611,700)	(222,260)	589,540	-	367,280
Housing Benefit Admin'n	415,740	-	-	270	40,510	-	(343,840)	112,680	592,470	-	705,150
Public Transport	-	-	-	-	-	-	-	-	-	-	-
Corporate & Cultural Services											
Museum and Art Gallery	183,580	-	104,500	2,140	42,090	-	(37,620)	294,690	70,880	71,580	437,150
Theatres	186,860	1,329,030	426,830	200	2,304,830	-	(3,538,970)	708,780	183,070	335,050	1,226,900
Housing Health & Community Safety											
Environmental Health - Housing Standards	-	16,110	-	-	-	-	(80)	16,030	54,670	-	70,700
Homelessness	-	235,360	-	-	374,320	141,950	(267,140)	484,490	56,940	-	541,430
Housing Advances	-	-	-	-	4,550	-	(150)	4,400	2,760	-	7,160
Housing Advice	-	112,830	-	-	15,990	-	-	128,820	65,230	3,250	197,300
Housing Strategy	-	34,010	-	-	290	-	-	34,300	36,070	-	70,370
Private Sector Housing Renewal	-	-	-	-	-	-	-	-	86,850	-	86,850
Registered Social L'lords Elderly People	-	-	-	-	-	-	-	-	-	-	-
		111,930					(63,750)	48,180	8,530		56,710
Planning Regeneration & Wellbeing											
Community Centres			35,660	590				36,250	17,220	134,640	188,110
Technical Services											
Comm Parks & Open Spaces								-	-		-
Pier, Sthn Pav & Amusement			236,480	4,340			(116,330)	124,490	43,950		168,440
	1,061,910	1,839,270	803,470	10,640	2,922,890	43,804,200	(49,037,780)	1,404,600	1,895,840	544,520	3,844,960
Percentage of Direct Costs	2%	4%	2%	0%	6%	87%					

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
PLANNING, REGENERATION AND WELLBEING		
Tourism	281,800	262,690
Building Control	136,880	216,380
Development Control	510,520	549,240
Economic Development	431,070	335,380
Planning Policy	338,670	343,860
Day Centres - Elderly People	2,160	2,200
	1,701,100	1,709,750
TECHNICAL SERVICES		
Flood Defence & Land Drainage	16,140	21,850
Highways/Roads (Routine)	64,090	104,550
Community Parks & Open Spaces	32,410	-
Emergency Planning	47,600	56,940
Coast Protection	134,970	151,220
Foreshore	409,600	492,710
Sustainable Development	44,040	38,860
	748,850	866,130
TOTAL REGENERATION PORTFOLIO	2,449,950	2,575,880

REGENERATION SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13



SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
	£	£	£	£	£	£	£	£	£	£	£
Planning Regeneration & Wellbeing											
Tourism	281,800	2,170	-	-	-	-	-	-	-	(21,280)	262,690
Building Control	136,880	(5,730)	-	50,000	-	-	-	-	(5,740)	40,970	216,380
Development Control	510,520	(8,200)	-	50,000	-	-	-	-	-	(3,080)	549,240
Economic Development	431,070	1,890	(40,000)	-	-	-	-	-	-	(57,580)	335,380
Planning Policy	338,670	1,750	-	-	-	-	-	-	-	3,440	343,860
Day Centres - Elderly People	2,160	40	-	-	-	-	-	-	-	-	2,200
	1,701,100	(8,080)	(40,000)	100,000	-	-	-	-	(5,740)	(37,530)	1,709,750
Technical Services											
Flood Defence & Land Drainage	16,140	170	-	-	-	-	-	-	-	5,540	21,850
Highways/Roads (Routine)	64,090	240	-	-	-	-	-	-	-	40,220	104,550
Community Parks & Open Spaces	32,410	-	-	-	-	-	-	-	-	(32,410)	-
Emergency Planning	47,600	-	-	-	-	-	-	-	-	9,340	56,940
Coast Protection	134,970	1,370	-	-	-	-	-	-	-	14,880	151,220
Foreshore	409,600	4,410	-	12,830	-	-	-	-	(12,000)	77,870	492,710
Sustainable Development	44,040	-	-	-	-	-	-	-	-	(5,180)	38,860
	748,850	6,190	-	12,830	-	-	-	-	(12,000)	110,260	866,130
APPROVED ESTIMATE 2013/2014	2,449,950	(1,890)	(40,000)	112,830	-	-	-	-	(17,740)	72,730	2,575,880

WORTHING REGENERATION PORTFOLIO 2013/2014 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Planning Regeneration & Wellbeing											
Tourism	-	140,650	38,650	80	84,330	-	(11,650)	252,060	10,630	-	262,690
Building Control	-	418,320	-	-	3,640	-	(251,840)	170,120	46,260	-	216,380
Development Control	-	772,140	-	-	75,280	-	(443,490)	403,930	145,310	-	549,240
Economic Development	-	217,130	1,360	-	54,500	-	-	272,990	47,400	14,990	335,380
Planning Policy	-	13,710	-	-	87,860	-	-	101,570	242,290	-	343,860
Day Centres - Elderly People	-	-	2,200	-	-	-	-	2,200	-	-	2,200
Technical Services											
Flood Defence & Land Drainage	-	-	8,590	-	-	-	-	8,590	13,260	-	21,850
Highways/Roads (Routine)	-	170	11,740	-	1,230	-	(520)	12,620	91,930	-	104,550
Community Parks & Open Spaces	-	-	-	-	-	-	-	-	-	-	-
Emergency Planning	-	39,900	-	-	-	-	-	39,900	14,360	2,680	56,940
Coast Protection	-	-	84,680	-	6,510	-	(20,880)	70,310	62,270	18,640	151,220
Foreshore	-	140,500	414,070	3,340	32,970	-	(294,550)	296,330	116,830	79,550	492,710
Sustainable Development	-	28,010	-	-	-	-	-	28,010	10,850	-	38,860
	-	1,770,530	561,290	3,420	346,320	-	(1,022,930)	1,658,630	801,390	115,860	2,575,880
Percentage of Direct Costs	0%	66%	21%	0%	13%	0%					

SERVICE	ESTIMATE 2012/13	ESTIMATE 2013/14
	£	£
FINANCIAL SERVICES		
Corporate Management	837,960	420,960
Non-Distributed Cost	2,194,860	2,310,520
Interest Payable & Interest Income	(123,020)	521,330
	2,909,800	3,252,810
CORPORATE AND CULTURAL SERVICES		
Local Land Charges	(11,390)	(60,240)
TECHNICAL SERVICES		
Property Investment Income	(180,330)	(301,890)
TOTAL RESOURCES PORTFOLIO	2,718,080	2,890,680

RESOURCES SUMMARY OF CHANGES SINCE THE ORIGINAL BUDGET 2012/13



SERVICE BLOCK	Original Estimate 2012/13	Inflation	One off-items	Committed growth	Compensatory Savings	Reduction in Income	Impact of Capital Programme	Additional Income	Savings	Non-MTFP Other changes	TOTAL 2013/14
	£	£	£	£	£	£	£	£	£	£	£
Financial Services											
Corporate Management	837,960	(204,430)		-	(50,000)				(100,940)	(61,630)	420,960
Non-Distributed Cost	2,194,860	2,080		161,000	(48,000)		-		-	580	2,310,520
Interest Payable & Interest Income	(123,020)	-		-		87,000	429,000		128,350	-	521,330
	2,909,800	(202,350)		161,000	(98,000)	87,000	429,000	-	27,410	(61,050)	3,252,810
Corporate & Cultural Services											
Local Land Charges	(11,390)	(1,550)							(50,000)	2,700	(60,240)
Technical Services											
Property Investment Income	(180,330)	(14,030)						(20,000)	(83,000)	(4,530)	(301,890)
APPROVED ESTIMATE 2013/2014	2,718,080	(217,930)	-	161,000	(98,000)	87,000	429,000	(20,000)	(105,590)	(62,880)	2,890,680

WORTHING RESOURCES PORTFOLIO 2013/2014 - SUBJECTIVE ANALYSIS



SERVICE / ACTIVITY	Employees	Direct Recharges	Premises	Transport	Supplies & Services	Third Party	Income	Service Controlled Budget	Support Recharges	Capital Charges	Total Budget
Financial Services											
Corporate Management	(522,470)	466,380	7,700	-	139,900	(114,000)	(94,580)	(117,070)	538,030	-	420,960
Non-Distributed Cost	2,351,920	-	-	-	-	-	(41,980)	2,309,940	-	580	2,310,520
Interest Payable & Interest Income	-	-	-	-	-	-	(238,430)	(238,430)	-	759,760	521,330
Corporate & Cultural Services											
Local Land Charges	-	42,300	-	-	36,560	-	(165,590)	(86,730)	26,490	-	(60,240)
Technical Services											
Property Investment Income	110	5,790	160,780	-	27,490	3,690	(982,490)	(784,630)	454,680	28,060	(301,890)
	1,829,560	514,470	168,480	-	203,950	(110,310)	(1,523,070)	1,083,080	1,019,200	788,400	2,890,680
Percentage of Direct Costs	70%	20%	6%	0%	8%	-4%					

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

Background

- 1.1 The Guidance from CLG on Local Government Investments in England requires Councils to produce an Annual Investment Strategy (AIS). This document fulfils this requirement. The proposed investment policy within the AIS has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

Investment Policy

- 1.2 To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

(The CLG's revised Guidance on investments reiterates security and liquidity as the primary objectives of a prudent investment policy. The speculative procedure of borrowing purely in order to invest is unlawful).

- 1.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Annex 1.
- 1.4 The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The Council will continue to maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined in paragraphs 1.6-1.10.

Creditworthiness Policy

- 1.5 This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -
- Credit watches and credit outlooks from credit rating agencies

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

Creditworthiness Policy

- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
 - Sovereign ratings to select counterparties from only the most creditworthy countries
- 1.6 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to form a view of the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service gives a robust level of analysis for determining the security of its investments. It is also a service which the Council would not be able to replicate using its own in-house resources.
- 1.7 The selection of counterparties with a high level of creditworthiness will be achieved by reference to a minimum durational band proposed by Sector's weekly credit list of worldwide potential counterparties. The Council will consider, but not necessarily adhere rigidly to (see para.1.10), the categorised counterparties within the following durational bands: -
- | | | |
|---|-----------|--|
| ➤ | Yellow | 5 years * |
| ➤ | Purple | 2 years |
| ➤ | Blue | 1 year |
| | | (only applies to nationalised or semi nationalised UK Banks) |
| ➤ | Orange | 1 year |
| ➤ | Red | 6 months |
| ➤ | Green | 3 months |
| ➤ | No Colour | Not to be used |
- * This category has been added for AAA rated Government debt or its equivalent
- 1.8 The Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moody's tend to be more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does, however, use ratings from all three agencies, but by using a risk weighted scoring system, it eliminates any tendency to give undue preponderance to just one agency's ratings.

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

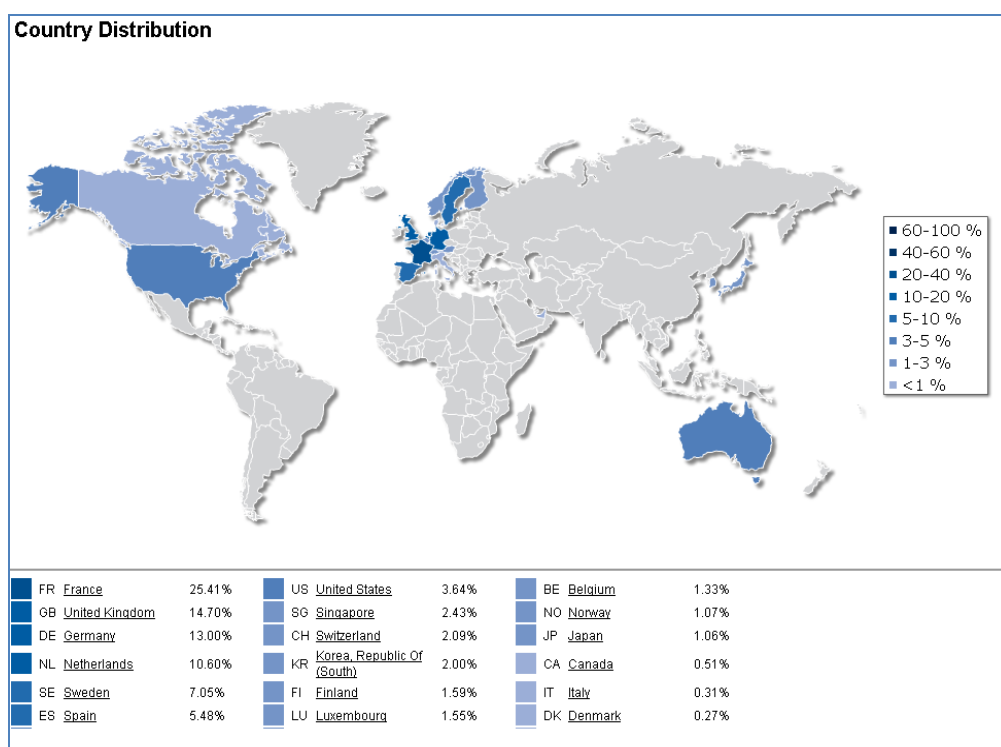
- 1.9 All credit ratings will be monitored as it is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of Credit Ratings the Council will be advised by Sector of information in movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 1.10 Sole reliance will not be placed on the use of this external service, as the Council will also use market data and other information obtained from a variety of sources (e.g. newspaper and other media sources), information on government support for banks and the credit ratings of that government support. Accordingly, the Council may exercise discretion to deviate from Sector's suggested durational bands for counterparties where sudden changes in financial markets, the banking sector, or other circumstances warrant a more flexible approach being taken.

Country Limits & Proposed Monitoring Arrangements

- 1.11 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies (if Fitch does not provide)). The list of countries that qualify using this credit criteria is reflected in the Counterparty Approved Lending List shown at Annex 1. No more than 25% of investments shall be placed in Non-UK financial institutions.
- 1.12 The monitoring of the Council's exposure to non-UK institutions is especially important at the present climate, particularly in respect of sovereign debt issues within Eurozone countries.
- 1.13 Although the Council can control its foreign exposure for fixed term deposits via its choice of counterparties, the ability to do this for instant access Money Market Funds (MMFs) is more difficult. MMFs are triple A rated institutions, comprising pooled funds, which obtain their rating from the immense size of the funds, the short term liquidity, and the stable asset value which underpin the funds. Nevertheless, the assets which comprise the funds generally consist of loans to other financial institutions (UK and worldwide).

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

1.14 Recognising the present financial climate, and that any investment is only as good as the underlying assets, the Council shall use a Money Market Fund Portal for placing and redeeming transactions. This will allow access to information on the underlying composition of the MMF's. This will include the name of the financial institutions and geographic spread of the underlying assets that comprise the Council's portfolio of investments. A sample report showing underlying assets by Country is shown below:



1.15 The Portal is an on line dealing facility available at no cost to the Council as it is web based. Hence there are no hardware or software costs. The in-house treasury management team have considered four Portals from different suppliers, and use Institutional Cash Distributors (ICD) for this purpose.

Investment Outlook

1.16 The Interest Rate Outlook is summarised in 1.17 below. The Council will avoid locking into longer term investments beyond 1 year duration while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness (i.e. approved counterparties with a minimum credit rating of AA- from Fitch Ratings, or equivalent from other agencies if Fitch does not provide) which make longer term deals worthwhile and within the risk parameters set by this council.

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

Investments managed in-house

1.17 Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2012/13 0.50%
- 2013/14 0.50%
- 2014/15 0.75%
- 2015/16 1.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next four years are as follows:

2012/13	0.50%
2013/14	0.50%
2014/15	0.60%
2015/16	1.50%

1.18 Investments will be made with reference to the Council's core balances derived from past asset sales (capital receipts) and operational cash flow requirements reflecting the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

1.19 Within the approach described in 1.16 above, total principal funds invested for greater than 364 days will be determined with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds. The amounts invested greater than 364 days shall remain within the limit set for this purpose within the Treasury Management Prudential Indicator at the start of the financial year.

1.20 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and notice accounts, money market funds, and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

Investments managed in-house

- 1.21 The Executive Head (Financial Services) under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the meetings of the JGAC and JSC in accordance with the reporting arrangements contained in the Treasury Management Practices Statement.
- 1.22 In any sustained period of significant stress in the financial markets, the default position is for investments to be placed with The Debt Management Agency Deposit Facility of the Debt Management Office (DMO) of the UK central government. The rates of interest are below equivalent money market rates, however, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.

Investments managed in-house

- 1.23 The Council's proposed investment activity for placing cash deposits in 2013/14 is unchanged from the previous year and comprises:
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV).
 - Other local authorities.
 - Business reserve accounts and term deposits. These are primarily restricted to UK institutions that are rated at least AA- long term.
 - institutions with a very high likelihood of support, including Royal Bank of Scotland, Lloyds, HSBC, and Barclays banks
 - institutions with a moderate or high likelihood of support, including Santander UK, Cooperative Bank and Clydesdale Bank
 - the top five building societies by asset size
- 1.24 In recognition of the inclusion of the building society names and that they carry a lower credit rating than the Council's other counterparties, the lending limits for the building societies shall be £2m each, excepting that for Nationwide (the top building Society) the lending limit shall be £4m – as it is also an institution with a moderate or high likelihood of support.
- 1.25 To protect the Council against a prolonged period of low interest rates the Council also proposes to retain the option to use the following forms for longer-term investments, as an alternative to cash deposits:

1.0 WORTHING BOROUGH COUNCIL ANNUAL INVESTMENT POLICY AND STRATEGY 2013/14

Supranational bonds greater than 1 year to maturity

- (a) **Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).
- (b) **A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO})

The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.

Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.

The **Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.

Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use the top five building societies by asset size up to £2m, (£4m Nationwide)

Any **bank or building society** that has a minimum long term credit rating of AA- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

Any **non-rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and exposure up to the limit applicable to the parent.

- 1.26 **Accounting treatment of investments** - The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.

2.0 WORTHING BOROUGH COUNCIL MINIMUM REVENUE PROVISIONS (MRP) STATEMENT

2.1 The MRP Statement for 2012/13 financial year was approved by Council before the start of the financial year, and no change to this is proposed for 2013/14. The proposals which follow in this section therefore relate to 2013/14 onwards.

2.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

2.3 The four options cited by the Guidance for making prudent MRP are:

Option 1: Regulatory Method

The MRP calculation set in regulations since 2004/05 based on 4% of the Non-Housing Capital Financing Requirement, including an adjustment (Adjustment A) to align the CFR to the credit ceiling (under former regulations) to negate the impact on Council Tax.

Option 2: CFR Method

The MRP calculated solely on 4% of the Non-Housing CFR at the closing balance of the previous financial year (i.e. No “Adjustment A” to negate the impact on Council Tax).

Option 3: Asset Life Method

MRP is calculated as the annual amount required to repay borrowing in equal instalments over the life of the assets acquired, although the option remains to use additional revenue contributions or capital receipts to repay debt earlier.

Option 4: Depreciation Method

MRP is an amount equal to the depreciation of assets acquired by borrowing, as calculated in line with accounting Statements of Recommended Practice (the SORP). MRP continues until the provision is equal to the original amount of the debt even if the assets acquired by borrowing are disposed of before the end of their useful life.

(NB The MRP guidance does not preclude other prudent method - should the Councils wish to consider these.)

2.4 Under the guidance, it is a requirement to submit to the respective full Council, and before the start of the 2013/14 financial year, an MRP Statement confirming the approach to be adopted for the coming financial year. Any variation to this during the year requires a revised statement to be put to Council at that time.

2.0 WORTHING BOROUGH COUNCIL MINIMUM REVENUE PROVISIONS (MRP) STATEMENT

- 2.5 For Worthing Council the MRP Policy for 2012/13 was approved by the Joint Strategic Committee on 29 November 2011 (and subsequently ratified by full Council on 13 December, 2011). It was agreed that Option 3 would be applied in respect of all new supported and unsupported borrowing. It is proposed that there is no change to this approach for 2013/14.
- 2.6 The implementation from 2010/11 of International Financial Reporting Standards (IFRS) may result in PFI schemes and leases being brought on balance sheet. Where this is the case the CFR will increase, which will lead to an increase in the MRP charge to revenue. MRP for these items will match the annual principal necessary to pay off the capital cost of the assets acquired over the term of the lease period.

SPECIFIED AND NON SPECIFIED INVESTMENTS
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SPECIFIED AND NON SPECIFIED INVESTMENTS**Specified Investments identified for use by the Council**

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

* *Investments in these instruments will be on advice from the Council’s treasury advisor.*

For credit rated counterparties, the minimum criteria, excepting for the Council’s own banker, (see below) will be the short-term / long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard & Poor’s, Fitch Ratings, being:

Long-term investments (365 days or more) : minimum: Aa3 (Moody's) or AA-(S&P) or AA-(Fitch)

Or

Short-term investments (364 days or less) : minimum P-1 (Moody's) or A-1 (S&P) or F1 (Fitch).

For the Council's own banker (Cooperative Bank Plc) investments shall be placed on a discretionary basis.

For all investments the Council will also take into account information on corporate developments of, and market sentiment towards, investment counterparties.

WORTHING BOROUGH COUNCIL
SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments identified for use by the Council

New specified investments will be made within the following limits:

Instrument	Country & Sovereign Rating (21 Jan.13)	Counterparty	Maximum Limit of Investments £m
Term Deposits	UK - AAA	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK - AAA	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK - AAA	Santander UK	£4m
Term Deposits/Call Accounts	UK - AAA	Bank of Scotland/Lloyds	£4m
Term Deposits/Call Accounts	UK - AAA	Barclays	£4m
Term Deposits/Call Accounts	UK - AAA	Clydesdale	£4m
Term Deposits/Call Accounts	UK - AAA	HSBC	£4m
Term Deposits/Call Accounts	UK – AAA	Cooperative Bank	£4m or 25% of funds
Term Deposits/Call Accounts	UK - AAA	Royal Bank of Scotland	£4m
Term Deposits/Call Accounts	Australia – AAA	National Australia Bank Ltd	£3m
Term Deposits/Call Accounts	Germany - AAA	Deutsche Bank AG	£3m
Term Deposits/Call Accounts	Spain – BBB	Banco Santander SA	£3m
Term Deposits/Call Accounts	Sweden – AAA	Svenska Handelsbanken AB	£3m
Term Deposits/Call Accounts	US – AA+	JP Morgan	£3m
Gilts	UK - AAA	Debt Management Office (DMO)	£3m or 25% of funds
Bonds	EU	European Investment Bank/Council of Europe	£3m or 25% of funds

WORTHING BOROUGH COUNCIL
SPECIFIED AND NON SPECIFIED INVESTMENTS

Instrument	Country & Sovereign Rating (21 Jan.13)	Counterparty	Maximum Limit of Investments £m
AAA Rated Money Market Funds	UK/Ireland incorporated	Constant Net Asset Value MMFs	£5m or 30% of funds
Other MMFs and CIS	UK - AAA	Collective Investment Schemes	25%
Term Deposits	UK - AAA	Nationwide BS	£4m
Term Deposits	UK - AAA	Yorkshire BS	£2m
Term Deposits	UK - AAA	Coventry BS	£2m
Term Deposits	UK - AAA	Skipton BS	£2m
Term Deposits	UK - AAA	Leeds BS	£2m

NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.

NB No more than 25% of funds shall be invested in Non-UK financial institutions whether by term deposits, call accounts or Money market Funds, or any combination thereof.

The nominated triple A Money Market Funds (sterling denomination & stable net Asset Value) to be used for 2013/14 (up to a maximum limit of £3m per counterparty) are:

*BlackRock
 Deutsche Bank
 Federated PrimeRate
 Invesco
 Morgan Stanley*

Total deposits in Money Market Funds shall not exceed £5m or 30% of funds, whichever is the greater.

SPECIFIED AND NON SPECIFIED INVESTMENTS
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**WORTHING BOROUGH COUNCIL
NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:**

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use.

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
<ul style="list-style-type: none"> • Deposits with banks and building societies 	√		5 years	The higher of £10m or 50% of funds	No
<ul style="list-style-type: none"> • Certificates of deposit with banks and building societies* 	√	√			
<p>Gilts and Bonds*:</p> <ul style="list-style-type: none"> • Gilts • Bonds issued by multilateral development banks • Bonds issued by financial institutions guaranteed by the UK government • Sterling denominated bonds by non-UK sovereign governments 	√ √ √ √ (on advice from treasury advisor)	√ √ √ √	5 years	The higher of £3m or 25% of funds	No
<p>Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.</p>	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date.	The higher of £5m or 30% of funds	No
<p>Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies</p>	√ (on advice from treasury advisor)	√	5 years	The higher of £5m or 20% of funds	Subject to test

SPECIFIED AND NON SPECIFIED INVESTMENTS
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**WORTHING BOROUGH COUNCIL
NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:**

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
Non-guaranteed bonds and debt instruments (e.g. floating rate notes issued by Corporate Bodies)	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Subject to test

1. In determining the period to maturity of an investment, the investment is regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.