

CABINET

15 OCTOBER 2008

PRINCIPAL SCRUTINY COMMITTEE

20 OCTOBER 2008

GENERAL FUND BUDGET

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

CAB1663: Financial Strategy 2009/10 – 2013/14, 9 July 2008

CAB1680: Capital Strategy and Programme 2008, 9 July 2008

CAB1713 : Capital Programme 2008/09 – 2013/14, 15 October 2008

EXECUTIVE SUMMARY:

This report presents the next phase in the budget process by setting the scene for the deliberation of the Sustainable Community Strategy and Corporate Business Plan the detailed budget. Updated projections for the Financial Strategy period are included. The projections are based on a number of assumptions and are subject to influence from various external and internal factors – these are detailed in the report. It also advises Cabinet of what officers consider to be unavoidable increases in cost (for example those resulting from Government direction) and gives some initial indication of savings which can be readily realised with no impact on services.

Initial proposals for growth and savings will be considered further by Cabinet and the relevant Scrutiny Panels in the November cycle of meetings. These should be considered alongside the emerging priorities in the draft Community Strategy: equivalent savings will be required in order to release funds for any growth proposals.

Cabinet will give further consideration to proposals, taking account of Government support, possible tax increases and other information, as part of finalising next year's budget in the New Year.

RECOMMENDATIONS:

To Cabinet:

- 1 That Cabinet notes the current projection of the Council's financial position and uses this as the basis for considering growth and savings proposals, as part of its deliberation of the budget.

To Principal Scrutiny Committee:

- 2 That Principal Scrutiny Committee considers whether it wishes to make any comments on the Council's budget to Cabinet or Scrutiny Panels in advance of their deliberations on the budget.

CABINET15 OCTOBER 2008PRINCIPAL SCRUTINY COMMITTEE20 OCTOBER 2008GENERAL FUND BUDGETREPORT OF HEAD OF FINANCE1 Introduction

1.1 This report presents the budget baseline position for the 2009/10 budget in order to set the scene for the consultation on growth and savings options. The Financial Strategy (CAB1663) requires that the baseline reflects, as far as possible, the financial implications of the Council's current financial position. Budget monitoring in the year to date has identified some likely savings and unavoidable growth pressures and these have been included here for early consideration.

1.2 A further paper will follow for the purposes of consultation which will present further growth and savings options for consideration during November in accordance with the timetable set out in the Financial Strategy.

2 Reflecting The Financial Strategy

2.1 The key budget principles set out in the Financial Strategy agreed by the Cabinet on 9 July 2008 are:-

- The revenue budget for the forthcoming year will be balanced
- Reserves will not be used to fund annual, recurring expenditure
- Savings proposals will be sufficient to fund growth proposals and to eliminate any projected deficit
- Growth proposals will not create a revenue deficit in future financial years without equivalent forward savings also being identified
- Growth and savings proposals will be considered in relation to the Council's corporate objectives and priorities
- Inflation will be applied only to budgets for staff and external contracts

2.2 The baseline forecast is set out in Appendix B and has been calculated in accordance with the financial strategy as detailed below.

2.3 The financial strategy determines that the baseline will be set to reflect:-

- a) Supplementary estimates and virements that have occurred since the budgets for the current year were approved in February.

The forecast takes into account all supplementary estimates and virements that have been approved in the year up to 30th September 2008. The implications of proposals being presented for approval elsewhere on this agenda are therefore NOT included in the baseline starting position.

- b) Approved brought forwards to the current year should be excluded when setting the baseline although the reasons for any over/underspends in the outturn position for the previous year should be considered in setting the baseline for 2009/10.

The amounts brought forward have been excluded from the forward projections.

- c) The future implications of significant variations in the year to date will be reflected in the baseline forecasts.

The monitoring in the year-to-date has enabled the early identification of some budgetary pressures both affecting the current year and future years and these are included as "unavoidable" growth pressures.

- d) The latest forecast of the capital expenditure programme will be used to determine the future revenue effects including the loss of interest income resulting from the overall decline in balances.

The revenue consequences of the baseline capital programme, but excluding the growth proposals (re CAB1713 presented elsewhere on this agenda) have been included in the baseline forecasts.

- e) That existing contractual commitments will be fully reflected in the baseline and forecast using inflation assumptions appropriate to the relevant contracts.

Information has been gathered on all contractual commitments and this is now quantified in the baseline. The most significant increases have arisen in relation to electricity costs which have risen by 60% amounting to an increase of £104,000 in 2009/10. The assumed annual increase in future years is 20%.

- f) Paybill commitments will be fully reflected in baseline forecasts.

Employee costs have been forecast using the baseline for 2008/09 plus incremental progression, known pension increases and an assumed pay award of 3.5% for 2009/10 and beyond. Associated costs for training and employee related insurance have been increased in line with these forecasts.

Pay negotiations are determined at a national level and the outcome of negotiations for 2008/09 is still undetermined. The budget assumption for this year is 2.5%.

- g) The Council's Efficiency programme will, where possible, be costed and reflected in the baseline budget.

The baseline presented reflects only those cashable efficiencies already included in the baseline – which is a high proportion. Any further efficiencies arising out of the current review of the efficiency programme will be incorporated with the savings proposals to be presented.

- 2.4 The Council's Financial Strategy further determines that the following key assumptions will be used to set the baseline for the medium term forecasts:-

- h) The annual increase in the level of Council Tax will be at or below inflation with the initial baseline being set at the forecast inflation level

The Government has announced that it expects that the Comprehensive Spending Review settlement will enable councils to keep council tax increases well below 5% in each of the 3 years of the settlement period. The projections include an illustrative increase in Council Tax of 4%. For each 1% increase about £60,000 pa is raised.

No adjustment has yet been made for any potential increase in the Council tax base.

- i) Government grant will be assumed at the levels notified in the three year provisional settlement

The baseline projections include only the provisional settlement amounts for Revenue Support Grant and Business Rates redistribution. This provides for an annual increase of £35,000 (0.5%) in 2009/10 and 2010/11. The same increase has been assumed in future years.

No account has been taken of any potential increases in specific grant allocations as it is not known at this stage whether there will be any.

The Local Authority Business Growth Incentive (LABGI) scheme has provided additional funding in the three years from 2005/06 to 2007/08. A separate earmarked reserve was set up in 2007/08 to facilitate the use of the funding to one-off projects primarily to support future economic development and with the aim that a share of the benefit is returned to the communities that helped deliver the funding. It was stated at the time that any future amounts of LABGI received would be subject to a separate decision.

The final tranche (relating to 2007/08) was notified earlier in 2008/09 and will be accounted for in this year – providing an additional £710,000 in the 2008/09 Revised Estimate. Consideration now needs

to be given to the allocation of that receipt in the context of the overall budget position.

Nothing has been assumed for future years in respect of this funding.

- j) There will be an annual increase in the number of households in the district served by the Council with consequential increases in both expenditure and income

As in previous years the cost increase relating to this has been assumed at £50,000 per annum and is included on the unavoidable growth list.

3 Other considerations

3.1 Income

Unlike in previous years, the baseline financial projections do NOT assume any increases to income. This is because of the uncertainties of the global economic situation and the impact already experienced on some of the Council's income streams. This does not mean that there will not be increases. It is a requirement under the Financial Procedure Rules that all fees and charges are reviewed annually. There are also statutory and market restrictions on some of these charges. Proposals for any changes to the baseline will be presented as growth or savings options.

3.2 Interest Receivable

Significant income is generated from the investment of the Council's balances and changes in interest rates have an impact on the Council's interest income. In the current climate there is great uncertainty about future rates. The baseline projections reflect an assumption that rates will decline. Appendix D provides the detail.

3.3 Reserves

- a) The principal reserve used for supporting fluctuations in the Budget is the Major Investment Reserve. There are plans within the medium term financial strategy period to utilise the Reserve to support the capital programme, although a first call on the balance would be to support any deficit on the Revenue budget.
- b) Earmarked reserves have been established for specific purposes with associated spending plans and will be substantially depleted over the medium term financial strategy period.
- c) The General Fund working balance stands at £2m. The level of this balance needs to be considered in the light of a number of factors concerning the Council's level of exposure to changes in income and expenditure.

4 Risk/Uncertainty/Sensitivity

- 4.1 The budget for next year and the forward projections will be influenced significantly by various factors that cannot be quantified or assessed fully at this stage; some external and outside of the control of the Council; and others that relate to factors and aspirations within the Council's control. Consideration has been given to these factors and an initial assessment is provided at Appendix A.

5 Housing Revenue Account

- 5.1 Whilst the Housing Revenue Account (HRA) is fairly self contained in that its revenue expenditure must be funded by its rental income, its capital schemes can impact on the General Fund through loss of interest. Conversely changes initiated in the General Fund can impact on the HRA in the form of overhead charges.
- 5.2 Therefore the General Fund cannot be considered independently of the Housing Revenue Account (HRA). As in previous years, further reports will be made to Cabinet on the HRA position later in the year.

OTHER CONSIDERATIONS:

6 CORPORATE STRATEGY (RELEVANCE TO):

- 6.1 The Financial Strategy is part of the Council's Corporate Policy Framework and is key to the achievement of the Council's Corporate Strategy.

7 RESOURCE IMPLICATIONS:

- 7.1 As set out in the report.

BACKGROUND DOCUMENTS:

Working papers held in the Finance and other divisions.

APPENDICES:

Appendix A: Risk Assessment

Appendix B: General Fund Revenue Projections

Appendix C: General Fund Revenue Unavoidable Growth

Appendix D: General Fund Revenue Savings – initial proposals

Appendix E: Financing Transactions

Risk area identified	Potential Impact of Risk	Mitigation
Economic uncertainty arising from the global economic crisis	Financial loss	<ul style="list-style-type: none"> ✓ Prudent forecast assumptions ✓ External advice being sought
RPI	Budget provision insufficient to cover contractual commitments that are linked to RPI	<ul style="list-style-type: none"> ✓ Contractual commitments assessed and reflected in baseline ✓ Maintain adequate level of General Fund working balance
Pay Inflation	Budget provision insufficient to cover actual pay settlements for years 2009/10 and beyond	<ul style="list-style-type: none"> ✓ Budget provision made for pay inflation of 3.5% p.a. ✓ Maintain adequate level of General Fund working balance
Interest Rates	Interest rate forecasts vary from the assumptions made in the financial forecasts resulting in a shortfall in assumed investment interest.	<ul style="list-style-type: none"> ✓ Specialist advice taken on interest rate forecasts ✓ Cash flow modeled against anticipated financial forecasts and a prudent approach adopted ✓ Treasury Management Strategy and Policies
Revenue Support Grant	Shortfall in budget if grant funding is less than that assumed	<ul style="list-style-type: none"> ✓ Provisional settlement figures provided by the Government for 3 years ✓ Maintain adequate level of General Fund working balance
Planning & Housing Delivery Grant	Future grant funding could be lower than current budget or discontinued.	<ul style="list-style-type: none"> ✓ Monitor Government consultation on future proposals for funding planning improvement
Local Authority Business Growth Incentive Scheme	Initiatives funded by this scheme may raise future expectations and create ongoing commitments	<ul style="list-style-type: none"> ✓ Earmarked reserve set up to help ensure commitments do not exceed available funding ✓ One off costs could be not progressed if LABGI insufficient

Risk area identified	Potential Impact of Risk	Mitigation
Government Capping	Government considers that the budget decisions taken by the Council should be subject to capping resulting in the costs of rebilling etc.	<ul style="list-style-type: none"> ✓ Council will consider Government guidance when setting council tax ✓ Effect of Town Account decisions also considered
Efficiency Targets	Failure to deliver ongoing budget cashable efficiency targets leading to a funding shortfall	<ul style="list-style-type: none"> ✓ Ensure that targets are realistic and achievable within the timescales set ✓ Allocate ownership and develop action plans to deliver ✓ Maintain adequate level of General Fund working balance
Concessionary Travel	Budget provision is insufficient to cover full costs of the scheme for 2007/08 and for the introduction of the national scheme in 2008/09 and beyond	<ul style="list-style-type: none"> ✓ Budget growth item reflects latest advice of consultants for the Hampshire Countywide scheme
The review of Government funding for local councils and the possibility of the County Council using new power to levy local business rate supplement income	Uncertainty in future funding mechanisms and levels of support	<ul style="list-style-type: none"> ✓ Maintain a prudent approach to budget and forecasting (as above) pending Government response ✓ Two BID areas already introduced in Winchester District already provide a scheme for raising additional finance from local businesses for schemes affecting the BID areas
Equal Pay	Unexpected claims for back pay	<ul style="list-style-type: none"> ✓ Equal Pay audit completed and no issues raised ✓ Union agreement that there were no equal pay issues when new pay structure was introduced ✓ Maintain adequate level of General Fund working balance

Risk area identified	Potential Impact of Risk	Mitigation
Further potential changes to fee structure for land charges searches and potential impact of HIPS packs upon search levels	Budget provision is insufficient when the final detail of the regulations is available; HIPs further change personal search levels	✓ Prudent provision for income levels made at this stage
Growth pressures and changes to national priorities that must be met	New pressures and requirements, particularly those arising from Local Government White Paper, likely to carry additional costs	✓ To be considered as individual initiatives and requirements emerge
New office accommodation	Escalation of costs for new provision <u>or</u> growing costs of existing accommodation	✓ Option appraisal for new offices to take full account of current financial outlook and detailed project risks
Silver Hill development proposals	Costs arising due to Council input, revenue costs post- implementation or risks to return on Council assets	✓ Detailed risks managed as part of Silver Hill project by Head of Estates
Any need for further investment in building fabric/capital repairs	Budget may be insufficient to meet requirements	✓ First stage of detailed needs assessment / prioritisation completed ✓ Capital growth identified for next year
Further expansion of the Park and Ride scheme	There may be further substantial costs from 2009/10 as a result of expansion of the scheme – this depends on the level of usage and resulting income from the new services	✓ Keep scheme and current charging levels under review ✓ Maintain adequate level of General Fund working balance
Benefits Subsidy	Impact of transitional scheme not fully known and therefore difficult to quantify	✓ Keep under review with prudent approach to setting budgets
VAT – breach of the 5% limit	Additional irrecoverable VAT costs as a result of breaching the limit	✓ VAT implications considered as part of capital appraisal for each project
Pensions costs	Falls in the value of the pension fund as a consequence of the global financial crisis which may	✓ [to be discussed at the next pensions panel meeting in November 2008]

Risk area identified	Potential Impact of Risk	Mitigation
	lead to increases in employer contributions	✓ Maintain adequate level of General Fund working balance
Pay budgets	Baseline may be insufficient to cover costs of maturing workforce. Turnover assumed and resultant savings from vacancy management may not be achieved	<ul style="list-style-type: none"> ✓ Detailed review and close monitoring ✓ Maintain adequate level of General Fund working balance ✓ Bench marking exercise to be under taken which may highlight the need to increase the base budget dependant upon the decision regarding market positioning .
Uncertain impact of transfer of filtering of complaints from Standards Board to local level	Additional budget required or adverse impact upon other priorities in Legal/Democratic Services	✓ Seek to undertake within existing resources but monitor as supplementary estimate may be required depending upon unpredictable timing/volume of workload
Impact of additional S106 work for highway infrastructure contributions on Legal Services	Additional budget required or adverse impact upon other priorities in Legal Services	✓ Seek to undertake within existing resources and additional fees generated but monitor and outsource any peaks of work that cannot be undertaken in house.
Government Connect	No interaction with DWP for Benefits checking or other Central Government departments i.e. DVLA. Possibility of action being taken by DWP	<ul style="list-style-type: none"> ✓ Working on achieving and maintaining compliance ✓ Dependent on funding for upgrades to network
Reduced level of and timing of capital receipts	May impact upon the need to undertake prudential borrowing earlier than anticipated.	✓ Ensure compliance with the Prudential Code
Community Safety Partnership – reduction in Home Office grant funding	Support of voluntary sector projects and joint post funding could be expected to be found from partners' own budgets.	<ul style="list-style-type: none"> ✓ Seek to undertake from partner budgets ✓ Consider greater sharing of resource across the 11 district

Risk area identified	Potential Impact of Risk	Mitigation
		<ul style="list-style-type: none"> ✓ partnerships ✓ Monitor the impact on statutory duties
Continued sharp rises in energy prices	Uncontrollable cost increases for WCC, particularly at River Park Leisure Centre. Onward implication for fees charged to customers.	<ul style="list-style-type: none"> ✓ Take advantage of possible savings from new contractual arrangements with DC Leisure (community leisure partnership) ✓ Invest in further energy-saving measures, particularly during refurbishment/repair programmes
Introduction of Heritage Protection Bill	Increased workload for historic environment service, unlikely to be absorbed by current establishment or financial resources	<ul style="list-style-type: none"> ✓ Looking at shared services across the county
Condition of River Park Leisure Centre	Major repairs will continue to be needed on a regular basis, or substantial capital to invest in new build	<ul style="list-style-type: none"> ✓ Options appraisal being carried out by officers in partnership with Test Valley and East Hants ✓ Potential for shared procurement/management to reduce costs
Less car park income than anticipated	Shortfall in income	<ul style="list-style-type: none"> ✓ Maintain adequate level of General Fund working balance
Inability to cover recharges on engineering services	Unrecoverable costs, shortfall in budget	<ul style="list-style-type: none"> ✓ Address the historic management recharges associated with this cost centre.
Planning Fee income	Reduction in level of income due to reduction in number of planning applications received	<ul style="list-style-type: none"> ✓ Maintain adequate level of General Fund working balance
Major developments	Reduction in number of applications received and subsequent development carried out. Lower HPDG awarded	<ul style="list-style-type: none"> ✓ Maintain adequate level of General Fund working balance

Risk area identified	Potential Impact of Risk	Mitigation
Shortfall in Building Regulation applications and fee income due to downturn in the economy	Unable to achieve income targets	<ul style="list-style-type: none"> ✓ Careful management of expenditure ✓ Marketing service to increase business
Re-let of Depot Contract	Delays in completion of project within timescales required incurring extra costs if contract over runs	<ul style="list-style-type: none"> ✓ Growth bid submitted to provide sufficient resources to ensure project completed in time.

GENERAL FUND REVENUE PROJECTIONS 2008/09 - 2013/14

		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Report Reference
		£000	£000	£000	£000	£000	£000	
<u>GROSS BUDGET FOR GF SERVICES 2008/09</u>		20,481	20,481	20,481	20,481	20,481	20,481	
Adjusted for one off costs included in the Base			145	108	108	112	116	
Supplementary approvals to September		0	0	0	0	0	0	2.3 (a)
Brought Forward from 2007/08	CAB1675	302						2.3 (b)
Unavoidable Growth pressures	Appendix C	587	558	398	359	385	431	2.3 (c)
Identified Savings	Appendix D	(71)	(118)	(88)	(92)	(92)	(94)	2.3 (c)
Contractual Commitments		76	562	1,042	1,522	2,002	2,482	2.3 (e)
Employee costs								2.3 (f)
Incremental progression			193	386	579	772	965	
Pensions increases	0.5%		50	100	150	200	250	
Pay inflation	3.5%		516	1,050	1,603	2,175	2,767	
Other employee costs			20	41	62	84	107	
Capital financing charges adjustment to base		1,234	650	650	650	650	650	2.3 (d)
Baseline Projected Expenditure Ceiling before growth and savings options		22,609	23,057	24,168	25,422	26,769	28,155	

GENERAL FUND REVENUE PROJECTIONS 2008/09 - 2013/14

		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Report Reference
		£000	£000	£000	£000	£000	£000	
Capital Financing Charges	Appendix E	(6,566)	(5,982)	(5,982)	(5,982)	(5,982)	(5,982)	2.3 (d)
Net Interest	Appendix E	(1,432)	(1,015)	(856)	(817)	(753)	(722)	2.3 (d)
Baseline General Fund budget requirement		14,611	16,059	17,330	18,623	20,035	21,452	
<u>FUNDING</u>								
Council Tax	4%	6,466	6,730	7,005	7,292	7,590	7,900	2.4 (h)
RSG & NNDR	0.5%	6,944	6,978	7,013	7,048	7,083	7,119	2.4 (i)
Winchester Town contributions		(27)						
LABGI		710	0	0	0	0	0	2.4 (i)
Cont. (to) / from Major Investment Reserve		754	110	37	57	37	0	
Funding		14,847	13,818	14,055	14,397	14,710	15,019	
(Headroom)/Shortfall		(236)	2,241	3,275	4,226	5,324	6,433	

GENERAL FUND REVENUE - GROWTH PRESSURES

<u>Proposal</u>		Corporate Priority	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Total</u>
			<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
GENERAL FUND									
<u>Environment</u>									
Street Cleansing	Street sweeping - new High Street proposals	HQE	0	10	10	10	10	10	50
Other Pollution	Contaminated land - work to meet requirements of Contaminated Land Register under Environmental Protection Act	HQE	0	30	30	30	30	30	150
Air Quality	Air quality reviews - consultancy for modelling due to new guidance	HQE	0	30	20	20	0	0	70
Refuse Collection	Increase in number of properties - refuse and recycling.	HQE	0	50	100	150	200	250	750
			0	120	160	210	240	290	1,020
<u>Finance & Efficiency</u>									
Guildhall room hire	External room hire pressures	EP	5	5	5	5	5	5	30
NNDR Business Rates	Unbudgeted empty property Business Rates	E&EC	48						48
Silver Hill	To provide for external consultancy to conduct a financial appraisal of the impact in the Councils Accounts.	E&EC	15	0	0	0	0	0	15
External Audit fees	Additional external audit fees relating to additional work on the final 2007/08 accounts	E&EC	28	0	0	0	0	0	28
			96	5	5	5	5	5	121

<u>Heritage, Culture & Sport</u>									
River Park Leisure Centre (DC Leisure)	Increased management charge to reflect rise in fuel costs	S&S	40	90	90	90	90	90	488
Meadowside	Income shortfall on Meadowside as a result of lower memberships/falling admissions.	S&S	11	8	0	0	0	0	18
			51	97	90	90	90	90	506
<u>Housing</u>									
Private sector housing	Fewer HMO and accreditation registrations being requested than was originally expected.	S&S	8	8	8	8	8	8	48
			8	8	8	8	8	8	48
<u>Performance & Org Dev</u>									
Postage costs	Year to date volumes are down against 07/08 by 20% but costs are only reduced by 11% due to April 2008 Royal Mail price increases. Thus savings not fully met.	E&EC	18	16	14	12	10	8	78
Telephone Costs	Budget was not provided to cover all call charges	E&EC	9	10	10	10	10	10	57
Printers & photocopiers	Annual printer software costs unbudgeted	E&EC	16	14	12	10	8	6	66
Government Connect	Upgrade to network security including penetration testing, firewall etc	E&EC	15	0	0	0	0	0	15
Land Charges Search income	Drop in income due to personal searches due to the housing market	S&S	100	110	85	0	0	0	295
Benefits administration subsidy	DWP 5% reduction in real terms (after adjusting for inflation), increasing last year's growth bid	S&S	0	23	10	10	10	10	63
			158	173	131	42	38	34	574

<u>Planning & Access</u>									
Car Park Income	Car parking income is more than received during the preceding financial year but is less than the anticipated level of growth in income that was forecast for budget setting purposes	EP	100	0	0	0	0	0	100
Xmas lights	Higher anticipated costs upon contract renewal starting Xmas 2009.	S&S	0	5	5	5	5	5	25
HIPOG - Salaries	HIPOG shared services - savings unlikely to be realised until after April 2010	E&EC	25	50	0	0	0	0	75
Planning fee income	Reduction in number of planning applications submitted, resulting in reduction of fees received	S&S	150	100	0	0	0	0	250
			275	155	5	5	5	5	450
Total General Fund			587	558	398	359	385	431	2,718

GENERAL FUND REVENUE - SAVINGS PROPOSALS

<u>Proposal</u>		<u>Corporate Priority</u>	<u>2008/09 £000</u>	<u>2009/10 £000</u>	<u>2010/11 £000</u>	<u>2011/12 £000</u>	<u>2012/13 £000</u>	<u>2013/14 £000</u>	<u>TOTAL £000</u>
<u>Environment</u>									
Recycling	Reduced garden waste sack costs - efficiency savings	HQE	0	(30)	(30)	(30)	(30)	(30)	(150)
Abandoned Vehicles	Abandoned vehicles efficiency savings	HQE	0	(5)	(5)	(5)	(5)	(5)	(25)
			0	(35)	(35)	(35)	(35)	(35)	(175)
<u>Finance & Efficiency</u>									
Service charges	Accounting adjustment for prepayment in 2007/08	E&EC	(37)	0	0	0	0	0	(37)
Sales of assets	Reflects actual receipts in the year to date	E&EC	(9)	0	0	0	0	0	(9)
			(46)	0	0	0	0	0	(46)
<u>Housing</u>									
DFG	Increased grant from Govt, increase in fee income	S&S	(10)	(10)	(10)	(10)	(10)	(10)	(60)
DFG -employees	Increase in capital spend (through additional grant) requiring increase in staff time (0.2 FTE)	S&S	10	10	10	10	10	10	60
			0	0	0	0	0	0	0
<u>Performance & Org. Dev.</u>									
External IMT Income	CBL project management & land charges advice	S&S	(15)	0	0	0	0	0	(15)
Disaster Recovery	Budget less cost as moved to Adam instead of Digica	E&EC	(10)	(10)	(10)	(10)	(10)	0	(50)
Anite	Trapeze & DIP System	E&EC	0	(1)	(15)	(15)	(15)	0	(45)
IDOX	Public Access developed in house & contaminated land module	E&EC	0	(11)	(11)	(11)	(11)	0	(42)
Weblabs & Eureka	Search engine using Google / Timesheet	E&EC	0	(2)	(9)	(13)	(13)	0	(37)
Mayoral	Reduction in cost of Mayoral Chauffeur Service	E&EC	0	(5)	(5)	(5)	(5)	(5)	(25)
Elections	No WCC election in 2009	S&S	0	(50)	0	0	0	(50)	(100)
Taxi income	Savings can be identified (over and above inflation of 5%) for taxi income	S&S	0	(4)	(4)	(4)	(4)	(4)	(20)
			(25)	(83)	(53)	(57)	(57)	(59)	(334)
<u>Total General Fund</u>									
			(71)	(118)	(88)	(92)	(92)	(94)	(555)

FINANCING TRANSACTIONS

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
£000	£000	£000	£000	£000	£000

Capital Financing

Charge to GF services	6,566	5,982	5,982	5,982	5,982	5,982
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Interest

Short Term	11	11	11	11	11	11
Other	9	9	9	9	9	9
Total payable	20	20	20	20	20	20
Investment income	(1,136)	(693)	(579)	(526)	(464)	(436)
Net external interest	(1,116)	(673)	(559)	(506)	(444)	(416)
Reserve interest payable	232	226	212	198	200	203
Net Interest receivable	(884)	(447)	(347)	(308)	(244)	(213)
Interest recoverable from HRA	(548)	(568)	(509)	(509)	(509)	(509)
Total Net Interest receivable	(1,432)	(1,015)	(856)	(817)	(753)	(722)

Capital charges	(6,566)	(5,982)	(5,982)	(5,982)	(5,982)	(5,982)
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Total Financing Transactions	(7,998)	(6,997)	(6,838)	(6,799)	(6,735)	(6,704)
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Notes:

Capital financing charges are the charges made to operational budgets for capital investment through the capital programme, and include depreciation.

Average interest rate on investments	6.03%	5.28%	4.61%	4.56%	4.41%	4.36%
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