FULL 270214
Item 13

BUDGET PROPOSALS 2014/15

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Darienne Law, Head of Corporate Resources
REPORT AUTHOR: Ann Treble, Accountant Financial Management and Treasury

SUMMARY:
The budget proposals were considered by the Executive at their meetings on 13th February and 17th February 2014.

This report summarises the Executive's recommended Budget Proposals for 2014/15 to Council, with respect to:

(i)	Revenue Budget and Reserves Proposals	(Appendix A)
(ii)	Capital Budget Proposals	(Appendix B)
(iii)	Treasury Management Strategy	(Appendix C)

RECOMMENDATION:
It is recommended that Council approve the following recommendations:

1. Revenue Budget 2014/15:

(i) Approve the policy decisions in 3.3 and resulting savings proposals for 2014/15 of £662k set out in **Appendix AE,** that seek to balance the Council's budget and address the 2014/15 projected budget shortfall.
(ii) Approve the proposals for increases in Fees and Charges set out in **Appendix AD**
(iii) Approve the use of Earmarked Reserves, as set out in paragraph 4.2 and detailed in **Appendix AH,** which includes the release of £275k for specific projects.
(iv) Approve the impact of the proposals on General Reserves as set out in paragraph 4.2 and detailed in **Appendix AI** which includes the use of £230k to balance the Council's budget and address the 2014/15 projected budget shortfall.
(v) Approve the increase in Council Tax of 1.95% for 2014/15 set out in paragraph 3.9(ii) with the implication that the Council will not accept the Council Tax freeze grant of 1% from Government.
(vi) Delegate the setting of the council tax to the Council Tax Setting Committee each year, and which this year will meet on 4 March 2014, as detailed in paragraph 3.12.
(vii) Approve the technical change and clarifications to the council tax, and confirm the continuation of the LCTS as detailed in paragraphs 3.10 and 3.9 of this report
(viii) Approve that the decisions on the National Non Domestic Rate return, the calculation of the Collection Fund surplus and the calculation of the Council Tax Base as set out in **Appendix A - A, B and C** remain delegated to the Council's Section 151 Officer.

And that as a result of the above; approves:

(ix) A Copeland Borough Council Net Revenue Budget (excluding parish council precepts) requirement of £9.117m comprising net expenditure on Services of £9.622m with net contributions from Reserves of £505k as set out in paragraph 4.1, Table 4.

2. Capital Programme 2014/15:

(i) Approve, in principle, the Capital Programme for 2014/15 at £1.34m and future years at £600,000 for 2015/16 and £600,000 for 2016/17 as set out in **Appendix B A** and summarised in paragraph 5.1(i). This is subject to a further appraisal of the schemes set out in paragraph 5.1(ii), via a PID / Project Brief as appropriate being presented and formally approved by the Executive prior to the commencement of any project.

(ii) Approve the funding of the proposed programme as summarised in paragraph 5.2, subject to an annual review by the Head of Corporate Resources during the preparation of the annual Statement of Accounts to optimise the use of Council Resources.

3. Treasury Management Strategy 2014/15

(i) Approves the Treasury Management Strategy 2014/15 to 2016/17, incorporating the Annual Investment Strategy 2014/15 and the Minimum Revenue Provision Statement for 2014/15 as set out in **Appendix C.**

1. INTRODUCTION

1.1. The draft budget proposals were considered by the Executive on 9th January 2014 and were approved at that meeting for the purpose of the statutory consultation period which ended on 10th February. Executive further considered the reports in details at their meetings of 13 and 17 February following which they have made recommendations to Council. This report summarises the main issues with full detailed reports attached as follows:

- **Appendix A** – Revenue Budget proposals
- **Appendix B** – Capital Programme
- **Appendix C** – Treasury Management Strategy

1.2. The budget proposals have been prepared in accordance with the Council's Medium Term Financial Strategy 2013/14 to 2016/17, and the priorities set out in the Council Plan 2013-15 as approved by Council on 21st February 2013.

2. GOVERNMENT GRANT SETTLEMENT 2014/15 AND MEDIUM TERM FINANCIAL OUTLOOK

2.1 Government Grant Settlement 2014/15 and illustrative Settlement 2015/16:

a. Following the provisional Settlement Funding Assessment (SFA) (which comprises Revenue Support Grant and the baseline funding level), announcement on 18 December 2013 there was a period allowed for consultation on the figures with written responses required by 15th January 2014. The final settlement figures for 2014/15 together with the illustrative figures for 2015/16 were received on 5 February 2014. There has been very little change between the provisional and final settlement figures. This report incorporates the final figures received on 5 February.
b. Table 1 below shows a comparison between years of government settlement

Table 1: Calculation of Formula Grant / Start-up Funding Assessment/Settlement Funding Assessment:

	Adjusted *Start-up funding assessment 2012/13	Final Start-up funding assessment (SUFA)	Final Settlement Funding Assessment (SFA)	**Final Settlement Funding Assessment (SFA) AS ADJUSTED**	Illustrative SFA for 2015/16	**Illustrative SFA for 2015/16 AS ADJUSTED**
	£m	2013/14	2014/15	**2014/15**	2015/16	**2015/17**
		£m	£m	£m	£m	£m
Relative Needs Amount		2.254				
Relative Resources Amount		-0.811				
Central Allocation		3.117	4.598	4.433	3.848	3.683
Floor Damping		0.171				
Grants rolled in:						
Council Tax Freeze compensation 11/12		0.1	0.100	0.100	0.100	0.100
Council Tax Support Funding		0.634				
Homelessness prevention funding		0.05	0.049	0.049	0.049	0.049
Efficiency Support for Services in Sparse Areas			0.006	0.006	0.006	0.006
Returned Funding			0.006	0.006		
SUFA/SFA	5.786	**5.515**	4.759	4.594	4.003	3.838
Year on Year change		-4.70%	-13.71%	-16.70%	-15.89%	-16.46%
Split:						
Revenue Support Grant		3.312	2.513	2.513	1.695	1.695
(Amount Guaranteed)						
Baseline Need		2.203	2.246	2.081	2.308	2.143
(Amount Not Guaranteed)						
Total		**5.515**	**4.759**	**4.594**	**4.003**	**3.838**

Notes:
*To make the comparison with earlier years' figures easier, the Government have provided an adjusted figure for 2012/13.

2.2 The figures in the grey columns above for 2014/15 and 2015/16 are those published by the government, which assumed full recovery of NNDR (£2,246m in 2014/15 and £2,308m in 2015/16), as opposed to the safety net position that the authority anticipates once numerous appeals are heard (drop in income limited to £168k to bring anticipated figure of receipt to £2,081m). However the completion of the NNDR 1 in early February, which informs government of our estimated rating position, indicated that we may not be in the safety net position of losing £168k of funding, due to anticipated growth in the borough. The margin of being in or out of safety net (of losing £168k) is very small with less than a 1.5% change in business rates due moving us from one to the other. Therefore a prudent approach has been taken (i.e. assume safety net position and reduce the funding by £168k, with the general fund making up this shortfall in the budget). Should the authority not be in safety net (which can only be determined fully at the end of the next financial year) then the general fund will not be required to fund.

2.3 It should be noted that the Government's announcement of the provisional settlement figures made comparisons of an authority's 'spending power'. This is a measurement that the Government favour and brings into account such things as Council Tax income generated by an authority, New Homes Bonus, impact of transitional grants and other special grants. This is the reason that different percentages have been quoted (i.e. depending on which measure is being used). In announcing the settlement figures on 18 December it was stated that local authorities (collectively) will face an overall reduction in ***spending power*** of 2.9%; and that no local authority (individually) would experience a decrease of more than 6.9%. On the basis of the figures provided by DCLG for Copeland, we have suffered a reduction of **4.4%,** as shown in **Appendix A.** However, as stated above the figures given in the Settlement assumed full recovery of NNDR, as opposed to the safety net position that the authority anticipates. On the basis of this Copeland is one of the authorities most severely hit with an adjusted reduction of 6.74% as detailed in Table 2 below:

Table 2 - Reduction in *Spending Power* (defined as categories in table below)

	2013/14 Actual	**2014/15 Provisional Adjusted**	**% drop in year**	**2015/16 Illustrative Adjusted**	**% drop in year**
Spending Power:	**£'000s**	**£'000s**		**£'000s**	
Council Tax Requirement	3,590	3,648		3,976	
Settlement Funding Assessment	5,515	4,594		3,837	
New Homes Bonus *	236	472		**472	
Specific Grants	21	17		***0	
Public Health Grants	N/A	N/A			
Total	**9,362**	**8,731**	**-6.74**	**8,285**	**-5.38**

* The final allocations of the New Homes Bonus which were published on 4 February 2014.

(ii) **Appendix 1** sets out further details of the Settlement with respect to:

- The Business Rates Retention (BRR) Scheme
- The Council Tax Support (CTS) Scheme
- New Homes Bonus and other Specific Grants

(iii) The impact of the Settlement figures on the Budget Proposals for 2014/15 and projections to 2017/18 are set out in Section 2.4.

2.4 **Medium Term Financial Strategy – Projections to 2017/18**

(i) The proposals for the Budget for 2014/15 have been prepared in accordance with the Council's Medium Term Financial Strategy (MTFS) with the financial projections and principles updated as set out in **Appendix A**.

(ii) The original budget deficit projections set out in the MTFS approved in February 2013 were as set out in the Table below along with the currently anticipated deficit. This is before **the consideration of savings proposals,** as set out in the report and taking into account information known to date.

Table 3 – Revised Budget Deficit Projections 2014/15-2017/18

Year	**MTFS Projections February 2013 £000**	**Current Projections February 2014 £000**
2014/15	***278**	****792**
2015/16	**510**	**1,648**
2016/17	**441**	*****546**
2017/18		*****418**
Total Projected Deficit	**1,229**	**3,404**

* Remaining shortfall as 549k savings identified in 12/13
** £1.292m less £500k saving (£549k above as adjusted)
*** no settlement figures received, based on 1% reduction year on year on RSG and RPI increase on safety net figures for NNDR

3. REVENUE BUDGET PROPOSALS 2014/15 (APPENDIX A)

3.1 In 2012, the Executive recognised that the continuing reductions in Council budgets and the radical shift in national policy necessitated a fundamental review of the role of Copeland Borough Council including what it will do and what it will look like going forward into 2015 and beyond. With this recognition, the Executive commenced an intensive period of work in order to prepare a series of proposals relating to the future role of Council and the future provision of services. This work lead to the development and publication of the Council's consultation document, "Our proposed budget savings 2013-2015 – the **future role of the Council**". As well as setting out the Council's proposed vision, mission and priorities for the future, the document also set out the Council's overall budget strategy and a series of detailed service change options. Given the nature and scale of the proposed changes, the Council conducted an extensive consultation process. The outcome of this consultation process was reported to Executive and Full Council in February 2013 where a range of policy and service change decisions were agreed.

3.2 Since that time, we have worked to implement a **programme of savings measures** as well as a programme of activity to help reduce waste and duplication of effort in how we deliver services and help improve access to services for our customers. However, further funding cuts from Government have meant that we have needed identify a further £180k of savings on top of those already identified. During the autumn, Councillors worked together to identify more ways in which we could cut costs and/or raise income.

3.3 **Appendix A L** sets out the individual **service change proposals**. In implementing these service change proposals, a number of key policy decisions will be made. These are set out in the **Appendix A L** together with potential known **impacts and potential mitigating actions**. A headline summary is provided below:-

1	Cease grant funding DIGS and Cumbria Rural Housing Trust
2	Withdraw the concurrent services grant to parish councils over a two period starting in 2014/15 with a 50% reduction.
3	Increase fees and charges for car parking and the crematorium and cemeteries in line with RPI.
4	Not to introduce the Crematorium and Cemeteries surcharge in 2014/15 but to off-set with funding from within the Council's Transformation Fund allocated for 14/15 and look to introduce in 2015/16 instead if other lines of funding cannot be found
5	Bring back fully costed proposals for the introduction of new charges within the waste and recycling service for the provision of new and replacement bins and boxes.
6	Increase council tax by 1.95% for 2014/15
7	Agree the proposed technical change to council tax in relation to Probate, see paragraph 3.2 (11 a)
8	Confirm the conditions applicable to qualify for discount as a result of flooding, see paragraph 3.2 (11 b)
9	Clarify the exemption for council tax as detailed in paragraph 3.2 (11 c
10	Continue to compensate parish councils for the actual impact of the Localisation of Council Tax scheme on their tax base for 2014/15.

3.4 These service change options include a number of proposals which were not recommended to be taken forward in the 2013/14 budget round but were recommended for re-consideration in 2014/15 for full implementation in 2015/16. These are:

- Introduction of charging for an additional green bin and its collection; and
- Introduction of charging for replacement bins/boxes.

We are now recommending that these are taken forward in 2014/15 for implementation in 2015/16.

3.5 As well as the service change options analysis, a **Full Equality Impact Assessment** is included at **Appendix A J.** During the consultation period, the most detailed response to our proposals was received from one of our equalities consortium partners. This, together with our initial analysis was reported to the Executive on the 09 January. This initial analysis is reflected in our Full Equality Impact Assessment together with potential mitigating actions. This includes a recommendation not to implement the surcharge within the Crematorium and Cemeteries Service in 2014/15 and instead access funding from the Council's Transformation Fund to support this initiative.

3.6 A full **consultation exercise** on the Proposed Budget Savings for 2014/15 ran from 8 November to 20 December. The resulting feedback was reported to Executive at its meeting on 9 January. The total of £180k in 2014/15 is needed to reduce the £1.292m gap and is included in council tax figures and 'savings proposals for 2014/15' (income). Savings proposals agreed in February 2013 (as adjusted) and securing external funding from BEC social fund will leave a remaining gap of £230k which could be bridged in 2014/15 by the utilisation of the unallocated general fund. This would allow for the successful management and implementation of the service changes and provide capacity for planning for the 2015/16 phases of the transformation programme.

Table 4 – Gap and proposed funding for budget 2014/15

	£'000s	£'000s
Gap in 2013/14		**-1,292**
Less:		
Savings agreed Feb 2013 (as adjusted)	-500	
Savings proposals for 2014/15	-162	
BEC Social Fund- external funding	-400	
Use of unallocated general fund reserve	-230	
		- 1,292

3.7 As part of the consultation **exercise** on the Proposed Budget Savings for 2014/15 respondents to the consultation could put forward alternatives to the savings options proposed. Examples of the alternatives proposed were:

- Reducing the number of councillors and associated costs
- Reduce admin costs/improve efficiency
- Look to move to a unitary council
- Review management and leadership costs
- Implement a town council in Whitehaven

Work is underway in a number of these areas including:

- Writing to the Boundary Commission to ask for a boundary review – although the Boundary Commission would not have capacity to undertake this work until 2019 –
- Our Transformation Programme is working to reduce waste and duplication of effort in how services are delivered
- The new operating model for the Council is under active consideration as part of the Change Programme, led by the Chief Executive
- We have significantly reduced management and leadership costs and this work is on-going
- We have established a Community Governance Review Panel to consider the benefits and consult residents and stakeholders regarding the possibility of establishing a town council for Whitehaven

3.8 More specific alternatives suggested also included:

- A day other than a weekend for free parking in town centres to help support footfall and mitigate potential negative impacts.
- Not implement the surcharge in Crematorium and Cemeteries Service and look for funding elsewhere.

With regard to the free parking suggestion, initial costing of this proposal suggests that it would costs £2k per day to implement and therefore is cost prohibitive to the Council at this time given the financial constraints it is operating under. In consideration of the surcharge proposal, it is recommended that for 2014/15 this funding is allocated to the service improvement project from the Council’s Transformation Fund. This proposal will need to be re-considered in 2015/16.

3.9 **Council Tax Scheme and Percentage Increase - Proposals 2014/15**

(i) The Council Tax Support (CTS) scheme was approved by Council on 22 January 2013. Briefly, claimants see very little change from the old system and continue to be supported at their previous level. The main change is for the Council, whereby in the past the full cost of benefits granted to claimants were met by government, under the (new) current scheme the council meets the cost and it is funded by a grant for government (circa £90% last year, not disclosed in current settlement figures). The scheme has been reviewed in year a**nd members confirmed it would continue in its present state for 2014/15**, with another review to take place in 2014.

(ii) The proposed budget for Council Tax purposes has incorporated a recommended increase in Council Tax of 1.95% for 2014/15.

(iii) The Government has offered a Council Tax Freeze Grant for 2014/15 funded at the level of 1%, but unlike other years this funding will not drop out after a set time and would equate to an on-going offer of funding. It does however prevent the authority from raising council tax. The difference in the grant offer of 1% and the included proposed increase of 1.95% is approximately £40k.

3.10 **Changes and Clarifications required to Council Tax Technical Arrangements**

Following the work of the PDG the following changes are recommended (as recommendation 1 (vii) of this report.:-

a) Probate

Currently, under national council tax regulations (class F), empty properties where probate is pending (and for 6 months after probate granted) are 100% exempt. A charge is then made at the appropriate empty rate (if applicable) which dependent upon the length of time of probate may mean the property goes straight from being exempt to being payable at 150% premium.

Executive are asked to agree the following technical change to council tax that was put forward through the PDG group:

with effect from 1 April 2014, in the case of properties which are unoccupied and unfurnished since the last occupant died, the 50% long term empty premium will not be levied until two years from the date that probate (or letters of administration if there is no will) was granted. It is estimated that approximately 25 properties are affected and the cost to the authority is minimal.

b) Clarification on flooding

Since 1 April 2013 a local Council Tax discount of 100% has been available in respect of properties which have become unoccupied as a result of flooding. Clarification is now required of the type of flood for which this discount is to be awarded:

Members are asked to approve, with effect from 1 April 2013, that in the case of properties which have become unoccupied solely as a direct result of flooding from a weather related environmental event, a 100% local Council Tax discount will apply until the property becomes reoccupied.

c) Clarification on exemptions

That it is resolved, with immediate effect*;*

a) The local discount, replacing 'Class A' Council Tax exemption, be set at a level of 50% for a period of up to twelve months.

b) The local discount, replacing 'Class C' Council Tax exemption, be set at a level of 50% for a period of up to 3 months.

c) The discount for prescribed dwelling 'Class B' (or equivalent as amended by the Local Government Finance Act 2012), i.e. second homes, be set at nil.

d) The discount for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties, be set at a level of 10% for a maximum period of up to 2 years.

e) The higher amount of Council Tax payable for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties that have remained so far a continuous period of at least 2 years, be set at a level of 50%.

These changes have been implemented and have contributed significantly to a reduction of long term empty properties in the Borough. A clarification is required, however, to stipulate that in the case of categories a), b), d) and e) above, which cover unoccupied and unfurnished properties, a very short term occupation followed by vacation does not entitle the owner to then reclaim the larger discount which applies for a fresh period of vacation.

It is proposed this short term period be defined as six weeks, reflecting the period which existed in Council Tax legislation when defining eligibility for statutory classes A and C exemption up to 31 March 2013,prior to the introduction of the new discounts. Therefore Council is recommended to resolve the following;

In considering whether a property falls into the classes above, with the exception of Class B second homes, on a given day, any one period not exceeding six weeks during which the dwelling is not vacant is to be disregarded.

3.11 The Collection Fund surplus for 2014/15

As set out in Appendix 1B, the collection fund surplus has been calculated at £282,097 which is distributed in proportion to the precepts raised in the relevant year as follows:

Cumbria County Council	£208,290
Cumbria Police Authority	£36,701
Copeland Borough Council	£37,105

The impact of the Tax Base calculation of 19488.8 as set out in Appendix A C, is that the estimated Council Tax income taking account of a 1.95% increase in the tax for 2014/15 is £3.650m.

3.12 The council tax setting committee

Given the continued uncertainty over the timing of announcements on Government settlements and council tax referendum limits the Council set up a Council Tax Setting Committee. This ensures the parish councils and other preceptors have the maximum amount of time to submit their precepts. This approach is recommended again this year as 2 parish councils have not yet submitted their precept information. This subcommittee will meet on 4 March 2014 to set the council tax. The sub committee comprises the Leader of the Council and Portfolio Holder for Finance and the Opposition Leaders and Deputy Leader as agreed at Council in February 2013.

3.13 Fees and Charges

Fees and Charges Increases are proposed on a service-by-service basis and were limited to RPI increases on Car Parking, Crematorium fees and Cremation fees with the introduction of an additional charge of £10 which will be used to fund improvements to the online bereavement system. These increases were included in the information that went out for public consultation.
The Building Control Fee for wood burning installations has also been increased to cover the cost of engaging a specialist to carry out installation tests. The detailed charging proposals are set out in **Appendix A D.**

3.14 Executive Recommendations

Executive agreed at its meeting on 17 February to consider the outcome of the consultation exercise, the risks and mitigations for the proposals and the work of the PDGs . It recommended the above policy decisions to Council for approval as detailed in Appendix A to this report.

4.0 Budget and Council Tax Requirement 2014/15

4.0 Table 4 below identifies the Council's net budget (excluding parish precepts) for 2014/15, together with initial projections to 2017/18.

4.1 Under the Localism Act 2011, the Council is also required to calculate its Council Tax Requirement.
Both of the above calculations are shown in Table 4 below:

Table 4 – Budget and Council Tax Requirement 2014/15 and Revised Projections to 2017/18

2013/14 Original Budget £000		2014/15 **Budget Proposal** £000	2015/16 **Projected** Budget £000	2016/17 **Projected** Budget £000	2017/18 **Projected** Budget £000
10,362	Net Expenditure	10,511	10,967	11,577	12,116
-236	New Homes Bonus	-472	-472	-472	-472
-38	Specific Grants	-17			
	BEC Social Fund	-400	-400	-400	-400
10,088	**Net Expenditure on Services prior to use of Reserves**	**9,622**	**10,095**	**10,705**	**11,244**
	Contribution to / from (-) Reserves:				
-132	Earmarked Reserves	-275	-54		
30	General Fund Unallocated	-230			
9,986	**CBC Net Budget Requirement (A)**	**9,117**	**10,041**	**10,705**	**11,244**
	Funded by:				
-3,312	RSG	-2,513	-1,695	-1,678	-1,661
-2,203	Baseline Need	-2,081	-2,142	-2,206	-2,272
-837	PFI Grant	-837	-837	-837	-837
-44	Collection Fund Surplus	-37			
-6,396	**Total CBC Funding (B)**	**-5,468**	**-4,674**	**4,721**	**4,770**
-3,590	**CBC Council Tax Requirement (C)**	**3,650**	**3,719**	**3,790**	**3,862**
	Remaining Budget Deficit Projection (A-B-C)		**1,648**	**2,193**	**2,612**

4.2 **Funding from Reserves**

(i) Revenue Reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's Revenue and Capital budget when needed.

(ii) The 2014/15 budget as set out in Table 4 above, shows a contribution of £275k from earmarked Reserves and a contribution of £230k from the Unallocated General Fund Reserve .

(iii) Reserves fall into two main categories:

a) **General Reserves** – The risk based element of this reserve is based on an annual risk assessment of the financial position of the Council. That assessment has taken place and the recommendations of the Head of Corporate Resources on the minimum level of risk based reserve has been set at £2m. This level reflects the refreshed strategic risk register and in particular the growing uncertainty of the funding streams for local government following the Local Government Finance Act 2012 which passports the risks (and benefits) of business rate scheme to local authorities. Assuming Council agree to Executive recommendations on the use of reserves (as presented in various reports to Executive on 9 January) there is an element of Unallocated Reserve totalling £883k.

General Reserves are set out in Appendix 1(I). The projected balances are set out in the Table below. Members should note that these projections do not take account of any potential requirement to take from Reserves from 2015/16 onwards in respect of some of the financial risks set out in the report. Members are also asked to note that these balances are subject to change, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated below.

Table 5 – Reserve levels

General Reserves	**Balance 31/3/14 £000**	**Balance 31/3/15 £000**	**Balance 31/3/16 £000**	**Balance 31/3/17 £000**
Risk Based Balance	2,000	2,000	2,000	2,000
Unallocated Balance	883	653	653	653
Total	2,883	2,653	2,653	2,653

b) **Earmarked Reserves** – these are reserves set aside for specific purposes. A full review of these reserves has been carried out during 2013. Assuming Council agree to Executive recommendations on the use of reserves (as presented in various reports to Executive on 9 January) these changes which are reflected in **Appendix A (H).** The projected Balances are set out in the Table below. Members are asked to note that these balances are subject to change, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated below.

Table 6 – Earmarked Reserve levels

Earmarked Reserves	Balance 31/3/14 £000	Balance 31/3/15 £000	Balance 31/3/16 £000	Balance 31/3/17 £000
Total Reserves	4,706	4,534	4,571	4,600

5 CAPITAL PROGRAMME PROPOSALS 2014/15 (APPENDIX 2)

5.1 Proposed Capital Programme for 2014/15

(i) The proposed Capital Programme for 2014/15 as set out in **Appendix B A** is £1.340m with provisional programmes totalling £600,000 in 2015/16 and £600,000 in 2016/17.

(ii) The Programme includes a number of projects that are currently approved in principle only and require detailed Programme Initiation Documents (PIDS) to be considered and approved by the Executive prior to progression. These projects are:

- Fleet Replacement
- Accommodation Strategy
- Whitehaven Cemetery

5.2 Funding of the Capital Programme 2014/15

(i) The funding of the proposed Capital Programme is essentially from capital receipts generated from the sale of Council assets and external income. This is set out in Table 7 below:

Table 7: Financing of the proposed 2014/15 – 2016/17 Capital Programme

Programme Funded by:	2014/15 £	2015/16 £	2016/17 £
General Useable Capital Receipts	740,000	0	125,988
Housing Capital Receipts	339,000	339,000	213,012
Other External Funding	261,000	261,000	261,000
TOTAL FINANCING	**1,340,000**	**600,000**	**600,000**

5.3 **Capital Resource Projections 2014/15**

(i) The forecast Capital Receipt projections for 2014/15 are as set out in Table 8 below, with forecasts to 31st March 2017 set out in Appendix 2. This shows that the capital programme can be funded from the council's usable capital receipt balances and projected future capital receipts.

Table 8 – Forecast Capital Receipts 2014/15

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share) £	Housing Capital Receipts (Previously PRTB & RRTB) £	Land Management Reserve £	TOTAL £
Forecast **Opening balance** at 1st April 2014 (as at 31 December 2013)	**-1,500,753**	**-891,012**	**-**	**-2,391,765**
Adjustment to earmark funds to Land Management Reserve	200,000	-	-200,000	**-**
Forecast draw down to fund draft 14/15 capital programme	740,000	339,000		**1,079,000**
Forecast Capital Receipts from sale of assets in year	-350,826	-	**-**	**-350,826**
Forecast Capital Receipts from VAT Share Agreement*				**-**
Forecast useable Capital Receipts **closing balance** at 31st March 2015	**-911,579**	**-552,012**	**-200,000**	**-1,663,591**

*** Still a**waiting confirmation of forecast figures from Home Group. The inclusion of these figures will slightly improve the closing balance position on capital receipts each year.

6 TREASURY MANAGEMENT STRATEGY 2014/15 (APPENDIX C)

6.1 The Treasury Management Strategy is set out in Appendix 3. This incorporates the Annual Investment Strategy and the Minimum Revenue Provision (MRP) Statement.

6.2 The documents as set out meet the requirements of the Local Government Act 2003, the CIPFA Prudential Code and Treasury Management Code and the DCLG MRP Guidance and Investment Guidance.

6.3 In accordance with these requirements the strategy has been scrutinised by the Audit and Governance Committee at its meeting in January 2014.

6.4 It should be noted that the Council acts as the billing authority and collection authority for Council tax and NNDR and therefore holds balances on behalf of other agencies Cumbria County Council and DCLG amongst others. The council's cash reserves at any one point are not all Copeland Borough Council's.

7 STATUTORY BUDGET CONSULTATION 2014/15

7.1 The statutory budget consultation ran from 10th January 2014 to 10th February 2014. There were no responses received.

7.2 In addition to the statutory consultation, a consultation exercise on the proposed policy and service changes that are required to deliver the budget savings for 2014/15 was undertaken from 8 November to 20 December 2013 and a report on the outcome considered by Executive and Overview and Scrutiny in January 2014

8 RISKS

8.1 There are always risks associated with setting a budget as many budget assumptions can change if forecasts used in the process prove to be inaccurate. The scale of the cuts and the changing way in which figures are given makes this more challenging.

8.2 The Revenue Support Grant is a guaranteed cash receipt, but the receipt of Baseline Needs funding is dependent upon the collection of NNDR. For the purposes of the budget and MTFS we have assumed the appeals lodged will take Copeland down to the safety net payment, which equates to a loss of 165k, as previously stated in paragraph 2.2 above.

8.3 The settlement figures for 2015/16 figures provided on 18 December were on an ‘illustrative’ basis and have been included in the MTFS. The figures for 2016/17 onwards have been included as 16/17 reduced by 1% year on year for RSG and increased by RPI year on year for NNDR for the purposes of the MTFS.

8.4 A pension triennial review will be due 2016/17 which is within the life of the current MTFS. The current contribution rate is included at 12.4% with yearly additional sums for past service of c. 83k for 14/15, increasing by £124k for 15/16, and by £133k for 16/17. For the sake of completeness 16/17 contribution has been replicated for inclusion in 17/18 figures.

8.5 Whilst the authority has taken the decision to postpone auto enrol into the pension scheme for its employees until 2017/18, any employee who is not a member can join at any time. An estimate of take up has therefore been included at £50k (circa 25% of estimated additional cost if all employees in scheme) a year, every year, until 2017/18. However this is only an estimate and take up may be more or less.

8.6 As detailed in paragraph 3.4 above the council may need to provide an additional £120k on top of the 2014/15 budget being approved to pay for the election of the Directly Elected Mayor which would take place on the third Thursday in October 2014, in accordance with legislation. This would be **16 October 2014**. The election would be decided by a traditional first past the post ballot and will cost around £120,000, with the full cost being paid by Copeland Borough Council.

8.7 In setting the current year budget for 2013/14 in February 2013 it has highlighted that there was a risk relating to the financing of Discretionary Housing Payments (DHPs) which provide customers with further financial assistance when a local authority considers that help with housing costs is needed. It was expected that requests for DHP's would have increased in the current year 2013/14 due to the Welfare Reform changes. Whilst this risk failed to materialise this year, with spending forecast to be in line with funding at year end, it does still remain and as such will be monitored closely.

8.8 As set out in a separate report, attached in Appendix 1(I), the Council holds a risk-based reserve of £2m, with an unallocated general fund balance of £883k. As stated in table 4, paragraph 2.7 above, £230k of the unallocated general fund will need to be utilised to balance the budget once the savings identified and consulted upon have been actioned.

9 REPORT OF THE HEAD OF CORPORATE RESOURCES

9.1 In setting the budget requirement in February 2014, the Council is required under Section 25 of the Local Government Act 2003 to consider the formal advice of the statutory s151 Responsible Officer, the Head of Corporate Resources, on the robustness of the estimates included in the budget and adequacy of reserves. In a report to Executive on 17 December 2013, the Head of Corporate Resources recommended a level of £2,000,000 be set as the minimum level deemed acceptable for Council purposes.

9.2 If the balance on the General Fund is projected to fall below the recommended risk-based level, then priority will be placed on restoring the balance in subsequent budget and out-turn recommendations. Temporary dips below the target may be acceptable provided that the minimum amount is not likely to be breached and there is a robust plan to restore balances to the target level.

10 CONCLUSIONS

10.1 The report and attached appendices set out the budget proposals for 2014/15 for approval by Council on 27 February 2014.

11. STATUTORY OFFICER COMMENTS

11.1 The Monitoring Officer's comments are: No Further comment

11.2 The Section 151 Officer's comments are: included in the report

11.3 EIA Comments: As detailed in individual Appendices

11.4 Policy Framework: As detailed in individual Appendices

11.5 Other consultee comments:

12. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

12.1 The budget process is a high risk process which is project managed and monitored by CLT. The risks are contained in the Strategic Risk Register and are monitored as part of that process, regularly reported to Executive and Audit and Governance Committee.

12.2 The policy and service changes have been through an equality impact assessment highlighting the risks and possible mitigations.

13. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

13.1 The key measurable outcome is a balanced budget proposal for the Council for 2014/15, which will determine the manpower, financial and other resources it will have available to provide services for the year.

List of Appendices
Appendix A – Revenue and Reserves Report (and appendices)
Appendix B – Capital Programme 2014/15-2016/17 (and appendices)
Appendix C – Treasury Management Strategy Statement, MRP Policy Statement and Annual Investment Strategy 2014/15 (and appendices)

List of Background Documents:
Government Settlement announcement December 2013 and February 2014
Public consultation on savings proposals
Other reports that have been considered during the budget cycle

FULL 270214
Appendix A
EXEC 170214

Revenue Budget Proposals 2014/15

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Paul Walker – Chief Executive
REPORT AUTHORS: Darienne Law, Head of Corporate Resources
Ann Treble, Accountant Financial Management and Treasury
Penny Mell, Head of Policy and Transformation

WHY HAS THIS REPORT COME TO THE EXECUTIVE?
(E.g. Key Decision, Policy Recommendation for Full Council, at request of Council etc.)

The report provides details of the Revenue Budget proposals for 2014/15 incorporating the final grant settlement figures received from Government on 5th February. Separate reports have also been prepared setting out proposals for 2014/15 on the Capital Programme proposals and the Treasury Management Policy Statement and these are considered elsewhere on the agenda.

The proposals in this report have been subject to consultation: the proposed Budget Savings for 2014/15 consultation ran from 8 November to 20 December and statutory budget consultation with businesses which ended on 10th February 2014.

Following the consultations these final proposals are presented to the Executive for further consideration and recommendation to Council for approval of the budget on 27 February 2014.

RECOMMENDATION:
It is recommended that Executive considers the issues in this report for the purpose of recommending the following budget proposals to Council on 27th February 2014:

1. The Executive note: That the final settlement figures received from Government on 5th February are set out in Section 2.
2. The Executive considers the feedback from the public and business consultation set out in Section 6, **Appendix K** and Section 8 and considers the potential impact of the proposed policy decisions and the mitigating actions as set out within **Appendix J** and **Appendix L**.
3. The Executive approve and recommends to Council that the policy decisions set out within the report are approved and implemented as follows:-

(a) Cease grant funding DIGS and Cumbria Rural Housing Trust.

(b) Withdraw the concurrent services grant to parish councils over a two period starting in 2014/15 with a 50% reduction.

(c) Increase fees and charges for car parking and the crematorium and cemeteries in line with RPI.
(d) Not to introduce the Crematorium and Cemeteries surcharge in 2014/15 but to off-set with funding from within the Council's Transformation Fund allocated for 14/15 and look to introduce in 2015/16 instead if other lines of funding cannot be found
(e) Bring back fully costed proposals for the introduction of new charges within the waste and recycling service for the provision of new and replacement bins and boxes.
(f) Increase council tax by 1.95% for 2014/15.
(g) Delegate the setting of the council tax to the Council Tax Setting Committee each year, and which this year will meet on 4 March 2014.
(h) Agree the proposed technical change to council tax in relation to Probate, see paragraph 3.2 (11 a)
(i) Confirm the conditions applicable to qualify for discount as a result of flooding, see paragraph 3.2 (11 b)
(j) Clarify the exemption for council tax as detailed in paragraph 3.2 (11 c)
(k) Continue to compensate parish councils for the actual impact of the Localisation of Council Tax scheme on their tax base for 2014/15

4. The Executive approve and recommend to Council on 27th February:

(i) The proposals for increases in Fees and Charges set out in **Appendix D**
(ii) The changes to the 2014/15 budget projections following the receipt of the final settlement as set out in Table 3 and notes at 3.2.
(iii) The use of the new homes bonus to underpin the costs of existing council services.
(iv) The acceptance of the principle of bidding for additional funding from the BEC social fund as set out in Section 5 of this report and that detailed proposals are considered and approved by the Executive.
(v) The savings proposals for 2014/15 of £662k (£500k adjusted approved Feb 2013 and £162k proposed as set out in **Appendix F** which seeks to balance the Council's budget and address the 2014/15 projected budget shortfall, as shown in Table 5, paragraph 6
(vi) Earmarked Reserves, as detailed in Section 7**,** including the release of £336k to the general fund unallocated reserve to support the pension deficit and the creation, from general fund unallocated reserve of a new knotweed EMR and the use of £275k to support specific activities in 2014/15 budget, all as detailed in the Earmarked Reserve report attached as **Appendix H** to this report
(vii) The impact of the proposals on General Reserves of supporting the 2014/15 budget by £230k reducing the Unallocated Reserve to £653k and the risk base to £2m to give a total general fund balance of £2.7m as set out in 7.3 and 10 and **Appendix I**
(viii) That Council delegate the setting of the council tax to the Council Tax Setting Committee which will meet on 4 March 2014.

5. Taking account of the above the Executive to approve a budget to recommend to Council of £10,511 for 2014/15 as set out in Para 3.1 Table 3.

1. INTRODUCTION

1.1. The draft budget proposals were considered by the Executive on 9th January 2014 and were approved at that meeting for the purpose of the statutory consultation period which ended on 10th February. This report details the final budget proposals following the consultation. Following consideration of this report the Executive will recommend the final budget proposals to Council on 27th February 2013.

1.2. The budget proposals contained in this report have been prepared in accordance with the Council's Medium Term Financial Strategy 2014/15 to 2017/18, as approved by Council in February 2013, and the priorities set out in the Corporate Plan 2013-15, as approved by Council in February 2013.

1.3. The Revenue Budget Proposals contained in this report must be considered alongside the Capital, Reserves and Treasury Management proposals and separate reports on these areas are considered elsewhere on this agenda. Together these reports make up the suite of 2014/15 budget proposals that will be made to Council on 27th February.

1.4 It was not clear whether Parishes would be brought into the Council Tax capping regime, and it was only on 5 February, with final settlement figures the announcement that the referendum relating to council tax increases was published that it was confirmed that local preceptors will be excluded from capping for this year. As a result of this late confirmation Executive are asked to recommend to Council that the setting of Council tax be delegated to the council tax setting committee at its meeting on 4 March 2014.

1.5 Whilst the capping regime was still uncertain we worked with the Parishes to assist them in providing available information as soon as possible, and arranged workshops over 2 days in January (in Copeland Centre and Calder Bridge Village Hall) to further assist. These were attended by just over half of the parishes.

2. GOVERNMENT GRANT SETTLEMENT FUNDING ASSESSMENT (SFA) 2014/15 AND 2015/16

2.1 Following the provisional Settlement Funding Assessment (SFA) (which comprises Revenue Support Grant and the baseline funding level), announcement on 18 December 2013 there was a period allowed for consultation on the figures with written responses required by 15th January 2014. The final settlement figures for 2014/15 were received on 5 February 2014. There has been very little change between the provisional and final settlement figures. This report incorporates the final figures received on 5 February.

2.2 A considerable amount of work has been carried out each year on a continuing basis to enable the Council to continue to set a balanced budget as required by legislation whilst meeting its statutory duties, however the Council will need to make significant additional savings over and above those already approved by Council in February 2013, these are estimated to be in the region of £1.8m - £2.0m the next 3 financial years with some considerable variables such as auto enrol pension, loss of NI rebate, anticipated further reductions in government funding. There are considerable risks to be managed in the setting of the 2014/15 budget including the delivery of a complex programme of budget savings, the agreement and securing of considerable external funding to underpin our discretionary services and the agreement to a new approach to delivering our statutory and essential business services.

2.3 Table 1 below shows a comparison between years of government settlement

Table 1: Calculation of Formula Grant / Start-up Funding Assessment/Settlement Funding Assessment:

	Adjusted *Start-up funding assessment 2012/13	Final Start-up funding assessment (SUFA)	Final Settlement Funding Assessment (SFA)	**Final Settlement Funding Assessment (SFA) AS ADJUSTED**	Illustrative SFA for 2015/16	**Illustrative SFA for 2015/16 AS ADJUSTED**
	£m	2013/14	2014/15	**2014/15**	2015/16	**2015/17**
		£m	£m	£m	£m	£m
Relative Needs Amount		2.254				
Relative Resources Amount		-0.811				
Central Allocation		3.117	4.598	4.433	3.848	3.683
Floor Damping		0.171				
Grants rolled in:						
Council Tax Freeze compensation 11/12		0.1	0.100	0.100	0.100	0.100
Council Tax Support Funding		0.634				
Homelessness prevention funding		0.05	0.049	0.049	0.049	0.049
Efficiency Support for Services in Sparse Areas			0.006	0.006	0.006	0.006
Returned Funding			0.006	0.006		
SUFA/SFA	5.786	**5.515**	4.759	4.594	4.003	3.838
Year on Year change		-4.70%	-13.71%	-16.70%	-15.89%	-16.46%
Split:						
Revenue Support Grant		3.312	2.513	2.513	1.695	1.695
(Amount Guaranteed)						
Baseline Need		2.203	2.246	2.081	2.308	2.143
(Amount Not Guaranteed)						
Total		**5.515**	**4.759**	**4.594**	**4.003**	**3.838**

Notes:
*To make the comparison with earlier years' figures easier, the Government have provided an adjusted figure for 2012/13.

2.4 The figures in the grey columns above for 2014/15 and 2015/16 are those published by the government, which assumed full recovery of NNDR (£2,246m in 2014/15 and £2,308m in 2015/16), as opposed to the safety net position that the authority anticipates once numerous appeals are heard (drop in income limited to £168k to bring anticipated figure of receipt to £2,081m). However the completion of the NNDR 1 in early February, which informs government of our estimated rating position, indicated that we may not be in the safety net position of losing £168k of funding, due to anticipated growth in the borough. The margin of being in or out of safety net (of losing £168k) is very small with ***less than a 1.5% change in business rates due moving us from one to the other***. Therefore a prudent approach has been taken (i.e. assume safety net position and reduce the funding by £168k, with the general fund making up this shortfall in the budget. Should the authority not be in safety net (which can only be determined fully at the end of the next financial year) then the general fund will not be required to fund.

2.5 It should be noted that the Government's announcement of the provisional settlement figures made comparisons of an authority's 'spending power'. This is a measurement that the Government favour and brings into account such things as Council Tax income generated by an authority, New Homes Bonus, impact of transitional grants and other special grants. This is the reason that different percentages have been quoted (i.e. depending on which measure is being used). In announcing the settlement figures on 18 December it was stated that local authorities (collectively) will face an overall reduction in ***spending power*** of 2.9%; and that no local authority (individually) would experience a decrease of more than 6.9%. On the basis of the figures provided by DCLG for Copeland, we have suffered a reduction of **4.4%,** as shown in **Appendix E.** However, as stated above the figures given in the Settlement assumed full recovery of NNDR, as opposed to the safety net position that the authority anticipates. On the basis of this Copeland is one of the authorities most severely hit with an adjusted reduction of 6.74% as detailed in Table 2 below:

Table 2 - Reduction in *Spending Power* (defined as categories in table below)

	2013/14 Actual	**2014/15 Provisional Adjusted**	**% drop in year**	**2015/16 Illustrative Adjusted**	**% drop in year**
Spending Power:	**£'000s**	**£'000s**		**£'000s**	
Council Tax Requirement	3,590	3,648		3,976	
Settlement Funding Assessment	5,515	4,594		3,837	
New Homes Bonus *	236	472		**472	
Specific Grants	21	17		***0	
Public Health Grants	N/A	N/A			
Total	**9,362**	**8,731**	**-6.74**	**8,285**	**-5.38**

- The final allocations of the New Homes Bonus which were published on 4 February 2014.

2.6 The **New Homes Bonus** is a grant paid by central government for increasing the number of homes and their use. The New Homes Bonus is paid each year for 6 years. It's based on

the amount of extra Council Tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. This money recognises the additional burden that new homes and residents will place on existing services and as it is not ring fenced it is therefore proposed to use this funding to support the Council's existing services.
In Spending Round 2013 (SR 13) the government announced that it intended to take £400m per annum from New Homes Bonus allocations to part-fund the Single Local Growth Fund. This on-going deduction was due to start in 2015/16 and this would reduce this income stream for the council. However within the recent settlement figures, it was announced that the government has reduced the top slice in 2014/15 from £300m to £200m (therefore the loss of income to this council should be less.

During 2013/14 in an attempt to maximise New Homes Bonus receipt for as long as it is available, an empty homes review was undertaken by Liberata which identified a number of properties that could be re-classified as occupied. In addition to this exercise the impact of the 'long term empty premium' on council tax of 150% introduced by this authority has also decreased the number of empty properties; these two things together have resulted in an increase in New Homes Bonus. The in-year figure for 2014/15 is £236k which when added to cumulative years 1 to 3 still being paid gives an in year receipt in 2014/15 of £472k. The empty property review exercise will be repeated during 2014/15 with the anticipation of increasing NHB by a similar amount to that of this year; however this is not guaranteed and is not reflected in the current budget figures.

2.7 The **council tax support grant** now rolled up in in SGA, so it is not possible to determine its value. Last year Members agreed a **Localised Support for Council Tax scheme** (LSCT) in which the authority, and other precepting authorities; County, Police and Parishes in proportion to their Council Tax precepts, carried the full risk of any increase in claimants or collection issues by offering discounts to those who previously would have received a benefit on the old scheme, at an equivalent level. To minimise this cost technical changes were made to council tax. The scheme has been reviewed in year and members confirmed it would continue in its present state for 2014/15, with another review to take place during 2014/15.

2.8 The grant allocated also includes an amount of £65,607 which will be allocated to parish councils to compensate them for the impact on their tax base for the claimants in their area. Last year the grant totalled £66k and was all passed on to the parishes. This year Members proposed at Executive in November to pass on the **grant to parishes**, at the level the council received it in 2013/14, however the grants will be reduced to reflect the actual estimated loss the Parish will suffer from the combined effect of the CTS scheme once mitigated by the changes to discounts on empty properties and second homes, with a cap on the total amount payable being equal to the level of grant received by this authority. This will result in grants totalling £60,314 being paid to the parishes releasing a saving of £5,293 (£65,607 assumed receipt less £60,314 agreed payment).

PFI Credit Grant – There have been no changes to the level of grant for 2014/15 and the assumption for the period of the MTFS projections is that this grant will continue at a level of £836,828 p.a.

2.9 In addition to the main settlement figures, and the grants identified above, details of specific grants for 2014/15 only have been received and these grants are as follows:

• Community Right to Bid Grant	£7,855
• Community Right to Challenge Grant	£8,547
Total	**£16,402**

2.10 Section 3 below sets out the impact of the settlement figures on our budget for 2014/15.

3. DETAILED BUDGET PROPOSALS 2014/15

3.1 Table 3 below details the original 2014/15 budget as projected in February 2013 in the MTFS and the latest revision incorporating the government grant settlement figures:

Table 3 – Detailed Budget Projections 2014/15

	2014/15 Original Feb 2013	2014/15 Current revision	Notes
		£	
Base budget	10,230,310	10,184,428	
Budget Reductions			
Savings not on-going into later years	1,000	2000	
Savings proposals identified 2012/13	-549,000	**-500,000**	**Appendix F**
Savings proposals for 2014/15		**-162,377**	**Appendix F**
Budget Increases			
Salary Movements	200,000	115,388	
Auto Enrol pensions		50,000	
Estimate change to eligible earning on pension		7,561	
Estimate increase pension deficit		82,497	
Contractual increases for inflation	120,000	346,776	**Appendix G**
Treasury Management		50,000	
Costs for referendum for locally elected mayor		60,000	
	10,002,310	10,236,273	
Funding from Reserves			
Earmarked Reserves	104,000	274,500	
Total Spending	10,106,310	10,510,773	
Rounded Total Spending (£'000)	10,106	10,511	
FUNDING			
RSG	2,531	2513	
Baseline Need	2,271	2081	
New Homes Bonus	425	472	
PFI Grant	837	837	
Council Tax	3,660	3,650	
Collection Fund surplus		37	
Specific Grants		17	
BEC - Social Fund		**400**	
General Reserves		**230**	
Earmarked Reserves	104	275	
	9,828	10,511	
Shortfall	**- 278**		

3.2 The main reasons for the movement between the original February 2013 projections and the current projections as at February 2014 being: -

1. Base Budget – Fees and Charges

Increases in fees and charges are being proposed on a service-by-service basis and the following were included in the information that went out for public consultation;
RPI on cemetery and cremation fees
RPI on car parking fees and are included in 'saving proposals for 14/15'
The Building Control Fee for wood burning installations has also been increased to cover the cost of engaging a specialist to carry out installation tests.
The proposals are set out in **Appendix D.**

2 Base Budget - Members' expenses:

These have currently been cash limited and there has been no inflation provision included within the budget for a fifth year

3 Saving proposals approve February 2013

Members agreed £549k savings for the 2014/15 budget when setting 2013/14 budget in February 2013; changes to these have reduced this target to £500k and are detailed in **Appendix F.**

4 Savings proposals for 2014/15

There are a number of new savings proposed for 2014/15 and these are included in **Appendix F** and summarised below:

	£'000s	Notes
Additional external income to support economic development	62	1
Reduction in legal and professional fees in finance	15	2
Reduction of 0.6 post DC adminstrative support officer	12	3
Additional fee income:		
RPI Increase cemetery fees	4	4
RPI Increase crematoria fees	23	4
RPI Increase car parking fees	13	4
Additional fee on burials/cremations	12	4
Reduction in residual costs - nuclear issues	3	5
Reduction in members training expenses	10	6
Reduction to concurrent grant	8	7
Total savings proposals 2014/15	**162**	

Notes:

1 Copeland Community Fund has awarded an additional £62k per annum for the remainder of the life of the initial offer (2014/15, 2015/16 only) to support the regeneration team.
2 The end of a current contract and the forthcoming recruitment to the Finance Service Managers post will result in a saving of £15k pa
3 Removal from the establishment of part of an administrative post within development control that is currently vacant will realise a saving of £12k pa
4 Increases in fees and charges are being proposed on a service-by-service basis for those services where the council has control to determine the fees set. The following were included in the information that went out for public consultation and are included in 'saving proposals for 14/15';

    RPI on cemetery and cremation fees
    RPI on car parking fees and
    A proposed £10 charge to be used to fund improvements to online bereavement services.

  These will generate an additional £4k, £23k, £13k and £12k respectively. Members however are referred to recommendation 3 (d) in delaying the implementation of the £10 surcharge.

  The Building Control Fee for wood burning installations has also been increased to cover the cost of engaging a specialist to carry out installation tests.

  These increases in fees will ensure our fees and charges are at a similar level to other local authorities
5 The nuclear salaries were removed from the base budget and will be funded from reserve/external funding if required. This is the residual expenses to be removed e.g. stationery etc
6 The base budget for members training has been reduced but this important function remains funded each year and there is also an earmarked reserve for this purpose.
7 The public consultation included a 50% reduction in 2014/15 followed by a 100% reduction in 2015/16; this is worth £7,725 and £15,450 respectively.

5 Salaries and pensions

Reducing staff numbers have led to lower increment and pay award figures but the need to provide for pension contributions for; increasing numbers in members, anticipated with the onset of auto enrol and changes to the criteria of what is pensionable pay, have all increased costs.

The 2014/15 budget includes the following:

- 1% pay rise to meet the expected national pay circa £69k and circa £27k for increments.

- An additional amount of £82k has been included for the increase in pension contributions following the triennial review in November 2013.
- The impact of auto enrol has been assessed at a maximum of £200k pa once fully in force. The MTFS assumes a cost of £50k per annum for people who may opt in themselves before we reach our postponed date of 1 October 2017, so £50k is included in 2014/15 budget.

6 Contractual increases for inflation

Original MTFS in February 2012- £120K, Revised Revenue Budget December 2013 2013-£347k, based on:

- 2% increase on general inflation for 2014/15. The cost of the 2% provision is estimated as £90k, it is however unrealistic to assume that with CPI at 2.2% at October 2013 (current forecasting predicting it will not hit 2% target until June 2015), that current supplies and services budgets can sustain a real term cut.
- Individual contracts (CPI/RPI/Other)

See **Appendix G** for inflation value details

7 Treasury Management

The Treasury Management income budget has been reduced by £50k from that of 2013/14 to reflect that the average rate of interest achieved has dropped to 0.44%, with interest rates not expected to pick up until Q3 2016.

8 **Referendum Costs**

The Council received a petition on 21 January calling for a referendum on "whether the council should be run in a different way by a mayor who is elected by the voters for the area which the council services or a leader who is an elected councillor chosen by a vote of the other elected councillors." The petition will be deemed valid if it has the valid signatures of more than 5% of the number of electors on the Register of Electors (2777 or higher). If the petition is deemed valid, a referendum will be held on **22 May 2014** – the date of the European elections. The cost this joint election would be around £120,000, with the cost split 50:50 between ourselves and the European Commission and will be decided by a simple majority. A second referendum on the subject cannot be held for another ten years. In the event of a no vote in the referendum, the council would continue with the current model of governance (leader and executive model) and no election would take place.

In the event of a yes vote in the referendum, the election of the Directly Elected Mayor would take place on the third Thursday in October 2014, in accordance with legislation. This would be **16 October 2014**. The election would be decided by a traditional first past the post ballot and will cost around £120,000, with the full cost being paid by Copeland Borough Council. The cost of the referendum circa £60k has been included in the 2014/15 budget, but the potential cost for the elections is NOT included but will need to be funded from general fund should it be required.

9 Government Settlement

Original MTFS in February 2013 assumed a level of provisional funding given on 4th February 2013. The 2014/15 final settlement figures for 2014/15 have since been confirmed on 5 February 2014. Copeland's total grant settlement is £4,594m for 2014/15 (see Table 2, paragraph 2.6). Illustrative figures have been received for 2015/16 only, in the absence of any further information the figures included for 2016/17 and 2017/18 have been reduced by 1% year on year for RSG and increased by RPI year on year for NNDR for the purposes of the MTFS.

10 Council Tax Projections

The referendum relating to council tax increases was published on 5 February, with a rise being deemed 'excessive' if it is 2% or more, greater than its relevant basic amount of council tax for 2013/14. The referendum also confirmed that local preceptors would not be included in capping for 2014/15.

The current year budget includes an increase of 1.95% for 2014/15, based on the current estimated council tax base.

The impact of 1.95% increase on Band D and Band B (highest number of properties in borough) are detailed below:

Band D – currently £183.70 p.a.	£187.28
Annual increase - Council Tax	£3.58
Cost per week	£0.07
Cost per instalment	£0.36
Band B – currently £142.87 p.a. (7/9).	£145.66
Annual increase - Council Tax	£2.79
Cost per week	£0.05
Cost per instalment	£0.28

11 Changes and Clarifications required to Council Tax discounts

a) Probate

Currently, under national council tax regulations (class F), empty properties where probate is pending (and for 6 months after probate granted) are 100% exempt. A charge is then made at the appropriate empty rate (if applicable) which dependent upon the length of time of probate may mean the property goes straight from being exempt to being payable at 150% premium.

Executive are asked to agree the following technical change to council tax that was put forward through the PDG group:
with effect from 1 April 2014, in the case of properties which are unoccupied and unfurnished since the last occupant died, the 50% long term empty premium will not be levied until two years from the date that probate (or letters of administration if there is no will) was granted. It is estimated that approximately 25 properties are affected and the cost to the authority is minimal. (Recommendation 3h)

b) Clarification on flooding

Since 1 April 2013 a local Council Tax discount of 100% has been available in respect of properties which have become unoccupied as a result of flooding. Clarification is now required of the type of flood for which this discount is to be awarded:
Members are asked to approve, with effect from 1 April 2013, that in the case of properties which have become unoccupied solely as a direct result of flooding from a weather related environmental event, a 100% local Council Tax discount will apply until the property becomes reoccupied. (Recommendation 3 i)

c) Clarification on exemptions

That it is resolved, with immediate effect*;*

a) The local discount, replacing 'Class A' Council Tax exemption, be set at a level of 50% for a period of up to twelve months.
b) The local discount, replacing 'Class C' Council Tax exemption, be set at a level of 50% for a period of up to 3 months.
c) The discount for prescribed dwelling 'Class B' (or equivalent as amended by the Local Government Finance Act 2012), i.e. second homes, be set at nil.
d) The discount for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties, be set at a level of 10% for a maximum period of up to 2 years.
e) The higher amount of Council Tax payable for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties that have remained so far a continuous period of at least 2 years, be set at a level of 50%.
These changes have been implemented and have contributed significantly to a reduction of long term empty properties in the Borough. A clarification is required, however, to stipulate that in the case of categories a), b), d) and e) above, which cover unoccupied and unfurnished properties, a very short term occupation followed by vacation does not entitle the owner to then reclaim the larger discount which applies for a fresh period of vacation.

It is proposed this short term period be defined as six weeks, reflecting the period which existed in Council Tax legislation when defining eligibility for statutory classes A and C exemption up to 31 March 2013,prior to the introduction of the new discounts. Therefore Council is recommended to resolve the following;

In considering whether a property falls into the classes above, with the exception of Class B second homes, on a given day, any one period not exceeding six weeks during which the dwelling is not vacant is to be disregarded. (Recommendation 3j)

4. COUNCIL ACTIVITIES 2013/14

4.1 We must respond to these challenges positively if we are to serve the needs of Copeland in the best way we can. In 2013/14 :

- We delivered a balanced budget whilst maintaining our core services.
- We collected waste from approximately 32,000 households, processed 530 planning applications, processed approximately 20,000 revenues and benefits forms and took 65,000 calls through our customer contact centre
- Extended leisure contract and approved extension to pool offering high quality leisure facilities to more of the borough
- Retained for the second year the default scheme for council tax which enables people who previous got a benefit under the old system to receive a discount of equivalent value under new, thus protecting the borough's most vulnerable residents.
- Engaged with and continuing to work with various groups in the community who wish to take over ownership of assets/running of services where the council can no longer afford to do this itself.
- Handing over grant to the parish councils to compensate for loss of income from reduced council tax base
- Attracted external funding to area e.g. THI and Albion seeking to regenerate the town of Whitehaven
- Reviewing of business basics to preserve front line services /shared services with other authorities
- Working with external partners to secure future of the museum at the Beacon

5 EXTERNAL FUNDING

5.1 The BEC social fund detailed in Table 3 above is external funding from the 'Energy Coast Social investment Fund' which is allocated to projects, initiatives and programmes of work that deliver social conditions for growth and complement the West Cumbria Economic Blueprint (2012). This money has been awarded to the authority for the basis of supporting the NCL sports contract and other existing facilities such as Millom Rec for the next four years.

6 BUDGET CONSULTATION 2013/14

6.1 In 2012, the Executive recognised that the continuing reductions in Council budgets and the radical shift in national policy necessitated a fundamental review of the role of Copeland Borough Council including what it will do and what it will look like going forward into 2015 and beyond. With this recognition, the Executive commenced an intensive period of work in order to prepare a series of proposals relating to the future role of Council and the future provision of services. This work lead to the development and publication of the Council's consultation document, "Our proposed budget savings 2013-2015 – the future role of the Council". As well as setting out the Council's proposed vision, mission and priorities for the future, the document also set out the Council's overall budget strategy and a series of detailed service change options. Given the nature and scale of the proposed changes, the Council conducted an extensive consultation process. The outcome of this consultation process was reported to Executive and Full Council in February 2013 where a range of policy and service change decisions were agreed.

6.2 Since that time, we have worked to implement a programme of savings measures as well as a programme of activity to help reduce waste and duplication of effort in how we deliver services and help improve access to services for our customers. However, further funding cuts from Government have meant that we have needed identify a further £180k of savings on top of those already identified. During the autumn, Councillors worked together to identify more ways in which we could cut costs and/or raise income.

6.3 A consultation exercise on the Proposed Budget Savings for 2014/15 ran from 8 November to 20 December. The resulting feedback was reported to Executive for consideration at its meeting on 9 January (see Appendix K). As part of this process, respondents to the consultation could put forward alternatives to the savings options proposed. Examples of the alternatives proposed were:

- Reducing the number of councillors and associated costs
- Reduce admin costs/improve efficiency

- Look to move to a unitary council
- Review management and leadership costs
- Implement a town council in Whitehaven

Work is underway in a number of these areas including:

- Writing to the Boundary Commission to ask for a boundary review – although the Boundary Commission would not have capacity to undertake this work until 2019 –
- Our Transformation Programme is working to reduce waste and duplication of effort in how services are delivered
- The new operating model for the Council is under active consideration as part of the Change Programme, led by the Chief Executive
- We have significantly reduced management and leadership costs and this work is on-going
- We have established a Community Governance Review Panel to consider the benefits and consult residents and stakeholders regarding the possibility of establishing a town council for Whitehaven

More specific alternatives suggested also included:

- A day other than a weekend for free parking in town centres to help support footfall and mitigate potential negative impacts.
- Not implement the surcharge in Crematorium and Cemeteries Service and look for funding elsewhere.

With regard to the free parking suggestion, initial costing of this proposal suggests that it would costs £2k per day to implement and therefore is cost prohibitive to the Council at this time given the financial constraints it is operating under. In consideration of the surcharge proposal, it is recommended that for 2014/15 this funding is allocated to the service improvement project from the Council's Transformation Fund. This proposal will need to be re-considered in 2015/16.

6.4 Appendix L sets out the individual service change proposals. In implementing these service change proposals, a number of key policy decisions will be made. These are set out in the table together with potential known impacts and potential mitigating actions. These service change options include a number of proposals which were not recommended to be taken forward in the 2013/14 budget round but were recommended for re-consideration in 2014/15 for full implementation in 2015/16. These are:

- Introduction of charging for an additional green bin and its collection; and

- Introduction of charging for replacement bins/boxes.

We are now recommending that these are taken forward in 2014/15 for implementation in 2015/16.

6.6 As well as the service change options analysis, a Full Equality Impact Assessment is included at Appendix J. During the consultation period, the most detailed response to our proposals was received from one of our equalities consortium partners. This, together with our initial analysis was reported to the Executive on the 09 January. This initial analysis is reflected in our Full Equality Impact Assessment together with potential mitigating actions. This includes a recommendation not to implement the surcharge within the Crematorium and Cemeteries Service in 2014/15 and instead access funding from the Council's Transformation Fund to support this initiative.

6.7 A full consultation exercise on the Proposed Budget Savings for 2014/15 ran from 8 November to 20 December. The resulting feedback was reported to Executive at its meeting on 9 January. The total of £180k in 2014/15 is needed to reduce the £1.292m gap and is included in council tax figures and 'savings proposals for 2014/15' (income). Savings proposals agreed in February 2013 (as adjusted) and securing external funding from BEC social fund will leave a remaining gap of £230k which could be bridged in 2014/15 by the utilisation of the unallocated general fund. This would allow for the successful management and implementation of the service changes and provide capacity for planning for the 2015/16 phases of the transformation programme.

Table 5 – Gap and proposed funding for budget 2014/15

	£'000s	£'000s
Gap in 2013/14		**-1,292**
Less:		
Savings agreed Feb 2013 (as adjusted)	-500	
Savings proposals for 2014/15	-162	
BEC Social Fund- external funding	-400	
Use of unallocated general fund reserve	-230	
		- 1,292

7 FUNDING FROM RESERVES

7.1 Revenue Reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's Revenue and Capital budget when needed.

7.2 The general principles on the use of Reserves were set out in detail in the Medium Term Financial Strategy 2013/14 to 2016/17 as approved by Council in February 2012 and have been updated in the MTFS 2014/15-2017/18 which is presented elsewhere on this agenda. The overarching principle is that reserves will only be used to finance non-recurring spending or to cover transitional costs. If in exceptional circumstances the use of reserves is proposed to support recurring expenditure, it will be dependent on a strategy being in place to replace the use of reserves with mainstream base funding.

7.3 Reserves fall into two main categories:

(i) **General Reserves** – The risk based element of this reserve is based on an annual risk assessment of the financial position of the Council. That assessment has taken place and the recommendations of the Head of Corporate Resources on the minimum level of risk based reserve has been set at £2m. This level reflects the refreshed strategic risk register and in particular the growing uncertainty of the funding streams for local government following the Local Government Finance Act 2012 which passports the risks (and benefits) of business rate scheme to local authorities. Assuming Council agree to Executive recommendations on the use of reserves (as presented in various reports to Executive on 9 January and as attached to this report as Appendix I) there is an element of Unallocated Reserve totalling £883k.

General Reserves are set out in Appendix I. The projected balances are set out in the table below. Members should note that these projections do not take account of any potential requirement to take from Reserves from 2015/16 onwards in respect of some of the financial risks set out in the report. Members are also asked to note that these balances are subject to change, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated below.

General Reserves	**Balance 31/3/14 £000**	**Balance 31/3/15 £000**	**Balance 31/3/16 £000**	**Balance 31/3/17 £000**
Risk Based Balance	2,000	2,000	2,000	2,000
Unallocated Balance	883	653	653	653
Total	2,883	2,653	2,653	2,653

Earmarked Reserves – these are reserves set aside for specific purposes. A full review of these reserves has been carried out during 2013. Assuming Council agree to Executive recommendations on the use of reserves (as presented in various reports to Executive on 9 January and as attached to this report as Appendix H) these changes which are reflected in **Appendix H.** The projected Balances are set out in the Table below. Members are asked to note that these balances are subject to change, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated below.

(ii)

Earmarked Reserves	Balance 31/3/14 £000	Balance 31/3/15 £000	Balance 31/3/16 £000	Balance 31/3/17 £000
Total Reserves	4,706	4,534	4,571	4,600

8 STATUTORY BUDGET CONSULTATION 2014/15

8.1 The statutory budget consultation ran from 10th January 2014 to 10th February 2014. There have been no responses to this statutory consultation process.

9. RISKS

9.1 There are always risks associated with setting a budget as many budget assumptions can change if forecasts used in the process prove to be inaccurate. The scale of the cuts and the changing way in which figures are given makes this more challenging.

9.2 The Revenue Support Grant is a guaranteed cash receipt, but the receipt of Baseline Needs funding is dependent upon the collection of NNDR. For the purposes of the budget we have assumed the appeals lodged will take Copeland down to the safety net payment, which equates to a loss of 165k, as previously stated in paragraph 2.5 above.

9.3 Whilst the authority has taken the decision to postpone auto enrol into the pension scheme for its employees until 2017/18, any employee who is not a member can join at any time. An estimate of take up has therefore been included at £50k (circa 25% of estimated additional cost if all employees in scheme) a year, every year, until 2017/18. However this is only an estimate and take up may be more or less.

9.4 As detailed in paragraph 3.2(8) above the council may need to provide an additional £120k on top of the 2014/15 budget being approved to pay for the election of the Directly Elected Mayor which would take place on the third Thursday in October 2014, in accordance with legislation. This would be **16 October 2014**. The election would be decided by a traditional first past the post ballot and will cost around £120,000, with the full cost being paid by Copeland Borough Council.

9.5 In setting the current year budget for 2013/14 in February 2013 it has highlighted that there was a risk relating to the financing of Discretionary Housing Payments (DHPs) which provide customers with further financial assistance when a local authority considers that help with housing costs is needed. It was expected that requests for DHP's would have increased in the current year 2013/14 due to the Welfare Reform changes. Whilst this risk failed to materialise this year, with spending forecast to be in line with funding at year end, it does still remain and as such will be monitored closely.

9.6 As set out in a separate report, as attached as Appendix I to this report, the Council holds a risk-based reserve of £2m, with an unallocated general fund balance of £883k. As stated in paragraph 6.1 above, £230k of the unallocated general fund will need to be utilised to balance the budget once the savings identified and consulted upon have been actioned.

10 REPORT OF THE HEAD OF CORPORATE RESOURCES

10.1 In setting the budget requirement in February 2014, the Council is required under Section 25 of the Local Government Act 2003 to consider the formal advice of the statutory s151 Responsible Officer, the Head of Corporate Resources, on the robustness of the estimates included in the budget and adequacy of reserves. In a report to Executive on 17 December 2013, the Head of Corporate Resources recommended a level of £2,000,000 be set as the minimum level deemed acceptable for Council purposes.

10.2 If the balance on the General Fund is projected to fall below the recommended risk-based level, then priority will be placed on restoring the balance in subsequent budget and out-turn recommendations. Temporary dips below the target may be acceptable provided that the minimum amount is not likely to be breached and there is a robust plan to restore balances to the target level.

11 CONCLUSIONS

11.1 The position of the budget as set out in this report outline the budget proposals for consideration for 2014/15 and once approved will form the basis of the recommendation to Council on 27th February.

12. STATUTORY OFFICER COMMENTS

13.1 The Monitoring Officers comments are: .

13.2 The Section 151 Officers comments are: included in the report

13.3 EIA Comments: included in report

13.4 Policy Framework: included in report

13.5 Other consultee comments: the consultation process is set out in the report.

14. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

14.1 The budget process is a high risk process which is project managed and monitored by the Corporate Leadership Team (CLT). The risks are contained in the Strategic Risk Register and are monitored as part of that process.

15. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

15.1 The key measurable outcome is a balanced budget proposal for the Council for 2014/15, which will determine the manpower, financial and other resources it will have available to provide services for the year.

List of Appendices

Appendix A - Business Rates Scheme and Calculation of NNDR 1 2014/15
Appendix B - Collection Fund Surplus Calculation 2014/15
Appendix C - Council Tax Base Calculation 2014/15
Appendix D - Fees and Charges schedule
Appendix E - Revenue Spending Power (DCLG)
Appendix F - Savings Proposals 2014/15
Appendix G - Inflation Workings
Appendix H - Earmarked Reserves
Appendix I - Unallocated and Risk Based Reserves
Appendix J – Equality Impact Assessment
Appendix K – Budget consultation feedback – 9th January report
Appendix L – Service Change Proposals

List of Background Documents:

Government Settlement announcement December 2013 and January 2014
Executive – 6th Nov 2013
Public consultation document on savings proposals.
Other reports that have been considered during the budget cycle.

APPENDIX A a)

BUSINESS RATES RETENTION (BRR) SCHEME

1. **BACKGROUND:**

1.1 The Local Government Finance Act 2012 (LGFA) introduced significant changes to the funding arrangements for Local Government, including the retention of a proportion of the Business Rates collected locally from April 2013.

1.2 Previously Business Rates were collected by local authorities and paid over to Central Government. The Government then used this income to fund the grant payments to local authorities, with no direct link between the business rates collected and the funding received for an area. The risk of appeals and reductions in collection rates were borne by the Government, and similarly the rewards for increases in yield.

1.3 The reforms introduced saw Local Government sharing in the risks and rewards of changes to the Business Rates collected.

1.4 The Government provide local authorities with a Non Domestic Rates Baseline (NDRB) which is a forecast of what they expect the authority to collect. Any growth above this baseline will be shared between the Government and the authority. Copeland's NDRB was announced as part of the settlement at £16.201m.

1.5 Based on the NDRB and a funding assessment undertaken by the Government, a Baseline Need is also determined. The Baseline Need is the amount of funding that will actually be retained, with the difference between that and the NDRB being paid to the Government as a Tariff. Copeland's Baseline Need has been assessed at £2.246m and therefore the tariff is £13.955m.

1.6 The retained element of Business Rates i.e. the Baseline Need of £2.246m will be subject to a safety net for any reductions in Business Rates collected and authorities will be protected at 92.5% of their Baseline Need. For Copeland the safety net is therefore £2.078m capping the potential risk at £168k.

1.7 Any income generated over the Baseline Need will be shared between the Government and the local authorities by way of a levy. For Copeland this levy is 50% of any additional income generated.

1.8 Levies will not be payable until after the end of 2014/15 on the basis of the out-turn figures.

1.9 Both the NDR Baseline and the Baseline Need will be increased in line with inflation each year. It is the Government's intention that they will not 'reset' the scheme until 2020

2. CALCULATION OF BUSINESS RATES TAXBASE:

2.1. The Business Rates Retention regulations require that the NNDR1 (National Non Domestic Rates Return) is completed by authorities by 31st January 2014. This form estimates the Business Rates income split between the amounts to be retained by Copeland Borough Council (40%), Central Government (50%) and Cumbria County Council (10%).

2.2. The basic methodology for calculating the tax base is as follows:

- The rateable value of properties are obtained from the Valuation Office valuation List and multiplied by the business rate multiplier announced by the Government (0.471p)
- Adjustments are made for mandatory and discretionary discounts
- Adjustments are made for bad debt provisions, based on historical and current collection rates
- Adjustments are made for estimated growth
- Adjustment is made for the estimated impact of appeals of rateable values

2.3For Copeland Borough Council the estimated tax collectable for 2014/15 based on the above methodology is a shown below:

	NNDR1 2014/15	NNDR1 2013/14
	£	**£**
Gross Rates	**45,446,718**	**44,666,468**
Estimated growth	691,908	
Forecast gross rates payable in 2014/15	**46,138,626**	**44,666,468**
Transitional arrangements	- 20,052	86,015
Less Mandatory Reliefs	- 1,627,078	- 2,086,767
Discretionary Reliefs	- 111	- 109
Discretionary Reliefs funded through S31 grants	- 351,198	-
Property Reliefs	- 319,226	-
Net rates payable	**43,820,961**	**42,665,607**
Less estimated losses	- 350,000	- 220,000
Estimated appeals	- 3,363,464	- 8,443,631
Rates Retention Adjustments		- 38,124
Net amount payable	**40,107,497**	**33,963,852**
Transitional protection payments	20,052	- 86,015
Cost of collection	- 112,133	- 113,007
Retained in respect renewable energy schemes	- 487	-
Non Domestic Rating Income	**40,014,929**	**33,764,830**
Central Government	20,007,464	16,882,415
Copeland Borough Council	16,005,972	13,505,932
Cumbria County Council	4,001,493	3,376,483
	40,014,929	**33,764,830**

2.4 The authority's share of non- domestic rating income is £16.006m. However recent changes to the treatment of SBRR grant, which are now taken into account for the safety net calculations mean we will be in excess of the government's forecast and as a result levy will become payable. However as discussed in paragraph 2.3 of the report the margin of being in or out of safety net (of losing £168k) is very small with less than a 1.5% change in business rates due moving us from one to the other. Therefore a prudent approach has been taken in setting the 2014/15 budget (i.e. assume safety net position and reduce the funding by £168k, with the general fund making up this shortfall in the budget.

3. NOTIFICATION OF TAXBASE

3.1. Copeland Borough Council must notify the Government of the Net Yield anticipated for 2014/15 by 31st January 2014, by return of the NNDR1 return, certified by the Section 151 Officer and this has been done.

3.2. For the avoidance of doubt, the completion of the NNDR1 return has in the past been delegated to the Section 151 officer.

3.3. Following the receipt of the NNDR1 return the Government will prepare a schedule of payments detailing the central share, tariff and top up payments and Safety Net payments on account.

A
APPENDIX B

SETTING OF COLLECTION FUND SURPLUS / DEFICIT

1. COLLECTION FUND SURPLUS

1.1 How does a surplus or deficit occur?

The income from Council Tax less the precept payments to the County Council, Police and Crime Commissioner, Copeland Borough Council and Parishes are summarised in the Collection Fund. If the actual number of properties or the allowances for exemptions, discounts or appeals / collection rates vary from those used in the Council Tax Base (see Section 2 below) then a surplus or deficit will arise. In 2011/12,2012/13 and 2013/14 a surplus has arisen and this is shared between the Major Preceptors, being Cumbria County Council, the Police and Crime Commissioner and Copeland Borough Council in proportion to the precepts for the respective year.

1.2 Calculation and Declaration of Surplus

In 2013/14 the Collection Fund is estimated to achieve a projected surplus of £282,097 which is calculated as follows:

Council Tax Surplus – Estimate at 15/1/14	£
Expenditure	31,426,662
Income	(31,207,556)
Net Deficit	219,106
Surplus B/F from 2012/13	(501,203)
Total Estimated Surplus	**(282,097)**

The relevant share of the total of £282,097 per Major Preceptors is:

Cumbria County Council	£208,290
Police and Crime Commissioner	£36,701
Copeland Borough Council	£37,105

This represents the amount that each preceptor will take into account when calculating the Council Tax for 2014/15.

The declaration of the Surplus is currently delegated to the s151 officer and members are asked to request Council to re-affirm this delegation.

SETTING OF COUNCIL TAX BASE 2014/15

1. On an annual basis all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities (Calculation of Tax Base) Regulations 1992.

2. The Tax Base is set having regard to:
   - The Valuation List
   - Current exemption, reductions and discounts
   - Discretionary discounts
   - Expected collection rates

3. The basic methodology for calculating the Tax Base is:

   - Calculations are made of the relevant amount for the year in respect of the valuation bands shown in the Council's valuation list. For each band this represents the estimated full year equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts.
   - The relevant amounts for each band are then aggregated and expressed as an equivalent number of Band D dwellings.
   - The Council then multiplies this aggregate of relevant amounts by its estimate of its collection rate for the year (98%). The resulting figure is the Council Tax Base for the year.
   - The rules for calculating the tax base for parish councils are the same, and the same estimated collection rate must be used.

4. During 2012 the Government implemented proposals for local Council Tax Support Schemes. Under the Government Regulations for the scheme, the previous 'benefit' granted to claimants became a 'discount' on the Council Tax. This in turn served to reduce the Council Tax Base. Copeland Borough Council considered and approved their local Council Tax Support Scheme at their meeting on 22nd January 2013. This scheme was reviewed in 2013/14 and approved for a further year for 2014/15, with another review to take place within 2014/15.

5. The estimate of the collection rate is at the Council's discretion and 2014/15 has been set as 2013/14 at 98%.

6. The total Tax Base calculated in accordance with the Regulations for 2014/15 at 98% collection is 19,488.80. This compares to a total of 19,540.33 in 2013/14, a slight reduction of 0.26%. The impact of this on the projected Council Tax income is that based on a 1.95% increase in Council Tax (which increases the Band D Council Tax from £183.70 to £187.28) multiplied by the new Tax Base gives a total income of £3.650m. As well as this collectable council tax the SFA includes a CTS grant, but unlike last year this value of this grant is not separately disclosed (last year value of £634k). It should be stressed that any actual increase or decrease in the Council Tax position will be reflected in the Collection Fund surplus or deficit calculation at the year-end as set out in Appendix B.

7. The notification of the tax base must be made to the major precepting bodies within the period 1st December to 31st January. The notification was made by the S151 Officer under current delegations.

Appendix A D.

PROPOSED INCREASES IN FEES AND CHARGES

2014/15

February 2014

Appendix D

PROPOSED FEES AND CHARGES 2014/15

Page No.	Service	2013/14 Approved Current Base Budget (Income from Fees and Charges only)	2014/15 Base Proposal (Income from Fees and Charges only)	Price Change Increase / Decrease (-)	Volume Increase/ Decrease (-)
		£		£	£
1 - 4	Building Control	227,000	201,000.00	-26,000	0
5	Development Control	333,720	333,720.00	0	0
6	Homelessness	4,288	4,288.00	0	0
		565,008	**539,008.00**	**-26,000**	**0**
7	Allotments	4,800	4,800.00	0	0
8	Crematorium	735,316	757,280.00	21,964	0
9	Cemeteries	135,363	140,424.00	5,061	0
10	Markets	38,961	38,961.00	0	0
11 & 12	Car Parks	335,000	348,000.00	13,000	0
13	Food Safety and Private Water Sampling	8,000	8,000.00	0	0
14	Health and Safety	400	400.00	0	0
15	Environmental Protection	12,000	12,000.00	0	0
16	Waste	210,000	210,000.00	0	0
		1,475,040	**1,515,065.00**	**40,025**	**0**
17	Land Charges	90,431	90,431.00	0	0
18	Licences	120,442	120,442.00	0	0
19	Licensing Gambling			0	
		210,873	210,873.00	**0**	**0**
20	Court Costs	163,400	163,400.00	0	0
Total Fees and Charges		**2,414,321**	**2,428,346.00**	**14,025**	**0**

Schedule 1: Charges For New Dwellings

Appendix D (Pge 1)

Number of dwelling types	Plan Charge	Plan Charge + VAT	VAT	Inspection Charge	Inspection Charge + VAT	VAT	Building Notice Charge	Building Notice Charge + VAT	VAT	Regularisation Charge
1	£ 211.50	£ 253.80	£ 42.30	£ 448.30	£ 537.96	£ 89.66	£ 791.76	£ 950.12	£ 158.35	£ 989.71
2	£ 288.49	£ 346.19	£ 57.70	£ 571.16	£ 685.39	£ 114.23	£ 1,031.59	£ 1,237.90	£ 206.32	£ 1,289.48
3	£ 379.60	£ 455.52	£ 75.92	£ 798.34	£ 958.01	£ 159.67	£ 1,413.53	£ 1,696.23	£ 282.71	£ 1,766.91
4	£ 470.70	£ 564.84	£ 94.14	£ 924.25	£ 1,109.10	£ 184.85	£ 1,673.94	£ 2,008.73	£ 334.79	£ 2,092.42
5	£ 569.39	£ 683.27	£ 113.88	£ 1,135.89	£ 1,363.07	£ 227.18	£ 2,046.34	£ 2,455.61	£ 409.27	£ 2,557.92

The number of dwellings for which fees are published has been reduced from 19 to 5. The majority of customers building more than 5 dwellings are volume house builders - volume house building is the most competitive building control market and the reduction of published charges is designed to remove the advantage private sector service providers have in knowing our charges.

Variables

VAT	1.2	0.2
Plan price factor	1.03	
Inspection price factor	1.03	
Building Notice price factor	1.2	
Regularisation price factor	1.5	

	Plan Starting Price	Inspection Starting Price
1	£ 205.34	£ 435.25
2	£ 280.09	£ 554.53
3	£ 368.54	£ 775.09
4	£ 456.99	£ 897.33
5	£ 552.81	£ 1,102.80

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Schedule 2: Charges For Small Buildings & Extensions

Type of Work	Plan Charge	Plan Charge + VAT	VAT	Inspection Charge	Inspection Charge + VAT	VAT	Building Notice Charge	Building Notice Charge + VAT	VAT	Regularisation Charge
Erection or extension of a detached or attached garage or carport or both, having a floor area not exceeding $40m^2$ in total and intended to be used in common with an existing building, and which is not an exempt building.	£ 148.22	£ 177.86	£ 29.64	£ 151.62	£ 181.94	£ 30.32	£ 359.80	£ 431.76	£ 71.96	£ 449.75
An extension of a dwelling, the total floor area of which is up to $10m^2$.	£ 148.22	£ 177.86	£ 29.64	£ 151.62	£ 181.94	£ 30.32	£ 359.80	£ 431.76	£ 71.96	£ 449.75
Any extension of a dwelling, the total floor area of which exceeds $10m^2$ but does not exceed $40m^2$.	£ 148.22	£ 177.86	£ 29.64	£ 290.70	£ 348.84	£ 58.14	£ 526.70	£ 632.04	£ 105.34	£ 658.37
Any extension of a dwelling, the total floor area of which exceeds $40m^2$ but does not exceed $60m^2$.	£ 148.22	£ 177.86	£ 29.64	£ 438.92	£ 526.70	£ 87.78	£ 704.56	£ 845.48	£ 140.91	£ 880.70
Any extension of a dwelling, the total floor area of which exceeds $60m^2$ but does not exceed $80m^2$.	£ 197.76	£ 237.31	£ 39.55	£ 489.25	£ 587.10	£ 97.85	£ 824.41	£ 989.29	£ 164.88	£ 1,030.52
A loft conversion - alteration of a dwelling to provide one or more rooms in a roof space.	£ 148.22	£ 177.86	£ 29.64	£ 290.70	£ 348.84	£ 58.14	£ 526.70	£ 632.04	£ 105.34	£ 658.37
Conversion of a garage into habitable space.	£ 95.79	£ 114.95	£ 19.16	£ 148.32	£ 177.98	£ 29.66	£ 292.93	£ 351.52	£ 58.59	£ 366.17

Variables

VAT	1.2	0.2
Plan price factor	1.03	
Inspection price factor	1.03	
Building Notice price factor	1.2	
Regularisation price factor	1.5	

Plan Starting Price	Inspection Starting Price
£ 143.90	£ 147.20
£ 143.90	£ 147.20
£ 143.90	£ 282.23
£ 143.90	£ 426.13
£ 192.00	£ 475.00
£ 143.90	£ 282.23
£93	£144

Schedule 3: Charges For All Other Work

Estimated cost of work	Plan Charge	Plan Charge + VAT	VAT	Inspection Charge	Inspection Charge + VAT	VAT	Building Notice Charge	Building Notice Charge + VAT	VAT	Regularisation Charge
£0-£1000	£ 77.87	£ 93.44	£ 15.57	£ -	£ -	£ -	£ 77.87	£ 93.44	£ 15.57	£ 116.80
£1,001 - £2,000	£ 129.78	£ 155.74	£ 25.96	£ -	£ -	£ -	£ 129.78	£ 155.74	£ 25.96	£ 194.67
£2,001 - £5,000	£ 207.65	£ 249.18	£ 41.53	£ -	£ -	£ -	£ 207.65	£ 249.18	£ 41.53	£ 311.47
£5,001 - £10,000	£ 60.10	£ 72.12	£ 12.02	£ 180.29	£ 216.34	£ 36.06	£ 240.39	£ 288.46	£ 48.08	£ 360.58
£10,001 - £20,000	£ 79.81	£ 95.78	£ 15.96	£ 239.44	£ 287.33	£ 47.89	£ 319.26	£ 383.11	£ 63.85	£ 478.89
£20,001 - £30,000	£ 106.42	£ 127.70	£ 21.28	£ 319.26	£ 383.11	£ 63.85	£ 510.81	£ 612.98	£ 102.16	£ 638.52
£30,001 - £40,000	£ 131.46	£ 157.75	£ 26.29	£ 394.37	£ 473.24	£ 78.87	£ 630.99	£ 757.19	£ 126.20	£ 788.74
£40,001 - £50,000	£ 156.49	£ 187.79	£ 31.30	£ 469.48	£ 563.37	£ 93.90	£ 751.17	£ 901.40	£ 150.23	£ 938.96
£50,001 - £60,000	£ 181.53	£ 217.84	£ 36.31	£ 544.59	£ 653.51	£ 108.92	£ 871.34	£ 1,045.61	£ 174.27	£ 1,089.18
£60,001 - £70,000	£ 207.65	£ 249.18	£ 41.53	£ 619.70	£ 743.64	£ 123.94	£ 992.82	£ 1,191.38	£ 198.56	£ 1,241.02
£70,001 - £80,000	£ 231.60	£ 277.92	£ 46.32	£ 694.81	£ 833.77	£ 138.96	£ 1,111.70	£ 1,334.03	£ 222.34	£ 1,389.62
£80,001 - £90,000	£ 256.64	£ 307.97	£ 51.33	£ 769.92	£ 923.90	£ 153.98	£ 1,231.87	£ 1,478.25	£ 246.37	£ 1,539.84
£90,001 - £100,000	£ 281.68	£ 338.01	£ 56.34	£ 845.03	£ 1,014.04	£ 169.01	£ 1,352.05	£ 1,622.46	£ 270.41	£ 1,690.06
£100,001 - £125,000	£ 307.91	£ 369.50	£ 61.58	£ 923.75	£ 1,108.50	£ 184.75	£ 1,478.00	£ 1,773.60	£ 295.60	£ 1,847.50
£125,001 - £150,000	£ 335.36	£ 402.43	£ 67.07	£ 1,006.08	£ 1,207.29	£ 201.22	£ 1,609.73	£ 1,931.67	£ 321.95	£ 2,012.16
£150,001 - £175,000	£ 362.80	£ 435.36	£ 72.56	£ 1,088.41	£ 1,306.09	£ 217.68	£ 1,741.45	£ 2,089.74	£ 348.29	£ 2,176.82
£17,5001 - £200,000	£ 390.25	£ 468.30	£ 78.05	£ 1,170.73	£ 1,404.88	£ 234.15	£ 1,873.18	£ 2,247.82	£ 374.64	£ 2,341.47
£200,001 - £225,000	£ 417.69	£ 501.22	£ 83.54	£ 1,253.07	£ 1,503.68	£ 250.61	£ 2,004.91	£ 2,405.89	£ 400.98	£ 2,506.13
£225,001 - £250,000	£ 445.05	£ 534.06	£ 89.01	£ 1,335.39	£ 1,602.47	£ 267.08	£ 2,136.53	£ 2,563.84	£ 427.31	£ 2,670.66

Variables

VAT	1.2	0.2
Plan price factor	1.03	
Inspection price factor	1.03	
Building Notice price factor	1.2	
Regularisation price factor	1.5	

Plan Starting Price	Inspection Starting Price
£ 75.60	£ -
£ 126.00	£ -
£ 201.60	£ -
£ 58.35	£ 175.04
£ 77.49	£ 232.47
£ 103.32	£ 309.96
£ 127.63	£ 382.88
£ 151.94	£ 455.81
£ 176.24	£ 528.73
£ 201.60	£ 601.65
£ 224.86	£ 674.57
£ 249.17	£ 747.50
£ 273.47	£ 820.42
£ 298.95	£ 896.85
£ 325.59	£ 976.77
£ 352.23	£ 1,056.71
£ 378.88	£ 1,136.64
£ 405.52	£ 1,216.57
£ 432.09	£ 1,296.50

Minimum Charges

Type of work	Standard Charge	Standard Charge + VAT	VAT	Regularisation Charge
Replacement windows (domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Replacement windows (non-domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Oil/non-mains gas fuel storage system	£129.78	£ 155.74	£ 25.96	£ 194.67
Chimney lining	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Electrical work (domestic)	£213.88	£ 256.65	£ 42.78	£ 320.82
Unvented hot water system	£129.78	£ 155.74	£ 25.96	£ 194.67
Replacement roof coverings (domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Replacement roof coverings (non-domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Renovation of a thermal element (domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Renovation of a thermal element (non-domestic)	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Installation of cavity wall insulation	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Wind turbines	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Solar panels	£ 80.20	£ 96.24	£ 16.04	£ 120.31
Wood burning stoves	£200.00	£ 240.00	£ 40.00	£ 300.00
Wet system solid fuel installation/boiler	£200.00	£ 240.00	£ 40.00	£ 300.00
Boilers/heating installations	£213.88	£ 256.65	£ 42.78	£ 320.82
Replacement waste treatment plant	£213.88	£ 256.65	£ 42.78	£ 320.82

Fees for wood burning stoves have been increased to cover the cost of engaging a specialist to carry out necessary installation tests.

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VARIABLES

VAT	1.2	0.2
Standard charge price factor	1.03	
Regularisation price factor	1.5	

Standard Charge Starting Price
£ 77.87
£ 77.87
£ 126.00
£ 77.87
£ 207.65
£ 126.00
£ 77.87
£ 77.87
£ 77.87
£ 77.87
£ 77.87
£ 77.87
£ 77.87
£ 129.78
£ 164.80
£ 207.65
£ 207.65

2013/14 BASE BUDGET INCOME	333,720
PROPOSED 2014/15 BASE BUDGET INCOME	333,720

PROPOSED FEES & CHARGES 2014/15 (STATUTORY SET FEES)	CURRENT FEES 2013/14	BASE PROPOSAL - NO INCREASE 2014/15
	£	£
Discharge of Planning Conditions: Residential domestic Properties	25.00	25.00
Discharge of Planning Conditions: All Other Properties	85.00	85.00
Schedule of Fees for Planning Applications (as amended 26 February 2010)	see attached	see attached
Application for non-material amendment following a grant of planning permission;		
a) if the appliction is a householder application	25.00	25.00
b) in any other case	170.00	170.00

2013/14 BASE BUDGET INCOME	4,288
PROPOSED 2014/15 BASE BUDGET INCOME	4,288

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL - NO INCREASE 2014/15
	£	£
Homelessness		
Emergency accommodation - All Room Sizes (per night)	At cost	At cost
Temporary Accommodation - Rent per week	At cost	At cost
Temporary Accommodation - Management Fee per week	35.00	35.00

ALLOTMENTS **Appendix D (Pge 7)**

2013/14 BASE BUDGET INCOME	**4,800**
PROPOSED 2014/15 BASE BUDGET INCOME	**4,800**

PROPOSED FEES & CHARGES 2014/15	**CURRENT FEES 2013/14**	**BASE PROPOSAL - 2014/15**
	£	£
Full Plot	34	34
Half Plot	17.00	17.00
Concession of half price for OAP and unemployed		

REVENUE BUDGET

CREMATORIUM PROPOSED 2014/15 FEES AND CHARGES

2013/14 BASE BUDGET INCOME	735,316
PROPOSED 2014/15 BASE BUDGET INCOME	757,280

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL 2014/15	
	£		
Still born or Child up to 1 month *	0.00	0.00	
Amendment (Regulation) 2000	116.00	120.00	
Child 1 month to 16 years	195.00	211.00	
Person over 16 years (resident)	680.00	710.00	
Person over 16 years (non resident)	798.00	832.00	
Medical Referee/examiners fee (at cost)	25.00	At Cost	Transfer to Examiners Fee due April 2014, delayed from 2013.
Environmental levy	47.00	50.52	*levy set nationally - effective form 1 Jan 2014
Deleterious Material Surcharge	n/a	50.00	
OPTIONAL FEES			
Certificate of cremation	33.00	34.00	
Postage of remains UK only	51.00	53.00	
Strewing of remains (from other crematoria & by appointment)	51.00	53.00	
Strewing of remains (those returned)	26.00	27.00	
Use of Vestry (24 hour or part)	100.00	100.00	
URNS AND CASKETS (all including VAT)			
Metal Urn	20.00	20.00	
Wooden Casket	40.00	40.00	
Plastic Urn	7.00/6.00	7.00/6.00	
Biodegradable Urn	8.00/7.00	8.00/7.00	
BOOK OF REMEMBRANCE - INSCRIPTION CHARGES (all including VAT)			BoR charges may be subject to supplier variation
BOR 2 line entry	71.00	73.00	
BOR 5 line entry	104.00	107.00	
BOR 8 line entry	149.00	153.00	
Min Books 2 line entry	75.00	77.00	
Min Books 5 line entry	85.00	88.00	
Min Books 8 line entry	102.00	105.00	
Cards - Coloured - 2 line entry	37.00	38.00	
Cards - Coloured - 5 line entry	48.00	49.00	
Cards - Coloured - 8 line entry	62.00	64.00	
Cards - White - 2 line entry	33.00	34.00	
Cards - White - 5 line entry	39.00	40.00	
Cards - White - 8 line entry	54.00	56.00	
Additional Charges			
Floral emblem	74.00	76.00	
Badges etc	113.00	116.00	
Memorials			
Memorial plaque -Bronze (15yrs)	270.00	278.00	
15 year extension	80.00	82.00	
Bench	1,158.00	1193.00	
Bench Plaque	120.00	124.00	
Tree		100.00	

CEMETERIES PROPOSED 2014/15 FEES AND CHARGES

2013/14 BASE BUDGET INCOME	135,363
PROPOSED 2014/15 BASE BUDGET INCOME	140,424

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL 2014/15	
	£	£	
INTERNMENT FEES			
Still born Child up to 1 month	n/a	50.00	
Child 1 month to 16 years	261.00	279.00	
Person 16 years and over	771.00	804.00	
Internment in a vault	845.00	880.00	
Cremated Remains	208.00	214.00	
Strewing of cremated remains	61.00	63.00	
Additional Charge Non-Resident of Copeland	314.00	323.00	
EXCLUSIVE RIGHT OF BURIAL			
In a grave adjoining main paths	671.00	691.00	Where available
Other graves	559.00	576.00	Where available
Cremated remains	209.00	215.00	
MEMORIAL & INSCRIPTIONS (all including VAT)			
Flat stone not exceeding 600mm x 600 mm	75.00	77.00	
Flat stone between 600 mm x 600 mm and 1m x 1m	92.00	95.00	
Flat stone exceeding 1m x 1 m	147.00	151.00	
Headstone not exceeding 1.5m in height	169.00	174.00	
Vase not exceeding 600mm in height	44.00	45.00	
Additional inscription	55.00	57.00	
Other memorials as Crematorium			
MISCELLANEOUS FEES			
Exhumation (plus labour)	1,123.00	1,123.00	
Transfer of Exclusive Rights	60.00	62.00	
Certified copy of register entry	60.00	62.00	
Family tree search fee - Single enquiry to 30 minutes	n/a	20.00	
Family tree search fee - Multiple enquiry over 30 minutes	101.00	150.00	
TRINITY GARDENS			
Strewing of cremated remains	61.00	63.00	
Charge per plaque	61.00	63.00	
Inscription - charge per letter of number	9.00	9.00	

2013-14 PROJECTED INCOME	38,961
PROPOSED 2014-15 BASE BUDGET INCOME	38,961

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL 2014/15
	£	£
WHITEHAVEN		
Regular (Standard 3x4m pitch)	16.00	16.00
Casual (Standard 3x4 pitch)	24.00	24.00
Regular		
Non-standard stalls per metre length	4.00	4.00
Casual		
Non-standard stalls per metre length	6.00	6.00
EGREMONT		
Regular (Standard 3x4m pitch)	16.00	16.00
Casual (Standard 3x4 pitch)	24.00	24.00
Regular		
Non-standard stalls per metre	4.00	4.00
Casual		
Non-standard stalls per metre length	6.00	6.00
CLEATOR MOOR (Subject to ongoing review, rising to standard charges)		
Regular	13.00	13.00
Casual	15.00	15.00
Regular		
Non-standard stalls per metre	3.25	3.25
Casual		
Non-standard stalls per metre length	3.75	3.75

2013-14 Projected car park fees (Net) INCOME	335,000
2014-15 Projected car park fees (net) INCOME	348,000

PROPOSED FEES & CHARGES 2014/15 [ALL INCLUDING VAT]	CURRENT FEES 2013-14	PROPOSED CHARGES 2014-15
	£	£
SCHOOLHOUSE LANE WHITEHAVEN		
Up to 30 minutes	n/a	1.00
Up to 1 hr	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Overnight parking	4.60	4.80
SENHOUSE STREET WHITEHAVEN		
Up to 30 minutes	n/a	1.00
Up to 1 hr	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Up to 4 hrs	3.50	3.70
Overnight parking	4.60	4.80
THE COPELAND CENTRE WHITEHAVEN (weekends only)		
~~Up to 1 hr~~	1.40	
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Up to 4 hrs	3.50	3.70
Over 4 hours	4.60	4.80
SPORTS CENTRE WHITEHAVEN		
Up to 1 hr	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Up to 4 hrs	3.50	3.70
Over 4 hrs	4.60	4.80
Overnight parking	4.60	4.80
Monthly permit	60.00	61.80
Quarterly Permit	n/a	180.00
Annual Permit	n/a	665.00
BEACON WHITEHAVEN		
Up to 1 hour	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Up to 4 hrs	3.50	3.70
Over 4 hrs	4.60	4.80
Overnight parking	4.60	4.80
Weekend stay (Fri-Mon)	n/a	15.00
NORTH SHORE, WHITEHAVEN		
Up to 1 hour	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70

PROPOSED FEES & CHARGES 2014/15 [ALL INCLUDING VAT]	CURRENT FEES 2013-14	PROPOSED CHARGES 2014-15
	£	£
Up to 4 hrs	3.50	3.70
Over 4 hrs	4.60	4.80
Overnight parking	4.60	4.80
Monthly car park pass (10 bays only)	60.00	61.80
WHITEHAVEN CIVIC HALL		
Monthly permits	50.00	55 for 1st 6 months then 61.80
CHAPEL STREET EGREMONT		
Up to 1 hr	0.90	1.00
Up to 2 hrs	1.20	1.30
Up to 3 hrs	1.40	1.50
Up to 4 hrs	1.70	1.80
Over 4 hrs	2.80	2.90
Monthly Car Passes (25 bays only)	40.00	41.20
BECK GREEN EGREMONT		
Up to 1 hr	0.90	1.00
Up to 2 hrs	1.20	1.30
Up to 3 hrs	1.40	1.50
Up to 4 hrs	1.70	1.80
Over 4 hours	2.80	2.90
ST BEES FORESHORE		
Up to 1 hr	1.40	1.50
Up to 2 hrs	2.00	2.10
Up to 3 hrs	2.60	2.70
Up to 4 hrs	3.20	3.30
Up to 5 hrs	3.80	4.00
Over 5 hrs	5.00	5.20
7 Day Permit	15.00	15.50

* excludes penalty charge fines

2013/14 BASE BUDGET INCOME	8,000
PROPOSED 2014/15 BASE BUDGET INCOME	8,000

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL 2014/15
	£	£
FOOD EXPORT CERTIFICATES	48.00	48.00
OTHER FOOD CERTIFICATES		
Condemned Food Certificates	38.00	38.00
Surrender of unsound food - at premise	46.00	46.00
FOOD SAFETY TRAINING (CIEH accredited)		
Foundation (per person)	45.00	45.00
Game Dealers Licence to sell game	Set Nationally	Set Nationally
Ship Sanitary Certification by Gross Tonnage		
Up to 1000	72.00	72.00
1011 to 3000	108.00	108.00
3011 to 10000	165.00	165.00
10001 to 20000	216.00	216.00
200001 to 30 000	273.00	273.00
Over 30 000	330.00	330.00
Private Water Supplies Regulations 2009 (Maximum Fee in brackets)		
Sample Collection (Maximum Fee £100)		
	70.00 large and commercial premises. 63.00 domestic premises	70.00 large and commercial premises. 63.00 domestic premises
Analysis Charge for Audit Monitoring (large & commercial premises) - charge out at actual laboratory cost only (Maximum fee up to £500)	67 - 500 (Plus VAT)	67 - 500 (Plus VAT)
Analysis Charge for check monitoring - charge out at actual lab costs only (Maximum Fee £100)	48.00 - £100 plus VAT	48 - 100 Plus VAT
Analysis Charge for other private water supplies (single supply domestic premises)(Maximum Fee £25)	25.00	25.00
Investigation Maximum Fee £100)		
Domestic		
	No charge for up to 1 hour on site Investigation (travel time excluded). Over 1 hour £33 per hour up to a max of £100.	No charge for up to 1 hour on site Investigation (travel time excluded). Over 1 hour £33 per hour up to a max of £100.
Commercial		
	£33 per hour up to a max of £100.	£33 per hour up to a max of £100.
Water supply risk assessment (Maximum Fee £500)		
Domestic	128.00	128.00
Commercial	£145 for first 4 hours then £30 per hour up to a max of £500.	£145 for first 4 hours then £30 per hour up to a max of £500.

2013/14 BASE BUDGET INCOME 400

PROPOSED 2014/15 BASE BUDGET INCOME 400

Low volume, established market so little room to increase income levels

PROPOSED FEES & CHARGES 2014/15		CURRENT FEES 2013/14	BASE PROPOSAL 2014/15
		£	£
Training Course (per person for basic/foundation level)		45.00	45.00
Tattooing, Electrolysis, Acupuncture, Cosmetic Piercing Registration		100.00	100.00
Ear piercing only		55.00	55.00
Transfer of Registration for Tattooing, Electrolysis, Cosmetic Piercing (For Premises or Individual)		94.00	94.00
Swimming Pool Sampling	(VAT charged by external laboratory)	50.00 PLUS VAT	50.00 PLUS VAT

2013/14 BASE BUDGET INCOME	12,000
PROPOSED 2014/15 BASE BUDGET INCOME	12,000

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL 2014/15
Application for authorisation in accordance with the Environmental Protection Act 1990, Part I, Part B processes (Statutory set fee)	£	£ Statutory - 14/15 fees set in March
Application Fee - Standard Process	Statutory	Statutory
Additional fee for operating without a permit	Statutory	Statutory
Reduced Fees activities (except VRs)	Statutory	Statutory
PVR I & II	Statutory	Statutory
Vehicle Refinishers	Statutory	Statutory
Reduced Fees activities: additional fee for operating without a permit	Statutory	Statutory
Mobile screening and crushing plant	Statutory	Statutory
Mobile screening and crushing plant for 3rd to 7th application	Statutory	Statutory
Mobile screening and crushing plant for 8th and subsequent application	Statutory	Statutory
Where an application for any of the above is for a combined Part B and waste application, add £297 to the above amounts	Statutory	Statutory
Annual subsistence Charge	Statutory	Statutory
Standard Process Low	Statutory	Statutory
Standard Processes Medium	Statutory	Statutory
Standard Processes High	Statutory	Statutory
Reduced fee activities Low	Statutory	Statutory
Reduced fee activities Medium	Statutory	Statutory
Reduced fee activities High	Statutory	Statutory
PVR I & II combined	Statutory	Statutory
Vehicle refinishers - Low/Medium/High	Statutory	Statutory
Mobile screening and crushing plant for 1st and 2nd permits (Low/Medium/High)	Statutory	Statutory
Mobile screening and crushing plant for 3rd to 7th permits (Low/Medium/High)	Statutory	Statutory
Mobile screening and crushing plant for 8th and subsequent permits (L/M/H)	Statutory	Statutory
* the additional amount in brackets must be charged where a permit is for a combined Part B and waste installation		
Where a Par B installation is subject to reporting under the E-PRTR regulation add an extra £99 to the above amounts		
Transfer and Surrender		
Standard Process Transfer	Statutory	Statutory
Standard Process partial transfer	Statutory	Statutory
New operator at low risk reduced fee activity	Statutory	Statutory
Surrender: all part B activities	Statutory	Statutory
Reduced fee activities: transfer	Statutory	Statutory
Reduced fees activities : partial transfer	Statutory	Statutory
Temporary transfer to mobiles		
First Transfer	Statutory	Statutory
Repeat transfer	Statutory	Statutory
Repeat following enforcement or warning	Statutory	Statutory
Substantial Change		
Standard Process	Statutory	Statutory
Standard process where the substantial change results in new PPC activity	Statutory	Statutory
Reduced Fees activities	Statutory	Statutory
Scrap Metal		
Site licence fee	300.00	300.00
Scrap Metal Collectors licence	150.00	150.00
Mobile Homes		
Site licence - initial licence	New	Will be set March 2014
Annual Fee	New	Will be set March 2014
Site Licence transfer or standard variation	New	Will be set March 2014
Fit and Proper Person Check	New	Will be set March 2014
Site Rule Deposit	New	Will be set March 2014
Enforcement	New	Will be set March 2014
Animal Licensing		
Pet Shops	74.00	74.00
Dangerous Wild Animals (plus independent veterinary fees)		
Issue	170.00	170.00
Renewal	100.00	100.00
Riding Establishments (plus independent veterinary fees)		
Issue	170.00	170.00
Renewal	120.00	120.00
Animal Boarding Establishments	125.00	125.00
Home Boarding	60.00	60.00
Dog Breeding	70.00	70.00
Zoo Licence (plus independent veterinary fees)	170.00	170.00
Works In Default		
Non Compliance with works required by Statutory Notice - Arrangement Fee for Works In Default	25% of the works cost	25% of the works cost

WASTE MANAGEMENT

2013-14 PROJECTED INCOME	210,000
PROPOSED 2014-15 BASE BUDGET INCOME	210,000

Fees available on request

2013/14 BASE BUDGET INCOME 90,431

PROPOSED 2014/15 BASE BUDGET INCOME 90,431

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL - NO INCREASE 2014/15
	£	£
Property Search Fees		
LLC1 only (compiled information)	30.00	30.00
LLC1 additional parcel of land (compiled information)	5.00	5.00
LLC1 only (personal search) (statutory fee)	0.00	0.00
LLC1 additional parcel of land (personal search) (statutory fee)	0.00	0.00
Standard search fee (LLC1 and CON29R enquiries including highway auhority questions) (statutory fee)	105.00	105.00
CON29R search fee (CON29R enquiries including highway authority questions but not LLC1)	85.00	85.00
CON29R additional parcel of land	10.00	10.00
CON29R and LLC1 additional parcel of land	15.00	15.00
CON29O	10.00 (Question 5)	10.00 (Question 5)
CON29O	10.00 each (Questions 4 and 6 to 21)	10.00 each (Questions 4 and 6 to 21)
CON29O	17.00 (Question 22)	17.00 (Question 22)
Extra written enquiries (not including highways questions-refer to Cumbria County Council)	20.00 each	20.00 each
Retrieval and photocopy of previous search	10.00 each	10.00 each
Copies of other documents referred to in any reply	10.00 each	10.00 each
Registration of a light obstruction notice	30.00	30.00
Filing a Lands Tribunal light obstruction certificate	15.00	15.00
Variation or cancellation of a light obstruction notice	15.00	15.00
Inspection of documents relating to a light obstruction notice	10.00	10.00

2013/14 BASE BUDGET INCOME **120,442**

PROPOSED 2014/15 BASE BUDGET INCOME **120,442**

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL - 2014/15
Hackney Carriage Vehicle Licence: issue fee	101.00	123.00
Hackney Carriage Vehicle Licence: plate fee	8.00	8.00
Hackney Carriage Vehicle Licence: stripes	11.00 for full set or £2.75 for one	11.00 for full set or £2.75 for one
Private Hire Licence Fee: issue fee	95.00	117.00
Private Hire Licence Fee: plate fee	8.00	8.00
Vehicle Test Fee (per test)	30.00	30.00
Trailer Test Fee	23.00	23.00
Trailer Re-test Fee	11.50	11.50
Trailer Plate Fee	8.00	8.00
Administrative Fee for processing refund or transfer	15.00	15.00
Hackney Carriage Driver Licenc: issue fee	62.00	70.00
Private Hire Carriage Driver Licenc: issue fee	62.00	70.00
Criminal Records Bureau check fee	36.00	36.00
Driver Licence: replacement badge	3.00	3.00
Private hire Operator: issue fee	120.00	180.00
Licensing Act 2003 fees	Statutory	Statutory
Gambling Act 2005 fees	As attached	As attached

Note

Vehicle and operator fees are subject to statutory consultation. This means that neither the Executive or Council can approve the increased fees until this consultation has been carried out. The setting of licensing fees is delegated to the Licensing Committee which will carry out this consultaion during February to April. Council can approve the increase in Driver's Licence Fees.

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<u>Appendix D (Pge 19)</u>

Type of Premises	Conversion Fast-Track	Conversion Non Fast-Track	Non-Conversion Provisional Statement	Non-Conversion Application All other	First Annual	Seasonal First Annual	Variation Application	Provisional Statement Applicatio	Transfer	Re-instatement
Regional Casino			£8,000	£15,000	£15,000	£15,000	£7,500	£15,000	£6,500	£6,500
Large Casino			£5,000	£10,000	£10,000	£10,000	£5,000	£10,000	£2,150	£2,150
Small Casino			£3,000	£8,000	£5,000	£5,000	£4,000	£8,000	£1,800	£1,800
Converted Casin	£300	£2,000			£3,000	£3,000	£2,000		£1,350	£1,350
Bingo	£300	£1,000	£500	£1,000	£700	£700 pro-rata min £300	£500	£1,000	£500	£500
Adult Gaming Centre	£300	£800	£500	£1,000	£700	£700 pro-rata min £300	£500	£1,000	£300	£300
Betting (Track)	£300	£1,250	£950	£2,500	£1,000	£1,000 pro-rata min £300	£1,250	£2,500	£950	£950
Family Entertainment Centre	£300	£500	£300	£500	£400	£400 pro-rata min £200	£300	£500	£300	£300
Betting (Other)	£300	£900	£500	£1,000	£500	£500 pro-rata min £200	£500	£1,000	£300	£300

All Premises:

- Fee for copy of Licence - £15
- Fee to accompany notification of change of circumstances - £30

Small Society Lotteries:

- Grant - £40
- Annual Fee - £20

2013/14 BASE BUDGET INCOME	163,400
PROPOSED 2014/15 BASE BUDGET INCOME	163,400

PROPOSED FEES & CHARGES 2014/15	CURRENT FEES 2013/14	BASE PROPOSAL - NO INCREASE 2014/15
	£	£
COUNCIL TAX AND NNDR COURT COSTS		
Summons costs	60.00	60.00

Appendix A e

Appendix E - Revenue Spending Power (DCLG)

2014-15 REVENUE SPENDING POWER ESTIMATES

Please select:

Copeland

	Spending Power Components		2013-14	2014-15
1	Council Tax Requirement excluding parish precepts	£m	3.6	3.6
	Settlement Funding Assessment	£m	5.5	4.8
2	SFA: Adjustment to reflect Section 31 grants for business rates cap	£m	0.0	0.0
3	minus Council Tax Support Funding to Parishes	£m	-0.1	-0.1
4	Efficiency Support Grant	£m	0.0	0.0
	Commons Registration Authorities	£m	0.0	0.0
	Inshore Fisheries Conservation Authorities	£m	0.0	0.0
	Lead Local Flood Authorities	£m	0.0	0.0
	Community Right to Challenge	£m	0.0	0.0
	Community Right to Bid	£m	0.0	0.0
	Local Welfare Provision (Admin + Programme funding) 2014-15	£m	0.0	0.0
	Fire Revenue Grant (FireLink and New Dimension elements)	£m	0.0	0.0
5	Indicative Council Tax Freeze Grant 2014-15	£m	0.0	0.0
6	New Homes Bonus	£m	0.2	0.5
7	New Homes Bonus: returned funding	£m	0.0	0.0
	Housing Benefit Subsidy Admin	£m	0.5	0.0
	Local Council Tax Support and Housing Benefit Administration Subsidy	£m	0.0	0.4
	Council Tax Support New Burdens Funding	£m	0.1	0.1
	LA Social Housing Fraud	£m	0.0	0.0
	City of London Offset	£m	0.0	0.0
	GLA Transport Grant	£m	0.0	0.0
	Local Reform and Community Voices DH revenue grant	£m	0.0	0.0
	Public Health Grant (Ring-fenced)	£m	0.0	0.0
	NHS funding to support social care and benefit health	£m	0.0	0.0
	Estimated 2014-15 Revenue Spending Power including NHS support for social care	£m	9.8	9.4
	Change in estimated 'revenue spending power' 2015-16	£m		-0.4
	Change in estimated 'revenue spending power' 2015-16			**-4.4%**

1 The council tax requirement figures for 2014-15 has been estimated by assuming the historic growth rate in local authority tax bases continues and that there are no increases in Council Tax levels.
2 Estimated value of Section 31 grants to compensate local authorities for the cost of capping the business rates multiplier in 2014-15 announced at Autumn Statement 2013.
3 Council tax support funding for parishes, this funding is assumed to be constant at the level estimated in 2013-14.
4 Efficiency Support Grant in 2014-15 is dependent on local authority's performance. It is capped so that no local authority should receive a spending power reduction of more than 6.9%. For local authorities that received Efficiency Support Grant in 2013-14 they will not get less than their 2013-14 amount in 2014-15.
5 Indicative Freeze Grant 14-15 has been estimated by assuming historic growth rate in local authority tax bases continues and that there is 100% take up of the grant.
6 New Homes Bonus allocations for 2014-15 are provisional
7 New Homes Bonus: Returned funding is the element of the SFA topslice for New Homes Bonus that is returned to local authorities distributed as per 2013-14 SUFA allocations.

Appendix Af

Appendix F

Savings Proposals Identified February 2013 (Adjusted) & December 2013

	Agreed February 2013			Amended December 2013
	13/14	14/15	=	
Savings Proposals Identified February 2013 (Adjusted)	By Mar 13	By Mar 14	in year 14/15	£'000s
REDUCE grass cuts	68	79	11	11
STOP flower displays & maintenance	56	75	19	19
STOP shrub beds-Remove 75% of shrub beds and reseed areas	0	16	16	19.5
REDUCE Internal Audit budget	10	20	10	15
STOP Christmas lights	0	2	2	2
REDUCE council running costs (Business Basics)	80	164	84	145
REDUCE Grants	61.5	82	20.5	20.5
Reduce NCL costs	287	338	51	7
Increase NCL PPM costs				-93
REDUCE Copeland Centre costs	60	150	90	90
Change Beacon opening times and then partner – if not close	109	325	216	216
CLOSE Public Toilets seek CAT	11	41	30	18
Reductions in Members allowances				30
Savings (adjusted) feb 13	742.5	1292	549.5	**500**
Savings Proposals 2014/15				
Additonal external income to support economic development				**62**
Reduction in legal and proffessional fees in finance				**15**
Reduction of 0.6 post DC adminstrative support officer				**12**
Additional fee income:				
RPI Increase cemetery fees				**4**
RPI Increase crematoria fees				**23**
RPI Increase car parking fees				**13**
Additional fee on burials/cremations				**12**
Reduction in residual costs - nuclear issues				**3**
Reduction in members training expenses				**10**
Reduction to concurrent grant				**8**
Savings proposals 2014/15				**162**
Total combined savings for 2014/15				**662**

Appendix G

Appendix G - Inflation workings 2014/15

Contract	Increase
	£'s
NCL	87,364
PFI	56,166
General Repairs	44,840
NCL General Repairs	5,778
Programmed Maintenance	1,514
Cyclical Maintenance	1,657
Term Contact agreed	1,200
Vehicles	4,802
Electricity	9,784
Gas	3,289
RBS Shared Service	43,293
General Inflation	87,088
Total inflation 2014/15	**346,775**

Appendix ~~A~~ h

Earmarked Reserves Review **EXEC 13 02 14**

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Darienne Law – Head of Corporate Resources
REPORT AUTHOR: Ann Treble -Financial Management and Treasury Accountant

SUMMARY

This report details the outcome of the Corporate Leadership Team's review of the earmarked revenue reserves currently held by Council.

Executive are asked to:

- Note the total of £847k (approved to date) as being released into the current year budget from Earmarked Reserves, as shown in Table 1
- Approve the release of £336k from earmarked reserves to the Unallocated General Fund Reserve, to fund a pension deficit payment in year, as detailed in table 2
- Approve the creation of the 'Japanese Knotweed' earmarked reserve as detailed in paragraph 3, to be funded by release from the unallocated general fund
- Recommend to Council (via Budget report) the use of £275k from earmarked Reserves in support of 2014/15 revenue budget as detailed in Table 4 in paragraph 4
- Note the closing value of the ear marked reserves may differ from that stated in table 5, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated.

1. INTRODUCTION

1.1 Revenue reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's revenue and capital budgets when needed.

1.2 This report deals with the review of earmarked reserves only. A separate report details information on the unallocated and risk-based reserves. The Head of Corporate Resources is responsible for advising on the adequacy of reserve levels. In assessing this adequacy account is taken of professional guidance, together with the strategic, operational and financial risks facing the authority. Account is also taken of the key financial assumptions underpinning the budget and financial strategy within the context of the authority's broader financial management arrangements. It should be noted that there is no specified percentage or limit set by the Government or any other body on the appropriate level of reserves to be held. It is for each authority to set guidelines for its own limits as advised by the Head of Corporate Resources.

1.3 New reserves or changes to the use of existing reserves must be approved by the Executive either through the budget monitoring or budget setting process. Forecast calls on earmarked reserves will be adjusted against the appropriate budgets controlled by the named budget holder provided that they fall within approved parameters.

1.4 Reserves may not be over-committed. If potential calls on an earmarked reserve exceed its available balance, then this must be addressed through the budget monitoring process.

1.5 The adequacy and appropriateness of each earmarked reserve is reviewed twice yearly; once within the budget setting and review of MTFS (this report) and once reported as part of the year-end processes, which will be used to inform decisions on carry forwards. Once the purpose of an earmarked reserve has been fulfilled, or the balance is higher than is needed, the remaining balance will be returned in the first instance to the unallocated portion of the General Reserve.

1.6 Information on the purpose, use and balance, in 2013/14, on individual reserves held by the Council is provided at **Appendix A** to this report.

2 USE OF EARMARKED RESERVES IN 2013/14

2.1 **Table 1 – Earmarked Reserves Released into 2013/14 Budget**

Reserve	2013/14 £ Release to Revenue Budget
Chief Executive	
Transformational Fund	100,000
Corporate Resources	
Corporate IT Reserve	16,000
NCL Contract	112,424
PFI	7,000
Coastal Management	35,000
Howbank	20,000
Welfare Support (Support NCL contract)	130,000
Regeneration and Communities	
Copeland Seaside Coastal Park	50,000
Working neighbourhoods	72,456
Beacon	49,000
Neighbourhoods	
Crematorium Donations	4,912
Tmac (formerly CAMEO)	25,000
Re cycling	10,000
Bin replacement fund	20,000
Catherine Street Car Park	1,000
Nuclear, Energy and Planning	

Planning for nuclear	44,000
Weddicar Planning (£100k to support NCL contract)	150,000
Total	**846,792**

2.2 The adequacy and level of the following earmarked reserves has been reviewed and can be released into the unallocated general fund;

- Transformational Fund

  This fund currently has a balance of £773k, the reserve was put aside to deal with the one off costs of change including redundancy costs, specialist support, commissioning costs, training and development costs etc. The fund has been utilised in the last year to fund the support to change programme phase 1 and phase 2. The remaining balance is required to fund the costs of the business basics change which may include redundancies, the costs of any office moves and the next phases of the transformation programme. Whilst the full costs of this work are not yet available the fund is substantial and it is estimated that £100K can be returned to the general fund to support the pension deficit.

- Members Induction
  This reserve needs to be maintained but can be done so at a lower level, as the base budget contains funds for this purpose, it is therefore proposed to release £5k back to the general fund unallocated reserve.

- Sea Walls

  This reserve has not been utilised for a number of years and it is felt that the 'Coastal Management' earmarked reserve which currently has a balance in excess of £240k, could be called upon should the need arise. It is therefore proposed to release the full balance of £9,270 back to the general fund unallocated reserve.

- Universal Credits – Revs and Bens

  This fund is to finance the costs of any redundancies arising from the DWP changes to a Universal Credit system for benefits. The DWP wrote to all councils in 2012 and expressed their view that TUPE would not apply to staff currently employed by councils undertaking benefit work on the introduction of universal credit. However this view has not yet been tested as the roll out of universal Credit has slipped. Therefore it is proposed to reduce this reserve from £200K to £150K releasing £50K to the general fund to fund the pension deficit. This reserve will be kept under review as the case law emerges ref the application of TUPE.

- Welfare Support

This fund was set aside to support the Discretionary Housing Payments (DHP) scheme following the introduction of the spare room subsidy, to date the DHP take up has not met the anticipated levels and therefore £40k can be returned to the general fund.

- Beacon Museum Exhibits

  This was established to enable pieces for the collection to be purchased (could be used as match funding against external funding). Due to the impending changes at the Beacon in our collaboration with Sellafield Ltd the remaining balance of £20k will not be needed in full and it is therefore proposed to release £10k back to the general fund unallocated reserve.

- Bin Replacement ·
  Assuming changes proposed for the replacement of lost and damaged bins and for new developments are implemented (as proposed in the public consultation) it is anticipated the call on the bin replacement fund will be reduced and therefore it is proposed to release £30k back into the general fund unallocated reserve.

- Development Control – Application Support
  This reserve is necessary as there are instances where planning application fees are insufficient to the cost of determination, particular where it is necessary to secure specialist advice. Application numbers and types of application received, and the use of Planning Performance Agreements have resulted in lesser demand for use and whilst it remains important to retain this reserve it is proposed that £5k could be released to the general fund unallocated reserve without leaving the authority exposed to an unmanageable level of risk.

- Planning For Nuclear

  This fund was created from the regeneration reserve and monies put aside to support the councils work on national nuclear issues. The reserve is not the only source of funding for GDF activity – we now have other GDF funding £180K which is tightly ring-fenced and anticipated that we can also cover our costs through our planning performance agreements (PPAs) This will enable £30K to be returned to the general fund.

- Weddicar
  This reserve was set up to defend the planning decision made in 2012 by the authority. £100K of the original balance was released to fund the NCL contract. The appeal has now found in favour of the authority so the remaining £57k on the reserve can be released into the general fund unallocated reserve.

Table 2 – Release of earmarked Reserves to general Fund Unallocated

Reserve	2013/14 £ Release to Unallocated General Fund Reserve
Chief Executive	
Transformational Fund	100,000
Corporate Resources	
Members Induction	5,000
Sea Walls	9,270
Universal credits Implications - Revs and Bens	50,000
Welfare Support	40,000
Regeneration and Communities	
Beacon Museum Exhibits	10,000
Neighbourhoods	
Bin Replacement	30,000
Nuclear, Energy and Planning	
Development Control – Application Support	5,000
Planning for Nuclear	30,000
Weddicar Planning	57,100
Total	336,370

2.4 The total of £336k in table 2 above is being released to the general fund allocated to fund the pension deficit lump sum payment in year, and is reflected in the general fund reserve paper on this agenda.

3 **REQUIREMENT FOR NEW EARMARKED RESERVES**

3.1 The Council has several areas of land which have development potential where Japanese Knotweed is either present or sits on the boundary of the site. Similarly there is a presence of Knotweed on some of the Council's open spaces which abut residential areas. While it is not an offence to have the Knotweed growing on land it is an offence under the Wildlife and Countryside Act 1981 to "plant or otherwise cause (it) to grow in the wild". Because of the damage it can cause to property and the difficulty of eradicating it once established further offences can be caused by not handling the weed properly at all stages. Doing nothing may constitute causing the weed to grow and certainly will affect land valuations and is therefore not an option. Further, Japanese Knotweed is a high profile issue with lenders and mortgage companies who are refusing to lend where Japanese Knotweed is present within 7 metres of the boundary of a property. The Council has recent direct experience of the effect of Knotweed eradication at a site which reduced the capital value of the site by approximately one third.

The weed requires treatment over a minimum period of 3-4 years. It is estimated that it will cost the Council circa. £4k per annum on controlling the weed. It is requested that a sum of £20k be released from the general fund unallocated reserve to be an earmarked reserve which will be available for draw-down on an as required basis by the Council's Parks Manager, to fund both current and future treatments and to manage current and ongoing liabilities and to protect the capital value of the Council's land holdings.

Table 3 – Creation of Earmarked Reserves

Earmarked Reserve	2013/14 £ Release to Earmarked Reserve
Corporate Resources	
Property – Land Management	50,000
Neighbourhoods	
Japanese Knotweed (new details above)	20,000
Total	**70,000**

4 APPROVALS FOR THE USE OF EARMARKED RESERVES 2014/15 (DRAFT BUDGET)

4.1 The current budget build contains funding from a number of Earmarked Reserves, some of which have already been approved for use and some that have not. All are summarised in the table below.

Table 4 – Proposed use of earmarked Reserves in 2014/15 Budget

Reserve	2014/15 £ Release to Revenue Budget
Chief Executive	
Transformation Fund (approved as part of £175k in 2013/14)	125,000
Corporate Resources	
Asset Management	5,500
PFI	7,000
Regeneration and Communities	
Copeland Coastal Seaside Park	50,000
Neighbourhoods	

Crematoruim Donations	344
Tmac Levy (formerly CAMEO)	25,000
Re-cycling	10,000
Bin replacement fund	35,000
Catherine Street Car Park	7,000
Crematorium	10,000
Total	**274,844**

4.2 The Bellwin scheme provides emergency financial assistance to local authorities, usually in response to an emergency caused by the weather (although relief may be available in other circumstances). It is designed to recompense authorities for the cost of emergency measures undertaken to safeguard life or property, or to prevent further suffering and inconvenience locally, during exceptional circumstances. There are strict rules on the types of expenditure that are eligible for reimbursement and an authority would be required to stand the first amount of expenditure (up to 0.2% of its net revenue budget) and remaining expenditure will be paid at 85% of cost not full cost (not full cost). The current budget proposals for 2014/15 and the MTFS to 2017/18 do not contain funding from Bellwin, but should the circumstances exist during the period that require expenditure, a claim will be made if appropriate to do so, ahead of using our own reserves.

5.0 RESERVE TOTALS

5.1 In summary, the forecast available.reserve balances for the period 2013/14, after allowing for the changes contained within this report are as follows:

Table 5

	31 March 2013 £'000	31 March 2014 £'000
Appendix A – Earmarked Reserves	**6,171**	**4,706**

See appendix A for full details of individual reserves

6 RESOURCE REQUIREMENTS

6.1 The report details the financial requirement to utilise the council's earmarked reserves to support the current budget and policy framework and that of 2014/15.

7 STATUTORY OFFICER COMMENTS

7.1 The Monitoring Officer's comments are:

7.2 The Section 151 Officer's comments are: Included in the report

7.3 EIA Comments:

7.4 Policy Framework:

Other consultee comments, if

8 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

8.1 Through the monthly budget monitoring process in which management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole. Exceptions are reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

9 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

9.1 The requirement to use reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.

List of Appendices

Appendix 1 – Earmarked Reserves 2013/14 – 2016/17

List of Background Documents:
Quarter 1 & 2 revenue financial monitoring reports

EARMARKED RESERVES 2013/14

Cost Centre	Description	Purpose	Approval	2012/13 Balance as at 31 March 2013	2013/14 Contributions in year	2013/14 Planned utilisation	2013/14 Release to General Fund	2013/14 Balance as at 31 March 2014	2014/15 Contributions in year	2014/15 Planned utilisation	2014/15 Balance as at 31 March 2015	2015/16 Contributions in year	2015/16 Planned utilisation	2015/16 Balance as at 31 March 2016	2016/17 Contributions in year	2016/17 Planned utilisation	2016/17 Balance as at 31 March 2016
	CHIEF EXECUTIVE																
80305	Transformation Fund (formely Choosing to Change)	Reserve created from £100,000 transferred from balances 2009/10, £455,000 2010/11 service reviews and the transfer of unused earmarked reserve balances totalling £1.083m in December 2010. Funds the Council's Choosing to Change programme of service reviews.	Executive 22/12/10	-872,595		100,000	100,000	-672,595		125,000	-547,595			-547,595			-547,595
	TOTAL			-872,595	0	100,000	100,000	-672,595	0	125,000	-547,595	0	0	-547,595	0	0	-547,595
	POLICY & TRANSFORMATION																
	TOTAL			0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CORPORATE RESOURCES																
80298	2010/11 Carry Forwards	Carry forwards approved by the Executive as part of the 2010/11 and 2012/13 out-turn.	Exec 31/5/11	-615,481		615,481		0			0			0			0
80148	Revenues & Benefits Shared Service	To provide funds to address any performance issues and implementation on the Revenues and Benefits Shared Service, which are subject to ongoing negotiations with the Shared Service.	Exec 30/05/07	-65,392				-65,392			-65,392			-65,392			-65,392
80024	Mayors Charity Bequest	To be used for specific purposes approved by the Mayor. Balances relate to former mayors charities and do not relate to the current mayors charity account	Transfers carried out in 2007/08 & 2008/09	-12,967				-12,967			-12,967			-12,967			-12,967
80230	Members Induction	Set aside from 2007-08 outturn as a contribution to a round of member personal development plans facilitated by NWEO, scheduled for June 2008	Exec 12/08/08	-10,000			5,000	-5,000			-5,000			-5,000			-5,000
80326	Corporate IT Reserve	New Reserve for Corporate IT needs/Business continuity (from 80077 & 80230 above)		-210,402		16,000		-194,402			-194,402			-194,402			-194,402
80178	Elections Fund	£10k is set aside each year to smooth the costs of district council elections.	Exec 30/07/07	-16,240	-20,000			-36,240	-20,000		-56,240	-20,000		-76,240	-20,000		-96,240
80196	Asset Management Enabling Fund	To fund costs of property disposal e.g marketing, ground surveys These are classed as revenue and so cannot be funded from capital receipts. When set up this was to be maintained at £75k, to be topped up from deminimis receipts (less than £10k) which are classified as revenue.	Set up prior to 31 March 2006	-39,177				-39,177		5,500	-33,677			-33,677		3,500	-30,177
	Land Management - 50k	To provide funds for Land Management issues on a contingency basis for the Council's liabilities on its own land where subsidence occurs. This was previously held in the capital programme; however the types of expenditure are for fencing, monitoring of movement and barrier shrub planting and are not eligible for capital financing and there is currently no provision in the Revenue budget.		[redacted]				-50,000			-50,000			-50,000			-50,000
80208	PFI Non Conformance Incidents	To meet costs of minor works and contract changes for the Copeland Centre. This for changes outside the scope of the PFI contract and so additional to the budget for the unitary payment. This reserve is built up from performance deductions against the unitary payment made to London & Regional.	Additional £39.4k agreed Exec 29/06/10	-17,586				-17,586			-17,586			-17,586			-17,586
80320	NCL Contract	To provide funds for repairs and maintenance 2012/13	Exec 20/12/11	-120,854		112,424		-8,430		0	-8,430		0	-8,430		0	-8,430
80137	Environmental Insurance Reserve	Balance on the Environmental Insurance Reserve from GF risk-based reserve	Exec. 20/12/11	-90,000				-90,000			-90,000			-90,000			-90,000
80205	Coastal Management	Created from the merger of 3 x GF risk based reserves - Sea Walls, North Shore, Environmental Warranty and part of the Environmental Insurance Reserve. Change Board 27/11/13 agreed to give up Sea Walls Reserve with future funded to come from Coastal Mgt if required	Exec. 20/12/11	-245,649		35,000		-210,649			-210,649			-210,649			-210,649
80207	PFI Reserve (former Sinking Fund)	Built up from annual contributions from the revenue budget to smooth payments for the PFI scheme over 25 years. Annual contribution from the revenue budget which should be increased by inflation each year.	Reclassified following RPWG 12/04/12	-1,616,248	-149,392	7,000		-1,758,640	-7,000	7,000	-1,758,640	-7,000	7,000	-1,758,640	-7,000	7,000	-1,758,640
80204	Pheonix Court (former Sinking Fund)	Set up to smooth maintenance costs for this enterprise centre. Contributions formerly £3,000 p.a but no made since 2005/06	Reclassified following RPWG 12/04/12	-12,609				-12,609			-12,609			-12,609			-12,609
80189	Sea Walls (former Sinking Fund)	Started in 2009/10 to build up a fund to pay for works to sea defences. Annual budget contribution £9,270.	Reclassified following RPWG 12/04/12	-9,270			9,270	0			0			0			0
80325	Compensation payments for community asset transfers	Created to meet Authority's potential need to compensate private landowners for delayed disposal of their assets under the Localism Act (needs to be retained at £20k - maximum call in any 1 year)	Exec 18 Dec 2012 (unalloacted and risk based reserves)	-20,000				-20,000			-20,000			-20,000			-20,000
80324	Howbank	Created to meet potential costs of rehousing people at howbank following collaspe of shaft Nov 2012	Exec 18 Dec 2012 (unalloacted and risk based reserves)	-20,000		20,000		0			0			0			0
80327	MMI	Created to met Authority's potential liability from winding up of previous insurer, triggered Nov 2012	Exec 18 Dec 2012 (unalloacted and risk based reserves)	-372,405				-372,405			-372,405			-372,405			-372,405
80322	Universal Credit Implications - Revs and Bens	Created to meet the Authority's liablity regarding employees redunandancy as staff cannot be TUPEd under the changes regarding the introduction of Universal Credit.	Exec 18 Dec 2012 (unalloacted and risk based reserves)	-200,000			50,000	-150,000			-150,000			-150,000			-150,000
80329	Welfare Support		Exec 28 May 2013	-200,000		130,000	40,000	-30,000			-30,000			-30,000			-30,000
	TOTAL			-3,894,280	-219,392	935,905	104,270	-3,073,497	-27,000	12,500	-3,087,997	-27,000	7,000	-3,107,997	-27,000	10,500	-3,124,497
	REGENERATION & COMMUNITIES																
80296	Dilapidated Buildings	From 2008-09 outturn, to address derelict and dilapidated buildings. This will provide 'seed' funding	Exec 30/06/09	-33,966				-33,966			-33,966			-33,966			-33,966
80319	Housing Strategy	To fund the 5-yearly Housing Stock Condition Survey	Exec 20/12/11	-10,000	-10,000			-20,000	-10,000		-30,000	-10,000		-40,000	-10,000		-50,000
80308	Homelessness Repossession Fund	For activity to reduce repossessions and homelessness	Exec 29/06/10	-22,589				-22,589			-22,589			-22,589			-22,589
80315	Copeland Seaside Coastal Park	For coastal regeneration programme as outlined in Copeland Regeneration report to Exec on 29/06/10.	Exec 29/06/10	-131,864		50,000		-81,864		50,000	-31,864			-31,864			-31,864
80197	Working Neighbourhoods	To support Copeland Regeneration Plan.	Exec 12/08/08 and 22/09/09	-72,456		72,456		0			0			0			0
80177	Beacon Museum Exhibits	To use (often as match funding) to purchase items for the Beacon museum collection	Precedes 2005/06	-21,014			10,000	-11,014			-11,014			-11,014			-11,014
80283	Beacon (former Sinking Fund)	Set up as part of the agreements with funding partners to ensure that the Beacon is continually upgraded. The fiund has been built up from annual revenue budget surpluses generated at the Beacon	Reclassified following RPWG 12/04/12	-162,774		49,000		-113,774			-113,774			-113,774			-113,774
	TOTAL			-454,663	-10,000	171,456	10,000	-283,207	-10,000	50,000	-243,207	-10,000	0	-253,207	-10,000	0	-263,207

EARMARKED RESERVES 2013/14

Cost Centre	Description	Purpose	Approval	2012/13	2013/14				2014/15			2015/16			2016/17		
				Balance as at 31 March 2013	Contributions in year	Planned utilisation	Release to General Fund	Balance as at 31 March 2014	Contributions in year	Planned utilisation	Balance as at 31 March 2015	Contributions in year	Planned utilisation	Balance as at 31 March 2016	Contributions in year	Planned utilisation	Balance as at 31 March 2016
	NEIGHBOURHOODS																
80046	Crematorium Donations	Donations from the public via a collection box at the Crematorium made specifically for the purpose of maintaining the crematorium and are ringfenced for that purpose.	No approval	-5,256		4,912		-344		344	0			0			0
80302	Proceeds from Tmac Levy (formally CAMEO tax)	Balance of proceeds from CAMEO tax to be used to fund replacement cremators & mercury abatement.	Exec 29/06/10	-104,508	-50,000	25,000		-129,508	-50,000	25,000	-154,508	-50,000	25,000	-179,508	-50,000	25,000	-204,508
80206	Recycling	Balance from the Recycling Sinking Fund transferred to earmarked reserves. Used for equipment purchase	Exec 20/12/11	-43,784		10,000		-33,784		10,000	-23,784		10,000	-13,784		10,000	-3,784
80198	Bin Replacement Reserve (former Sinking Fund)	Set up in 2003 to fund the provision/replacement of wheelie bins. Funded from ad-hoc underspends within the revenue budget. Last revenue contribution £44,000 2007/08.	2003/04	-146,262		20,000	30,000	-96,262		35,000	-61,262		20,000	-41,262		20,000	-21,262
80193	Catherine Street Car Park	Set up as part of an agreement with Cumbria CC who released the land for the Sports Centre car park. Contributions are made from the revenue budget annually (£5,150) to fund maintenance works at the car park.	Reclassified following RPWG 12/04/12	-77,011	-25,150	1,000		-101,161	-5,150	7,000	-99,311	-5,150	2,000	-102,461		2,000	-100,461
80203	Crematorium Sinking Fund	Set up to fund improvements to the car park at the Crematorium. Contributions are made annually to the fund equivalent to £10 per cremation	Reclassified following RPWG 12/04/12	-30,290	-9,500			-39,790	-9,500	10,000	-39,290	-9,500		-48,790	-9,500		-58,290
	Knot weed	Proposed this report for the treatment over 3-4 year period of knotweed on Counci land (from gf unallocated)		0	-20,000			-20,000			-20,000			-20,000			-20,000
	TOTAL			-407,111	-104,650	60,912	30,000	-420,849	-64,650	87,344	-398,155	-64,650	57,000	-405,805	-59,500	57,000	-408,305
	NUCLEAR PLANNING AND ENERGY																
80127	Local Development Framework	To fund Local Delivery Framework. Revenue Budget report to Exec 17/02/09 App G. Further £20k carry forward from 09/10 to support LDF, planning enformcement and conservation planning	Council 24/02/09 Exec 24/01/10	-93,619				-93,619			-93,619			-93,619			-93,619
80314	Planning Policy- Habitat Evaluation	To meet duties to asess impact of developments on natural habitats. This is from un-ringfenced Habitat Directives grant	Exec 29/06/10	-33,670				-33,670			-33,670			-33,670			-33,670
80180	Dangerous Structures	Transferred from GF risk based reserve	Exec 20/12/11	-17,403				-17,403			-17,403			-17,403			-17,403
80274	Development Control - Application Support	To support costs of major planning applications, as required.	Exec 27/05/08 & 12/08/08	-25,758			5,000	-20,758			-20,758			-20,758			-20,758
80294	Building Control - Charges Regulations 2010	This is the balance from £110k carried forward from 2007-08 from salaries underspend, for service improvements.	Exec 27/05/08 & 12/08/08	-20,086				-20,086			-20,086			-20,086			-20,086
80273	Development Control - Enforcement	Provides funding for 2 years up to 2011-12 for an enforcement officer.	Exec 27/05/08 & 12/08/08	-11,373				-11,373		0	-11,373			-11,373			-11,373
80171	Planning for Nuclear	Assist in the future funding of Nuclear activities	Executive 16/2/10 (6,262), Council 1/12/11 (19,361), Executive May 2013	-133,906		44,000	30,000	-59,906			-59,906			-59,906			-59,906
80328	Weddicar Planning	Created to defend planning decision made re windfarm in 2012	Exec 18 Dec 2012 (unallocated and risk based reserves)	-207,100		150,000	57,100	0			0			0			0
	TOTAL			-542,915	0	194,000	92,100	-256,815	0	0	-256,815	0	0	-256,815	0	0	-256,815
	GRAND TOTAL			-6,171,564	-334,042	1,462,273	336,370	-4,706,963	-101,650	274,844	-4,533,769	-101,650	64,000	-4,571,419	-96,500	67,500	-4,600,419

Appendix A I

Unallocated and Risk-Based General Fund Balances **EXEC 13 02 14**

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Darienne Law – Head of Corporate Resources
REPORT AUTHOR: Ann Treble -Financial Management and Treasury Accountant

SUMMARY

This report details the Head of Corporate Resources review of the general fund balances currently held by Council.

Executive are asked to:

i. Recommend to Council to approve the release of £180k from the risk based allocation to support the pension fund deficit lump sum payment; to leave the general fund risk based allocation at £2m.
ii. Recommend to Council to approve the sum of £336k to be received back into the General Fund balance from earmarked reserves as detailed in the Earmarked Reserve Review Report presented elsewhere on this agenda.
iii. Recommend to Council to approve the release of £420k from the unallocated general fund to support the pension fund deficit lump sum payment; to leave the general fund unallocated at £903k.
iv. Recommend to Council to approve the release of £20k from the unallocated general fund to allow the creation of a 'Knot weed' earmarked reserve as detailed in the Earmarked reserve report, presented elsewhere on this agenda; to bring the unallocated general fund balance to £883k
v. Note the use of the unallocated General Fund in the year as detailed in paragraph 4.1
vi. Note the proposed use of general fund in 2014/15 of £230k as shown in Appendix A
vii. Note the closing value of the general fund reserve may differ from that stated in table 4, dependent upon revenue out turn as at 31 March 2014; an underspend of the current year budget would increase reserves with an overspend causing them to drop below the levels stated.

1. INTRODUCTION

1.1 Revenue reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's revenue and capital budgets when needed.

1.2 This report deals with the S151 Officers review of the unallocated and risk-based reserves only. A separate report details information on earmarked reserves. The Head of

Corporate Resources is responsible for advising on the adequacy of reserve levels. In assessing this adequacy account is taken of professional guidance, together with the strategic, operational and financial risks facing the authority. Account is also taken of the key financial assumptions underpinning the budget and financial strategy within the context of the authority's broader financial management arrangements. It should be noted that there is no specified percentage or limit set by the Government, Audit Commission or any other body on the appropriate level of reserves to be held. It is for each authority to set guidelines for its own limits as advised by the S151 Officer - Head of Corporate Resources.

1.3 A summary of the total level of general reserves held by the Council is attached at Appendix A.

1.4 Recommendations on changes to the level of earmarked reserves held or changes to the annual utilisation of those reserves must be submitted to the Executive for approval. The approval for the use of the General Fund or changes to amounts to be taken from the General Fund must be approved by Council.

1.5 Overall, the Council currently holds the following revenue reserves, with **opening balances** as at 1 April 2013;

	2013/14 £'000
General Fund Risk-based	2,180
General Fund Unallocated balance	1,065
Earmarked Reserves (separate report at this meeting)	6,171
Total	**9,416**

2. UNALLOCATED AND RISK BASED GENERAL FUND BALANCES

2.1 The General Fund is an accumulation of surpluses / deficits on overall revenue spending. The level of this reserve is linked to a risk assessment of the financial position of the authority.

2.2 The use of a risk-based approach better determines the appropriate level of reserves in relation to risks and specific circumstances facing the Council. Therefore, the risk led element of the General Fund balance provides cover for risks and uncertainties in the approved budget and for emergencies. It does not provide cover for additional investment, rather it is there to ensure the approved budget can be delivered if associated risks materialise.

2.3 The Head of Corporate Resources recommends a level for the risk-based element of the General Fund as part of the budget setting process each year. Budgets will be produced on the basis that the General Fund balance will be maintained at least at the recommended level throughout the period covered by the Medium-term Financial Strategy and can be sustained at this level in the longer-term.

2.4 As part of the review of reserves carried out during 2012/13 the level of risk based reserves was set at £2,180,000 being the minimum level that was deemed to be acceptable for Council purposes at that time. This level is now changed to £2m, see paragraph 3 for full details.

2.5 If the balance on the General Fund is projected to fall below the recommended risk-based level, then priority will be placed on restoring the balance in subsequent budget and out-turn recommendations. Temporary dips below the target may be acceptable provided that the minimum amount is not likely to be breached and there is a robust plan to restore balances to the target level.

3 THE GENERAL FUND RISK-BASED BALANCE

3.1 The Council has a statutory responsibility to have in place arrangements for managing risks. Risk Management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, reputation, compliance with legislation and environment.

3.2 Risk Management strengthens the ability of the Council to achieve its corporate objectives and priorities and enhance the value of services provided. It provides a strategic tool in planning and decision making. The council has recognised the increasing importance to managing risk given the changing external environment and approved an updated Risk Management Strategy in September 2013 which has refreshed the strategic risk register and Executive now monitors the Council's risks on a quarterly basis .

3.3 Risk Management, amongst other definitions, can be defined as:

> **"The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks."** ***ZMMS/SOLACE, Chance or choice? July 2000.***

3.4 Risk Management is a strategic tool and is an essential part of effective and efficient management and planning. Risk can be classified as either strategic risks that impact on the medium to long term objectives of the Council or operational risks that are associated with the day – to day activities of the Council.

3.5 With increasing uncertainty on our funding and resource levels arising from the CSR 10 and now CSR13, alongside national policy changes, the identification and management of our strategic risks is vital for the council. The General Fund Risk Based Balance was set for 2012/13 at £2,180,000 as part of the budget setting process in February 2013, and was based on a number of risks that the Council at that time were either experiencing or anticipating.

3.6 Some of these risks have now crystallised, the most extensive one being the results of the 2013 Triennial pension review, which requires the authority to make a lump sum payment in year to start meeting its liabilities. Part of the funding for this will be taken from the Risk Based Reserve. Full details of the review and implications are contained within the Pension Deficit Strategy, which is presented elsewhere on this agenda.

3.7 Given the refreshed strategic risk register, and particularly the growing uncertainty of the funding streams for local government following the Local Government Finance Act 2012 – which passport the risk (and benefits) of business rate scheme to local authorities, the Head of Corporate Resources has reviewed and reassessed the level that the general fund risk based reserve level should now be maintained.

3.8 The assessment of risk is depend on the Councils appetite to risk and the preference that it has for dealing with the risk, which of the 4 Ts of risk management that the council prefer to use. The 4 T's are:-

- Treat
- Tolerate
- Terminate
- Transfer

3.9 The recent workshop with members held in December 2013 highlighted the council's approach has in the past looked to Treat its significant risks and has a low appetite for risk. This approach will require appropriate levels of financial resources to be available to fund the treatment.

3.10 The main risks in the strategic risk register are attached as Appendix 3. These main ones which score a rating of 5/ 6 for Likelihood and 3/ 4 for impact are:-

- Financial Viability,
- Lack of capacity, resources and capability to deliver the change programme
- Maintaining focus on the Council's core business
- Challenge/Judicial review
- Making partnerships work during times of significant change
- Failure to design services to meet the needs of the most vulnerable in the community
- NNDR & the Growth Strategy

3.11 An assessment of the financial implications of these are set out in Appendix 2 and summarised below.

Table 1 – Summary of Risk Based General Funds Reserve 2013/14

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	75%	202	152	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	167	125	Bellwin scheme cuts in at 0.2% of Net Budget and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	75%	34	26	Based on 10% of insurance premia payments
Fall in Rental Income from Property	6	75%	79	59	10% of Rental Income (assumed at £0.8m for 2014/15)
partnership support to discretionary services not met	2	25%	725	181	level of support in grants material and subject to agreements
accomodation strategy and ICT technology changes	4	50%	250	125	risks ref PFI income from subtenant and reshaping accommodation for staff and ability to address the IT needs and community access needs
business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	2	25%	360	90	Assumed at 1% of Net Revenue Budget
vehicle operators licence	4	100%	72	72	Evidence of financial standing required to main Operators Licence for Goods Vehicle and for hiring in should an emergency occur
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average deficit if pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			3,412	2,055	
Maximum Risk Based Reserve Balances				3,412	
Minimum Risk Based Reserve Balances				1,706	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				2,000	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				-55	

3.12 Civil emergencies - The Bellwin scheme is a Government scheme which provides emergency financial assistance to local authorities, usually in response to an emergency caused by the weather (although relief may be available in other circumstances). It is designed to recompense authorities for the cost of emergency measures undertaken to safeguard life or property, or to prevent further suffering and inconvenience locally, during exceptional circumstances. There are strict rules on the types of expenditure that are eligible for reimbursement and an authority would be required to stand the first amount of expenditure (up to 0.2% of its net revenue budget) and remaining expenditure will be paid at 85% of cost not full cost (not full cost). The current budget proposals for 2014/15 and the MTFS to 2017/18 do not contain funding from Bellwin, but should the circumstances exist during the period that require expenditure, a claim will be made if appropriate to do so, ahead of using our own reserves.

3.13 To deliver waste collection or other services using heavy goods vehicles, the Council must have a Goods Vehicle Operators Licence. Operators licensing is aimed at ensuring the safe and proper use of goods vehicles and the protection of the environment around operating centres. The legal requirements for operators includes being able to prove fitness to hold a licence, that the appropriate level of financial resources are available for, and arrangements are in place, to maintain vehicles; and that at least one professionally competent transport manager is employed to ensure transport operations are correctly managed. The level of financial resources required is defined by the Goods Vehicle (Licencing of Operators) Act 1995 and calculated on the number of vehicles authorised to be used under the licence.

3.14 It is the Head of Corporate Resources view that, given the councils risk appetite, preference for treatment and the levels of risk currently identified, the risk based reserve should be maintained at the £2m level.

4 THE GENERAL FUND UNALLOCATED BALANCE

4.1 A number of issues requiring revenue funding in this year have been highlighted and are detailed in Table 2:

Table 2 –Movements from general fund unallocated into budget 2013/14

Reserve	2013/14 £ Release to Revenue Budget	2013/14 £ Release to Revenue Budget
Elections Cover – Executive 27 Aug 2013	42,000	
Grass Cutting Gateways – Executive 27 Aug 2013	13,000	
Project Management Pool – Council 12 Sep 2013	27,000	
Property & Building Contract PYE – Executive 1 Nov 2013	20,000	
Return of Nuclear Funding – Council 26 June 2013	-44,000	**58,000**
Pension Deficit: unallocated general fund reserve	420,000	
Pension Deficit: risk based general fund reserve	180,000	**600,000**
TOTAL		**658,000**

4.2 The creation of a new earmarked reserve is discussed fully in the 'earmarked reserve Review' report, elsewhere in this agenda.

Table 3 – Movements from general fund unallocated for creation of earmarked reserve 2013/14

Reserve	2013/14 £ Release to Earmarked Reserves
Property Land Management	50,000
Japanese Knotweed – NEW request	20,000
TOTAL	70,000

4.3 An earmarked reserve report which is presented elsewhere on this agenda details a number of reserves, totalling £336k that can be released back to unallocated General Fund as they are no longer required.

5 THE GENERAL FUND BALANCE

5.1 Taking into account all the movements as detailed in paragraphs 2,3 and 4 above the proposed position on the risk based and unallocated General Fund balance at 31 March 2014 is therefore as follows;

Table 4 – Summary of movements in general fund 2013/14

	Balance 1 April 2013 £'000	Additions in year 2013/14 £'000	Released from GF in year 2013/14 £'000	Released to GF in year 2013/14 £'000	Forecast balance 31 March 2014 £'000
Opening balances					
Risk-based balance	2,180				2,180
Unallocated balance	1,065				1,065
Movements previously agreed					
Risk Based balance					
Unallocated balance		30	(108)		(78)
Proposals as per this report					
Risk-based balance			(180)		(180)
Unallocated balance			(440)	336	(104)
Closing Balances					
Risk based balance	2,180		(180)		2,000
Unallocated balance	1,065	30	(548)	336	883
Totals	**3,245**	**30**	**(728)**	**336**	**2,883**

6 RESOURCE REQUIREMENTS

6.1 The report details the financial requirement to utilise the council's general fund reserves to support the current budget and policy framework and that of 2014/15.

7 STATUTORY OFFICER COMMENTS

7.1 The Monitoring Officer's comments are: No further comments

7.2 The Section 151 Officer's comments are: Included in the report

7.3 EIA Comments:

7.4 Policy Framework:

Other consultee comments, if

8 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

8.1 Through the monthly budget monitoring process in which management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole. Exceptions are reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

9 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

9.1 The requirement to use reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.

List of Appendices
Appendix 1- General Fund Reserve
Appendix 2 – General Fund Risk Base Assessment
Appendix 3 – Strategic Risk Register

List of Background Documents:
Quarter 1 & 2 revenue financial monitoring reports

Appendix A I 1

Appendix I (1)

RESERVES - GENERAL FUND

	2012/13	2013/14				2014/15			2015/16		
	Balance Carried forward	Additions in Year	Released from GF in Year	Released to GF in year	Balance Carried forward	Additions in Year	Released in Year	Balance Carried forward	Additions in Year	Released in Year	Balance Carried forward
	£	£	£		£	£	£	£	£	£	£
General Fund Risk Based	-2,180,000				-2,180,000			-2,000,000			-2,000,000
Proposed use Pension deficit			180,000		180,000						
General Fund Unallocated	-1,065,030	-30,000	128,000	-336,370	-1,303,400	0	230,000	-653,400	0		-653,400
Proposed use Pension deficit			420,000		420,000						
Total General Fund	-3,245,030	-30,000	728,000	-336,370	-2,883,400		230,000	-2,653,400	0	0	-2,653,400

Contribution Budget report Full 21/2/12	-30,000			
Full Council 20/6/13				
Property - Land management EMR		50,000		
Nuclear Funding from EMR not GF		-44,000		
Exec 27/8/2013				
Elections cover		42,000		
Grasscutting gateways to towns		13,000		
Full Council 12/9/13				
Project Mgt Pool Extension		27,000		
Exec 6/11/13				
Property & Building Maintenance Contract 1/11/13 half £40k		20,000		
This report 'knotweed' emr		20,000		
		128,000		
Change Board 27/11/13				
Release of EMR to GF to fund Pension Deficit				
Transformation fund			-100,000	
Members Induction			-5,000	
Seawalls			-9,270	
Universal Credit			-50,000	
Welfare Support			-40,000	
Beacon Museum			-10,000	
Bin Replacement			-30,000	
Development Control			-5,000	
Planning for Nuclear			-30,000	
Weddicar Planning			-57,100	**-336,370**

Appendix A I2

Appendix I (2) - RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	75%	202	152	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	167	125	Bellwin scheme cuts in at 0.2% of Net Budget and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	75%	34	26	Based on 10% of insurance premia payments
Fall in Rental Income from Property	6	75%	79	59	10% of Rental Income (assumed at £0.8m for 2014/15)
partnership support to discretionary services not met	2	25%	725	181	level of support in grants material and subject to agreements
accomodation strategy and ICT technology changes	4	50%	250	125	risks ref PFI income from subtenant and reshaping accommodation for staff and ability to address the IT needs and community access needs
business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	2	25%	360	90	Assumed at 1% of Net Revenue Budget
vehicle operators licence	4	100%	72	72	Evidence of financial standing required to main Operators Licence for Goods Vehicle and for hiring in should an emergency occur
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average deficit if pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			**3,412**	**2,055**	
Maximum Risk Based Reserve Balances				3,412	
Minimum Risk Based Reserve Balances				1,706	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				**2,000**	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				-55	

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NOTES

Projected Net Revenue Budget for 2014/15 as per MTFS 23/12/13	10,000	

Calculation of Bellwin	Potential Cost of emergency	1,000	
	0.2% of Net Revenue Expenditure	20	a
	Applicable for Bellwin	980	b
	Up to 85% Eligible to be reclaimed	833	c
	Potential cost to Council	167	(a+b-c)

RISK SCORES AND WEIGHTINGS

IMPACT		LIKELIHOOD					
		Low		Significant		High	
	High	3	50%	6	75%	9	100%
	Medium	2	25%	4	50%	6	75%
	Low	1	25%	2	25%	3	50%

Appendix AI3.

Appendix I(3)- Strategic Risk Register 2013/14

Risk Description 1:	Securing financial viability							
Risk Score	Likelihood - Very High (6), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Following the recent budget announcement, the settlement has given even more uncertainty • A number of national policy changes which impact on finances e.g. localised business rates and council tax • Volatility of finances e.g. over or under achieving • Scale and pace of the financial targets • Limited or unknown ability to secure additional income (link to assets)	• Medium Term Financial Plan (MTFP) identifies 2.5 million reduction over 2 years • Failure to define core business • Not achieving buy in to make that reduction • Securing the decision • Implementation of the savings • Unknown Settlement • Impact of County Council decisions e.g. recycling • Cuts in other public services – impact on the Council – leading to increase demand of council services	• Not being able to fund core business • Affect the most vulnerable in society • Increase demand on services e.g. homelessness • Lead to a different change programme • Less prepared for alternative delivery models • Credibility/Reputation (personally and as an organisation) • Inability to achieve investment in priority areas based on evidence/need • Slash and burn	Chief Executive with Head of Corporate Resources	05/07/12	Change Board established to oversee the corporate change programme Close scrutiny of the MTFS A clear process for delivering a policy lead budget agreed	Continuing close scrutiny of MTFS Monthly budget monitoring Change Programme Board meets regularly to deliver planned actions	Monthly budget monitoring Achieve outcomes and targets for all projects Change Programme Board meets regularly	Monthly

Risk Description 2:	Lack of capacity, resources and capability to deliver the change programme							
Risk Score		Likelihood –Very High (6), Impact - Critical (3)						
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
• Scale and pace of change – immediate volume of work • Imperative behind the changes (incremental change not sufficient) • Managing and leading the change (significant transformation required) • Change fatigue (3 years) • Transformation change 'v' normal service delivery • Risk of losing key staff – staff thinking what's best for them • Recruit and retain elected members	• Loss of key staff • Reliance on good will (pushed too far) • Failure to define core business • Partnership breakdown (over reliance on partnerships) • Prioritisation – failure to prioritise • Leadership and management of the change programme insufficient • Insufficient capacity to deal with the scale and pace of change required • Loss of existing elected members	• Business Continuity • Organisational resilience • Don't deliver key services • Performance declines • Core services don't get delivered to those who most need them • Reputation • Staff absenteeism • Morale	Chief Executive	05/07/12	New Corporate Leadership team in place & Change Programme Board established New Performance Appraisal System in place Core curriculum devised & delivered Competency Framework in place North West Employers continue to support Process for delivering policy led budget devised & underway Resources	Change Programme Board to deliver change programme. CLT to monitor organisational performance & wellbeing Continue with change support for staff Change Management Policy C2C Budget to support organisational change Transition Funding	Employee & Resident satisfaction Change Programme Board to deliver change programme on time & to standard Staff turnover Absenteeism Staff retention	Quarterly

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					allocated and underway for Organisational Development Member Development Member briefings			

Risk Description 3:	Challenge/Judicial review							
Risk Score	Likelihood – Significant (4), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Decisions that will have an impact on local communities • Potential reduction in discretionary services (high visibility) • A safe decision (appropriate and timely decision) – process needs to be proportionate, robust and safe • Community appetite to challenge decisions unknown	• Failing to consult or communicate appropriately • Failure to deliver to the timetable • Risk of pre-determination • Ineffective process in place • Insufficient resources devoted to the decision-making process	• Financial loss • Reputation damage • Need to start the process again • Lost time • Lost saving (linked to MTFS)	Chief Executive with Head of Policy & Transformation	05/07/12	Project Management Training delivered Policy Forecast Change Programme Board established Decision making process devise and agreed Equality Scheme and approach to EIAs agreed. Public Consultation complete	Consultation plan and delivery mechanism to be agreed Key stakeholders to be engaged	Consultation plan devised and delivered on time. Engage key stakeholders	Monthly

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Risk Description 4:	Maintaining focus on the Council's core business							
Risk Score		Likelihood - High (5), Impact - Critical (3)						
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Gaining consensus over core business • Gaining agreement about what to stop • Ineffective employment of resources	• Maintain focus on core business • Not following through on a decision • Holding the line	• Business Continuity • Organisational resilience • Performance falls • Affect the most vulnerable in society • Inability to achieve investment in priority areas based on evidence/need • Reputation	Chief Executive	05/07/12	Change Programme Board established Decision making process agreed Performance Management Framework established MTFS	Effective communication with stakeholders, partners and staff Consultation plan to be agreed and delivered Continue to monitor MTFS Corporate Plan Service Plans Stops List Change Programme Board established	MTFS Customer Satisfaction – new target and regular monitoring Budget delivered Service Plan delivery monitoring by CLT	Quarterly

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Risk Description 5:	Inability of the Council to make the necessary decisions in a timely way							
Risk Score		Likelihood –High (5), Impact - Critical (3)						
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Emotional response to make decisions • Unpopular decisions • Close knit community • Elected members learning in their roles • Cross council support	• Decisions overturned • Individuals choosing to not participate in decision making • Maintaining decisions	• Don't get clarity • Can't deliver the MTFS • Political fallout • Uncertainty • Reputation damage • Morale issues	Chief Executive with Director of Services	05/07/12	Change programme Board established Decision making process agreed Joint regular sessions with Informal Executive Regular Member briefings on key issues. Member & staff engagement Setting priorities	Effective communication with stakeholders Continued staff engagement Communicate need for change Scenario Planning Training & Development programme for Officers and Members	MTFS Consultation plan devised and delivered	Monthly

Risk Description 6:	Making partnerships work during times of significant change							
Risk Score		Likelihood - High (5), Impact - Critical (3)						
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Some partners are in the same position (public sector partners e.g. austerity measures) • Capacity is therefore reduced • Not sure which partners the Council is reliant on (which partners are most important to deliver the change agenda) • Strategic alignment of key partnerships • Reducing partnership arrangements to a small number of	• Each agency having to make its own savings • Lack of joined approach to savings programme and impact analysis • Retrenchment of partners • Lack of capacity to work together on known issues • Taking resources out of partnership arrangements (cash and people) • Will need to re-prioritise partnership arrangements around agreed priorities • The need for new and different partners	• Ability to work differently in the future to maintain service provision • Reputational impact • Ability to maintain key relationships and the benefits associated with them	Director of Services	05/07/12	Copeland Partnership Assessment & Priority Process (link to Corporate Plan priority 2) Cumbria Chief Executive Officers group	Review partnerships and partnership arrangement Stakeholder/Partner Engagement Plan Priority Setting Match skills to deliver for the future Review of New Nuclear Governance Framework and Strategic Partnership Meetings	Number of relevant and sustainable partnerships	Quarterly

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strategic partnerships Realising the best opportunities through partnership working								

Risk Description 7:	Failure to design services to meet the needs of the most vulnerable in the community							
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Customers who are most vulnerable will be most affected by any reduction in service delivery • Role of a district council • Need to invest in service areas which support the most vulnerable in the community • Most vulnerable in	• Lack of evidence of need or impact • Taking decisions that have multiple impacts on the same communities • Not identifying opportunities to work differently to help maintain services for those most in need • Not engaging the hard to reach in the decision-making process	• Communities and residents suffer • Health-related impacts worsen • Community cohesion challenged • Demand for public services increase • Reputational issues for the Council • Staff morale as unable to help those most in need or sustain these services most needed	Director of Services	05/07/12	Key services being delivered for those in need. Partnership work around financial inclusion	Community Needs Analysis Consultation Plan devised and agreed Stakeholder Engagement Alternate ways of working analysis Working with partners around delivery	Ill Health IMD data Fuel Poverty Child Poverty Consultation respondent profiles EIA for services Investment Profile for each service Relevant and sustainable partnerships	Monthly

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society experience multiple impacts • Most likely to be struggling at household level • Least likely to have a voice in the decision-making process								

Risk Description 8:	Reputation – Deleted March 2013

Risk Description 9	The role of the Council within Nuclear and Energy sectors							
Risk Score	Likelihood - Very High (6), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Failure to represent the community nuclear and energy related projects, including issues relating to radioactive waste management and disposal • Failure to meet statutory obligations	• Failure to retain staff • Failure to retain skills • Inability secure funding for staff resource • NSIP and GDF programme slippage • PPA commitments not met	• Failure to represent the community • Inability to influence industry and government agenda to ensure recognition of Copeland's unique role in the sector • Failure to secure community benefits	Director of Services	12/9/12	On going match of staffing to external funding opportunities PPA's in place Engagement with industry and government – ensuring representing on national bodies	PPA monitoring, nuclear programme updated Review and implementation of governance structure for collaborative/partnership working within nuclear and energy sector	Milestones and regulatory requirements met	6 monthly

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through NSIP (Nationally Significant infrastructure projects) (New Build and New Grid) process. • Failure to support commitments to GDF process		• Failure to regeneration and economic benefit from new development			and representative groups			

Risk Description 10:	**Meeting statutory responsibilities during a time of budgetary change**							
Risk Score	**Likelihood - High (5), Impact - Critical (3)**							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Failure to identify all statutory obligations and where these are met within the organisation • Impact of budget reductions on ability to carry out statutory duties • Failure to identify new and changing requirements • Failure to retain	• Failure to retain critical organisational knowledge • Failure to retain staff	• Failure to achieve could result in financial penalties.	Chief Executive	08/08/12	Identified different service types	Monitor new and emerging requirement Monitor continued delivery of existing requirements	Meet statutory requirements Meeting regulatory requirements e.g. INSPIRE Investment required to meet new/emerging statutory requirements	Quarterly

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sufficient critical • Financial penalties • Failure to retain critical mass to meet statutory obligations								

Risk Description 11:	NNDR & the Growth Strategy							
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• Changes in Local Government Finance means that income from NNDR is no longer guaranteed due to new collection procedure • Growth of businesses does not happen and level of appeals means overall rateable value drops • Success & strength of LEP	• Businesses enter into the appeals procedure • Failed /successful bids (eg RGF)	• Loss of income (£165,000) if drops below base level • Loss of funded growth projects • Stalled development	Chief Executive	27/03/13	Service Plans Corporate Plan Pipeline development projects Albion Square construction NDA property strategy	New monthly monitoring of NNDR Councils response to Hestletine's review (TBA) New Growth Strategy (TBA) Role of the Council on LEP (TBA) Prioritisation of BEC enabling funding Council lead on SL Socio economic working group and plans Whitehaven Town	NNDR Collection performance No of bankruptcies Number of appeals No of new business start ups Total rateable value outwith Sellafield Developments completions	Quarterly

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						Centre MasterPlan		

Risk Description 12:	Maintaining the Robustness and Integrity of Business Systems							
Risk Score	Likelihood – High (5), Impact - Critical (3)							
Vulnerability/contributing factors	**Trigger(s)/Event(s)**	**Potential Impact/Consequences**	**Risk owner**	**Date Identified**	**Action/ Controls already in place**	**Reguired management action/control**	**Critical Success Factors & KPIs**	**Review date**
• At a time of downward budget pressures and significant organisational change we need to continue to invest in underlying business systems to ensure systems remain fit for purpose and ensure Business Continuity	• Implementing the vision and the role of the Council 2015 • Upgrades • Information Security • Digitalisation - part of the change programme • Audit & Inspection • Business Continuity	• Business Continuity • Organisational resilience • Performance declines • Service delivery interrupted/ delayed. • Reputation	Chief Executive	05/06/13	Change Board oversee the change plan IT policies & procedures Improved Information Management & procedures Active approach to known issues Planned approach to IT upgrades & swap outs Consider approach to IT investment	Invest in underlying business systems IT strategy work Planned approach to Digitalisation of services Monitoring of planned approach to IT investment Issues monitoring by Change Programme Board	Availability of key systems Minimising outage Return on Investment for IT Compliance with regulation standards	Monthly

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Horizon Scanning – Risks that can be identified but insufficient detail to action at this time

- Welfare Reform – Universal credit
- Local Land Charges Litigation
- Local Government Finance Bill
- Resource/Capacity – single points of failure
- External Funding
- Emergency Planning situations – impact on resources
- New GDF Process
- Data Management

<u>Risk Matrix</u>

The Strategic Risk Register contains risk scoring. Two scores are given on each risk; one of the likelihood that the risk could happen (6=Very High to 1=Almost Impossible) and second, what the scale of the impact could be if that risk occurs (4=Catastrophic to 1=Negligible).

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Appendix A J

Copeland Borough Council Full Equality Impact Assessment – Budget Proposals 2014/15

The Council has taken steps to ensure that equality and diversity is an intrinsic part of the budget development process. Prior to public consultation, an initial summary EIA was completed against the budget proposals 2014/15. The initial EIA identified the potential anticipated impacts of the proposals on protected characteristic groups using the service user data available. It should be noted that the availability of data is proportionate to the service delivered. It is also important to note that the equality duties do not prevent public authorities from making difficult decisions such as service reorganisations and reductions, nor do they stop public authorities from making decisions which may affect one group more than another.

An EIA helps determine whether and in what way service changes or strategies/policies have a disproportionate impact on people holding different protected characteristics. EIAs determine the impact of a policy, service or function on equality groups with the aim of identifying any mitigating actions and any opportunities to promote equality and diversity.

EIAs help to ensure that decisions – including financial decisions - are fair, transparent and accountable and consider the needs of different people and groups in Copeland. EIAs are based on the 'protected characteristics' outlined in the Equality Act 2010. These are:

- Disability
- Race
- Gender
- Sexual Orientation
- Gender Reassignment
- Age

- Religion and Belief
- Pregnancy and Maternity
- Marriage and Civil Partnership

EIAs demonstrate our compliance with requirements of the Public Sector Equality Duty (Section 149 of the Equality Act 2010). The Public Sector Equality Duty states that a public authority – Copeland Borough Council – must in the exercise of its functions, has due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and person who do not share it.

The consultation process included a range of different activities and these included the publication of the consultation document setting out the proposals and opportunities for feedback.

The Full EIA is based on the feedback arising from both the public consultation and service data which has been analysed to identify potential equality and diversity implications and whether any disproportionate impacts on any protected characteristic are anticipated. It is important to note that the feedback consists of self-reported data, with the EIA focusing on how respondents considered the proposals would impact on themselves and their families.

Copeland Equality Profile (Source: Census 2011, Mid Year Estimates 2012* & Cumbria Intelligence Observatory)

Population

In Mid-2012 Copeland's population was estimated to be 70,300. When compared to England & Wales, Copeland has lower proportions of residents in the three youngest age groups (0 – 44 years), higher proportions of residents in the 45 – 84 age groups, and a similar proportion of residents in the oldest age group (aged 85+).

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Since Mid-2002, the population of Copeland has increased by 1,200 people (+1.8%). The greatest increase occurred in the 85+ age group (39.2%) and the greatest decrease occurred in the 30 - 44 age group (-18.7%).

Disability

On Census Day 2011, of Copeland's usual residents:

- 10.7% reported that their day-to-day activities were limited a lot
- 10.7% reported that their day-to-day activities were limited a little
- 78.7% reported that their day-to-day activities were not limited

Ethnicity and Language

On Census Day 2011, of Copeland's residents

- 97.3% identified themselves as White: British
- 1.2% identified themselves as White: Other
- 0.5% identified themselves as Mixed / Multiple Ethnic Group
- 0.9% identified themselves as Asian / Asian British
- 0.1%identified themselves as Black / African / Caribbean / Black British
- 0.1% identified themselves as Other Ethnic Group.
- 0.6% of households identified that no people had English as a main language

Gender

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Census 2011 shows Copeland's male/female population is 50.2% male and 49.8% female.

Sexual Orientation

Most recent data highlights that 74% of Copeland's population is heterosexual compared to 3% who are either homosexual or bisexual. The sexual orientation of a further 23% was not disclosed or specified.

Religion and Belief

On Census Day 2011, of Copeland's usual residents:

- 78.9% stated their religion was Christian
- 0.21% stated their religion was Buddhist
- 0.11% stated their religion was Hindu

- 0.02% stated their religion was Jewish
- 0.32% stated their religion was Muslim
- 0.01% stated their religion was Sikh
- 0.21% stated their religion was another religion than those listed above
- 14.4% stated they had no religion
- 5.9% did not state a religion

Marriage and Civil Partnership

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Among Copeland residents:

29.7% are single
51% are married
1.9% are separated
9.2% are divorced
8% are widowed
0.12% are in a same sex civil partnership

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Full Summary EIA – Overall Potential Impact of Budget Proposals 2012/13

The potential impact of proposed policy changes and service change options have been reassessed using the feedback captured from the consultation process. Where no disproportionate impact is anticipated, this would continue to be monitored where a proposal is implemented. The impact on the Council's staff profile will be monitored as part of the Council's approach to change management and is therefore not included within this EIA.

No.	Budget Proposals by Service Area	Summary of Impact on Protected Characteristics Groups	Mitigating Actions (if any)	Officer
1	Discretionary services – reduce grants			
a)	We propose to stop the grants we currently give to	Our Housing Advice Service provides assistance and sign-	Council has established a Rent Deposit Scheme in 2010 in line with identified need which was complementary	Julie Betteridge

	DIGS (rent deposit scheme) and Cumbria Rural Housing Trust.	posting and discharges our statutory housing duties. In the first quarter of 2013/14, 5 bonds were issued in Copeland from the DIGS scheme. More eligible people use our rent deposit scheme and this is available for those made homeless or at threat of homelessness. It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	but operates differently to the DIGS scheme. The consultation with the DIGS scheme as part of the grant proposal will include an investigation into the commissioning of DIGS for certain individual housing options interventions within the prevention activity profile. We commission a district-wide housing needs survey which provides the mainstay of the data and insight which we use in this area of our work and the work of the Rural Housing Trust for which we provide the grant is in addition to this. We are able to and will commission specific activity from the Trust in line with our strategic housing rural requirements such as the survey work and homelessness prevention activity. The Trust provides services to Parish Council's and it may therefore be possible for the Trust to gain funding from elsewhere for some of its services. Other sources of funding are available to organisations within the Borough affected by changes to grants along with specific community fundraising assistance and sources from the Copeland Community Fund Team and other local partners including Cumbria CVS. The Copeland Community Fund has been very successful at both giving small grants under £50,000 and over £3,000 with match funding of 3 to 1.	
b)	We propose to cease or reduce the grant we provide to parish councils for concurrent services.	Parish councils use these grants to support the delivery of a range of different discretionary services in their local areas.	Our proposal is to taper the withdrawal of the concurrent services grant over a two year period to provide time for the parishes to look for alternative funding. There are a range of alternative sources of	Darienne Law

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	This grant is for discretionary services that parish councils choose to provide.	These services are used by a range of people. It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	funding available (see above). Further to this, we are not intending to pass on the latest reduction in grant funding from the Government to parish councils as parish councils risk being unable to fund any shortfall created.	
c)	We propose to seek external funding for our community regeneration team.	It is considered that no disproportionate impacts are anticipated on protected characteristic groups as we have already secured the funding to support this team and their work programme going forward.	We have already secured alternative external funding for our Community Regeneration Team for 2014 to 2016.	Julie Betteridge

No.	Budget Proposals by Service Area	Summary of Impact on Protected Characteristics Groups	Mitigating Actions (if any)	Officer
2 Income generation – fees and charges				
a)	We propose to increase fees and charges for car parking and crematorium and cemeteries by inflation to ensure that	These services apply a charge for use or service in accordance with a fees & charges schedule. It is considered that no disproportionate impacts are	There are a range of car parks operated throughout the district including Whitehaven town centre by a number of operators other than by us. There is therefore some choice and flexibility for those wishing to park. We are also proposing to introduce a 30 minute charge period in short stay car parks to encourage those	Keith Parker

	fees and charges continue to cover the cost of providing these services.	anticipated on protected characteristic groups.	wishing to pop into town for quick errand to do so at a cheaper rate than that available currently. We also received an alternative suggestion to introduce a day's free parking (other than a weekend) to help support footfall into the town. This option would cost about £2k per day to implement and therefore is considered cost prohibitive at this time. Town centre visitors may also wish to travel in by bus or taxi or cycle or walk. The Blue Badge Scheme is also in operation. Pre-paid funeral plans are available privately. Help may also be available from the Government via the Funeral Payments Scheme. Local support arrangements may also be available in certain circumstances. Support and advice is also available from voluntary and community organisations. Whilst the Crematorium and Cemeteries Service deals directly with Funeral Directors, our latest population statistics suggest our population has a growing proportion of people in the older age groups. We will therefore monitor this area of fees and charges going forward.	
b)	We also propose to introduce a surcharge of £10 to fund improvements	It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	We are proposing to mitigate this for 2014/15 by allocating funds from our Transformation Fund. This is in line with the terms of reference for the Fund.	Transformation Programme Manager

	to digitalisation in the Crematorium and Cemeteries Service.		We will need to re-consider introducing this charge in 2015/16 if other sources of funding cannot be found. We are implementing a programme of activities to make more of our services available on-line. For example, the Book of Remembrance is now also available on-line.	

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No.	Budget Proposals by Service Area	Summary of Impact on Protected Characteristics Groups	Mitigating Actions (if any)	Officer

3	**Waste and recycling**			
a)	We propose to introduce a fee for new bins & boxes for new housing developments to cover the cost to the council of providing the bins. We also propose to charge landlords for replacement bins & boxes which go missing between lets. We also propose to charge people whose bins & boxes need to be replaced due to damage from misuse. We propose to offer residents the opportunity to pay for the collection of additional garden waste from their property	It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	We are not introducing a universal charging policy for bins & boxes (new and/or replacement) for all households. We will continue to offer a 'Bigger Bin' Service for those that qualify and an Assisted Collection Service for those that qualify. A mainstream service of one green bin collection every fortnight within the specified period will remain available to households receiving the garden waste collection service. These proposals will be fully scoped and worked up in 2014/15 for full implementation in 2015/16.	Keith Parker

No.	Budget Proposals by	Summary of Impact on	Mitigating Actions (if any)	Officer

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	Service Area	Protected Characteristics Groups		
4	**Proposal to create a town council for Whitehaven**			
a)	We have looked at whether Whitehaven should have a Town or Parish Council. These organisations can charge a precept, raise funds in other ways and provide discretionary services like grass cutting, public toilets, allotments and more. In our budget consultation document we proposed to conduct a community governance review, with a wide reaching public consultation to consider whether Whitehaven should have a town/parish council.	It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	We have established a Whitehaven Community Governance Review Panel to consider the benefits that such an arrangement might bring and to consult both residents and stakeholders. This Panel is currently running Phase 1 of the consultation process. The consultation process provides a range of ways in which residents and stakeholders can give their comments and views including on-line and face to face drop-in sessions.	John Groves

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No.	Budget Proposals by Service Area	Summary of Impact on Protected Characteristics Groups	Mitigating Actions (if any)	Officer
5	**Council Tax**			
	Each year we need to decide whether to raise the amount of money we collect through council tax. Legislation only allows us to increase council tax by less than 2%. This year we propose to increase council tax by 1.95%.	Council Tax is applied to all properties throughout the Borough. It is considered that no disproportionate impacts are anticipated on protected characteristic groups.	Our Council Tax discount scheme will still be available for those that qualify for 2014/15 and this is the same as the previous national scheme.	Darienne Law

Appendix A K
Executive 170214

BUDGET CONSULTATION 2014/15

EXECUTIVE MEMBER:	Councillor Gillian Troughton
LEAD OFFICER:	Darienne Law (Head of Corporate Resources)
REPORT AUTHOR:	Ian Curwen (Communications Manager)

WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?
The feedback from the budget consultation exercise will help the council to set its budget for 2014/15 in accordance with the needs and views of residents.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?
To present the feedback from the budget consultation exercise report, so members can use this feedback to shape the 2014/15 budget.

RECOMMENDATIONS:	That Executive note the budget consultation responses

1. INTRODUCTION

1.1 This report outlines the feedback from our budget consultation for 2014/15. The consultation ran from Friday 8 November to Friday 20 December 2013.

1.2 The budget consultation document outlined the savings we have made in previous years, detailed the budget savings agreed last year that will be made in 2014/15, outlined how we plan to meet the budget deficit for 2014/15 and outlined work we will be undertaking in future years to help us balance the budget.

2. BUDGET PROPOSALS

2.1 The budget proposals we consulted on were:

- Reductions in some remaining discretionary grants
- Funding some discretionary services externally

- Increasing fees and charges for car parks, crematorium, cemeteries and licences by RPI
- Some limited charging for new and replacement bins
- Increasing Council Tax by 1.95%

3. BUDGET CONSULTATION FEEDBACK

3.1 Responses:

3.1.1 A small number of responses to the consultation were received, with only thirteen completed responses being received. It is likely that this was because the scale of this year's proposals is smaller than in other years. Very little interaction of feedback was received either via email, or on social media when the consultation was announced. This is a stark contrast to the number of comments and discussions which took place last year.

3.1.2 Two responses were on behalf of parish councils and one was on behalf of AWAZ who represent the BME (black and minority ethnic) community.

3.1.3 Summaries of the responses, grouped under the questions in the survey form, are shown below. The multi-choice questions asked about the impact each proposal would have, whether respondents agreed or disagreed with the proposal, and asked if there were any alternatives for savings that respondents could suggest.

3.2 Proposals in relation to stopping some grants and seeking external funding for our community regeneration team:

3.2.1 The majority of respondents thought there would be some impact on them and their family.

3.2.2 The majority of respondents agreed with the proposals or neither agreed nor disagreed.

3.2.3 Some alternative proposals were suggested. These were to reduce rather than stop the grants, to involve parish and town councils more, and stopping the use of consultants and for councillors to reduce their allowances to make the cut unnecessary.

3.3 Proposals in relation raising fees and charges:

3.3.1 The majority of respondents thought there would be some or a high impact on them and their family.

3.3.2 The majority of respondents either tended to agree or tended to disagree.

3.3.3 Some alternative proposals were suggested and comments offered. These included ensuring parking fees are equal across the borough, offering annual or weekly price reductions, offering midweek free parking, and thinking of the impact the changes would have on local businesses.

3.4 Proposals in relation to charging for some new or replacement bins/boxes:

3.4.1 The majority of respondents thought there would be some impact on them and their family. A smaller number thought there would be a low impact. No one thought there would be a high impact and no one thought there would be no impact.

3.4.2 The majority of respondents tended to agree with the proposals. Some strongly agreed, neither agreed nor disagreed and tended to disagree. No one strongly disagreed.

3.4.3 Some alternative proposals and comments were suggested. These included passing the cost of new bins on to developments. Someone queried whether the cost of investigating misuse would outweigh the benefit. Another suggested removing extra or larger bins from those who don't need them – which we already do. AWAZ suggested that there should be a needs based approach rather than charging everyone.

3.5 Proposals in relation to charging for extra garden waste collections:

3.5.1 The majority of respondents thought there would be some or a low impact. A number also thought there would be a high impact.

3.5.2 The majority of respondents tended to agree with the proposals. Some people responded strongly agreeing, neither agreeing or disagreeing, tending to disagree, or strongly disagreeing.

3.5.3 Some alternative proposals were suggested. These included promoting rather than cutting recycling, and providing extra bins free to those who need them, offsetting the cost by those who don't use the bins.

3.6 Proposals in relation to increasing Council Tax by 1.95%:

3.6.1 The majority of respondents thought there would be a high impact, some impact or there would be a low impact. No one thought there would be no impact.

3.6.2 The majority of respondents strongly agreed with the proposals, or tended to or strongly disagreed. No one expressed a 'neither' opinion.

3.7 Other savings proposals

3.7.1 A number of alternative proposals were suggested. These are listed below:

- Reducing members expenses (this was suggested a number of times and in response to a number of questions)
- Reducing the number of councillors, and working to progress this
- Provide more clarity on all discretionary spending
- Trying to have more say over how nuclear funding is spend so that all areas benefit
- Reduce admin costs
- Increase efficiency
- Look to move to a unitary council
- Review management and leadership costs
- Implement a town council in Whitehaven
- Ensure that our Equality duties are met in all proposals.

4. EQUALITIES

4.1 As well as our stakeholder groups, we contacted a range of representative groups to help inform the development of our equality impact assessment (EIA). A copy of the completed EIA is attached as appendix two of this report.

4.2 An initial summary equality impact assessment was carried out against the budget proposals. This was a working document and the consultation responses, particularly from AWAZ, assisted the Council in identifying any further impacts that have not yet been identified, any alternatives that have not yet been considered and ways in which impacts might be mitigated.

4.3 AWAZ raised some concerns regarding the equality impact assessment process, and were keen to ensure that the council considered fully the impact on equality groups when developing proposals, finalising these, and then implementing them.

5. CONCLUSIONS

5.1 Copeland Borough Council, like all local authorities, has to make some major changes to the way it provides services, to help address the biggest funding cuts that local government has ever seen.

5.2 It is important that the feedback from the public and our stakeholders on our proposals is fully considered, so that changes to the services we provide, and on our future budget take account of these.

10. RESOURCE IMPLICATIONS

10.1 Members will be mindful that there will additional costs associated with implementing some of the alternative proposals outlined in the responses.

11. STATUTORY OFFICER COMMENTS

11.1 Section 151 Officer Comments: The consultation was aimed at seeking feedback on the possible implications of, alternatives to, and mitigations to reduce the impact of the proposals in the budget. The council will need to balance its budget and this feedback should be considered when shaping the final proposals for council in February 2014.

11.2 Monitoring Officer Comment: The report sets out the consultation responses received. No other comments.

11.3 EIA Comment: Contained within the report

11.4 Policy Framework Comment: In 2012/13, the Council conducted an extensive policy review and budget setting process in response to continued reductions in government funding for local councils.

From this, the Council agreed a set of new priorities and agreed a budget designed to implement these policy decisions whilst making the necessary savings.

This programme of savings realisation continues but as a consequence of additional cuts to funding from government, we now need to make additional savings.

This report, in line with our approach to policy development and equalities, ensures the feedback from our stakeholders is considered as part of the budget setting process for 2014/15.

12. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

12.1. The project was managed by the communications team, working closely with Corporate Leadership team and the Section 151 officer.

13. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

13.1 Feedback from the public and our stakeholders is considered as part of the budget setting process.

List of Appendices

Appendix 1 – Final budget consultation 2014/15 document
Appendix 2 – Full equality impact assessment

List of Background Documents:

- Corporate Plan
- The Role of the Council in 2015 – a consultation on our future role and budget proposals for 2013-2015 (report to full council, 11-10-2012)

Ref	Proposal	Policy Decision	Potential Impact	Mitigations
1. Discretionary Services – reduce grants				
1.1	We propose to stop the grants we currently give to DIGS (rent deposit scheme) and Cumbria Rural Housing Trust.	In 2013/14 we published our policy to align our grants with our budget and new policy framework. Our proposed policy is to cease grant funding DIGS and Cumbria Rural Housing Trust.	We recognise that organisations may need time to adjust and to seek alternative funding. Those organisations currently in receipt of the grants have been consulted on the proposed changes and we will provide a minimum notification period to those organisations affected.	Council has established a Rent Deposit Scheme in 2010 in line with identified need which was complementary but operates differently to the DIGS scheme. The consultation with the DIGS scheme as part of the grant proposal will include an investigation into the commissioning of DIGS for certain individual housing options interventions within the prevention activity profile. We commission a district-wide housing needs survey which provides the mainstay of the data and insight which we use in this area of our work and the work of the Rural Housing Trust for which we provide the grant is in addition to this. We are able to and will commission specific activity from the Trust in line with our strategic housing rural requirements such as the survey work and homelessness prevention activity. The Trust provides services to Parish Council's and it may therefore be possible for the Trust to gain funding from elsewhere for some of its services. Other sources of funding are available to organisations within the Borough affected by changes to grants along with specific community fundraising assistance and sources from the Copeland Community Fund

				Team and other local partners including Cumbria CVS. The Copeland Community Fund has been very successful at both giving small grants under £50,000 and over £3,000 with match funding of 3 to 1.
1.2	We propose to cease or reduce the grant we provide to parish councils for concurrent services by 50%. This grant is for discretionary services that parish councils choose to provide.	In 2013/14 we published our policy to reduce or cease discretionary services as part of our overall budget strategy and in response to our loss of funding from Government. We also published our policy to align our grants with our budget and new policy framework. Executive (6 Nov 2013) considered a range of options with regard to these arrangements for parish councils. Our proposed policy is to withdraw the concurrent services grant from parish councils over a two year period commencing in 2014/15 with a 50% reduction and a 100%	We currently spend £15k per annum in this way. We are proposing to reduce this to £8k in 2014/15 and cease completely in the following year. This will mean that the parish councils will lose this income. We have written to all parish councils as part of our consultation process.	Our proposal is to taper the withdrawal of the concurrent services grant over a two year period to provide time for the parishes to look for alternative funding. There are a range of alternative sources of funding available (see above). Further to this, we are not intending to pass on the latest reduction in grant funding from the Government to parish councils as parish councils risk being unable to fund any shortfall created.

		reduction in 2015/16.		
1.3	We propose to seek external funding for our community regeneration team.	In 2013/14 we delivered an integrated team approach to corporate economic development and locality based community regeneration. We also reduced some activity budgets. Our aim to move this team into a self-financing position with the possibility of moving into an alternative governance arrangement is a medium term (by 2015/16) is an ambition for us and the team.	The continuity of this team and its work could be affected by any loss in continuity of funding.	We have already secured alternative external funding for our Community Regeneration Team for 2014 to 2016.
2. Income generation – fees and charges				
2.1	We propose to increase fees and charges for car parking and crematorium and cemeteries by inflation to ensure that fees and charges continue to cover the cost of providing these	In 2013/14 we published our policy to maximise income from fees and charges looking to move discretionary services to a self-financing position where they cover their costs including over heads. For those we have a statutory duty for	The costs of using these services will increase broadly in line with RPI. On a typical car park, this will mean an increase of 10p per hour.	There are a range of car parks operated throughout the district including Whitehaven town centre by a number of operators other than by us. There is therefore some choice and flexibility for those wishing to park. We are also proposing to introduce a 30 minute charge period in short stay car parks to encourage those wishing to pop into town for quick errand to do so at a cheaper rate than that available currently. We also received an alternative suggestion to

	services.	a fee we will ensure these comply with relevant regulations or self- finance. Our proposed policy is to increase fees and charges in line with RPI for car parking and crematorium and cemeteries.		introduce a day's free parking (other than a weekend) to help support footfall into the town. This option would cost about £2k per day to implement and therefore is considered cost prohibitive at this time. Town centre visitors may also wish to travel in by bus or taxi or cycle or walk. The Blue Badge Scheme is also in operation. Pre-paid funeral plans are available privately. Help may also be available from the Government via the Funeral Payments Scheme. Local support arrangements may also be available in certain circumstances. Support and advice is available from voluntary and community sector organisations.
2.2	We also propose to introduce a surcharge of £10 to fund improvements to digitalisation in the Crematorium and Cemeteries Service.	As part of our on-going commitment to reduce waste and duplication and improve access to services, we are continuing to invest in improved digitalisation of services in accordance with our Customer Services Strategy (Executive, Oct 2012) and our Change Programme (Executive,	For those booking a service at our Crematorium or one of our cemeteries an additional £10 will be charged.	We are proposing to mitigate this for 2014/15 by allocating funds from our Transformation Fund. This is in line with the terms of reference for the Fund. We will need to re-consider introducing this charge in 2015/16 if other sources of funding cannot be found. We are implementing a programme of activities to make more of our services available on-line. For example, the Book of Remembrance is now available on-line.

		April 2013).		
3. Waste and recycling				
3.1	We propose to introduce a fee for new bins & boxes for new housing developments to cover the cost to the council of providing the bins. We also propose to charge landlords for replacement bins & boxes which go missing between lets. We also propose to charge people whose bins & boxes need to be replaced due to damage from misuse. We propose to offer residents the opportunity to pay for the collection of additional garden waste from their	These proposals were considered originally in the 2013/14 budget round. Whilst these were not implemented then, it was recognised that we would need to re-consider these as part of the 2014/15 budget round and in line with our published policy of looking at other areas where we may be able to introduce or increase charging. Our proposed policy will be to: • Charge housing developers for the supply of bins & boxes; • Charge landlords for bins & boxes that go missing between lets; • Charge people whose bins &	Landlords will be charged for bins & boxes that going missing between lets and property developers will be charged for the provision of bins & boxes to new homes. Householders will be charged for replacement bins & boxes where there is willful neglect. Damage due to weather conditions, for example, would not be considered willful neglect. Residents will have the opportunity to pay for the collection of additional green waste.	We are not introducing a universal charging policy for bins & boxes (new and/or replacement) for all households. We will continue to offer a 'Bigger Bin' Service for those that qualify and an Assisted Collection Service for those that qualify. A mainstream service of one green bin collection every fortnight within the specified period will remain available to households receiving the garden waste collection service.

	property.	boxes need replacing due to damage from misuse • Offer extra green bin/s to households that want to subscribe to an enhanced paid for service. These proposals will be fully scoped and worked up in 2014/15 for full implementation in 2015/16.		
4. Proposal to create a town council for Whitehaven				
4.1	We have looked at whether Whitehaven should have a Town or Parish Council. These organisations can charge a precept, raise funds in other ways and provide discretionary services like grass cutting, public toilets, allotments and more. In our budget consultation document	Full Council (December 2013) agreed to a Community Governance Review to be undertaken for the unparished area of the Borough, namely Whitehaven, under the powers contained in Part 4 of the Local Government and Public Involvement in Health Act 2007.	The potential impact of establishing a town council for Whitehaven will depend upon the final governance arrangements decided. If a town council is established, residents in the area will be able to vote for their own town councillors and the town council will be	We have established a Whitehaven Community Governance Review Panel to consider the benefits that such an arrangement might bring and to consult both residents and stakeholders. This Panel is currently running Phase 1 of the consultation process. The consultation process provides a range of ways in which residents and stakeholders can give their comments and views including on-line and face to face drop-in sessions.

	we proposed to conduct a community governance review, with a wide reaching public consultation to consider whether Whitehaven should have a town/parish council.		able to precept and undertake to arrange services for that area.	
5. Council Tax				
5.1	Each year we need to decide whether to raise the amount of money we collect through council tax. Legislation only allows us to increase council tax by less than 2%. This year we propose to increase council tax by 1.95%.	The updated Medium Term Financial Strategy Projections 2014/15 & 2016/17 and Revenue Budget Proposals 2014/15 Report to the Executive on the 09 January 2014, set out assumptions regarding the level of council tax. Our proposed policy for 2014/15 is to Increase Council Tax by 1.95%.	On a Band D property of all the council tax that is currently (in 2013/14) collected, £187.28 is paid to us. The remainder goes to other precepting authorities e.g. Cumbria County Council. In 2014/15, this will increase by £3.58.	Our Council Tax discount scheme will still be available for those that qualify for 2014/15.

Appendix B
EXEC 13 02 14
Item

PROPOSED CAPITAL PROGRAMME FOR 2014/15 – 2016/17

EXECUTIVE MEMBER:	Councillor Gillian Troughton
LEAD OFFICER:	Darienne Law, Head of Corporate Resources
REPORT AUTHOR:	Leanne Barwise, Senior Accounting Officer

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

This report presents the proposed Capital Programme for 2014/15-2016/17 and details how the programme will be funded. This includes details of new Capital project outlines developed for inclusion in the Capital Programme 2014/15-2016/17 and the existing Capital Programme of those projects previously approved in principal for these years.

It has come to this Executive meeting for review and recommendation to Council on 27 February 2013, where the Capital Programme 2014/15-2016/17 will be formally approved.

RECOMMENDATION:

(i) Executive are asked to recommend to Council the existing project outlines detailed in paragraph 2. These projects were presented and approved in principal by Council in February 2013 for inclusion in the Capital Programme 2014/15 and subject to the changes detailed in paragraph 2, are still required.

(ii) Executive are asked to recommend to Council the new project outlines as detailed in paragraph 3 for the inclusion in the draft Capital Programme 2014/15.

(iii) Executive are asked to note the capital receipt position as detailed in sections 5 and 6 and the risk associated with any under achievement of the forecast capital receipts.

(iv) Executive are asked to recommend to Council the proposed draft Capital Programme for 2014/15 to 2016/17, which can be funded from Useable Capital Receipts Reserve and assuming current forecast capital receipts are realised in the three year period, see paragraph 5.

(v) Executive receive the final project outlines for each new project detailed in paragraph 3 for approval prior to commencement of spend on the relevant project.

(i) Executive are asked to recommend to Council for approval the earmarking of a maximum of £200,000 in relation to the Land Management Reserve from the General Capital Receipts Reserve as detailed in paragraph 2.5.

1 **INTRODUCTION**

1.1 Effective asset management planning is a crucial corporate activity to ensure we meet our corporate and service aims, and deliver our core services. This is evidently even more important with the large cuts in Government funding that we have and are continuing to face as an Authority.

1.2 This paper details the draft Capital Project Outlines developed, for inclusion in the Capital Programme for 2014/15 and beyond, as well as the existing Capital Programme of those projects approved in principal in 2013 for future years; to give the proposed capital programme for the three years 2014/15-2016/17, and how they will be funded.

1.3 When considering approval of capital projects, we need to ensure:-

- we would not fail to meet our statutory duties if a scheme was not approved
- urgent projects are given priority to meet legal obligations/avoid litigation claims
- our spending decisions are meeting our key priorities and compliant with the most recent policy framework delivering a priority outcome
- the continuity of the service delivery is not compromised
- all revenue costs/savings as well as capital costs have been considered
- we can establish that although the project may not necessarily link with corporate priorities it will provide positive results to service delivery
- we recognise potential external partnership benefits with public, private or voluntary sector
- consideration has been given to sources of funding available and we have maximised external funding on all projects (where appropriate)

1.4 The project outlines are initially prepared by Project Managers/Heads of Service and reviewed with Finance to ensure the resulting spend is of a capital nature and is therefore appropriate to be included in any considerations for the programme.

1.5 The projects approved in principal in February 2013 for inclusion in the new programme were re-reviewed and the recently developed project outlines were also reviewed subject to the approved criteria and scored as discussed at the Capital Control & Working Group on 31 October 2013. A summary of the results are attached at Appendix B.

1.6 The bids that have been submitted and included in this report are those that we are aware of to date. We have been informed of some indicative future funding from DEFRA for coastal protection works at Whitehaven and South Shore Harbour wall which would be included on the capital programme if awarded being fully externally funded. Nothing has been included within proposed programme for these works and the capital programme would be adjusted if these bids are successful.

2 CAPITAL PROGRAMME PROJECT OUTLINES FOR 2014/15 APPROVED IN PRINCIPAL FEBRUARY 2013

2.1 Three projects, totalling £865,000, were approved in principal for inclusion in the 2014/15 Capital Programme at Council in February 2013. This report seeks to amend this to £690k as detailed in paragraph 2.5

PROJECT OUTLINES PREVIOUSLY APPROVED IN PRINCIPAL THAT REMAIN UNCHANGED

2.2 Fleet Replacement - The final of the three Council owned waste vehicles needs to be replaced in 2014, the two other vehicles having been replaced in the previous two years as part of a capital funded replacement programme. The final vehicle purchase costing £90,000 is an integral part of the Councils kerbside recycling service being used to collect recyclable materials from homes around the borough.

2.3 Disabled Facilities Grants – £600,000 per annum was approved in principal for Disabled Facilities Grants (DFG's) for 2014/15 and 2015/16 (total £1.2m over two years). The capital bids are based on the experience of DFG's, however Members are asked to note that these figures are subject to change as it is impossible to predict with certainty either the number or value of referrals that may be received. External grant income has been estimated throughout this report at £261,000 from the Department of Communities and Local Government (DCLG) towards the 2014/15 DFG programme based on current grant awards (see paragraph 2.4). However, we have recently received notification that the actual 2014/15 grant will be £15k more at £276,312. This grant income reduces the need to call upon our reserves from £600,000 to £323,688 and any additional income (that may be received but is not guaranteed) would further reduce the need to call upon our capital reserves.

2.4 From 2015 the external grant funding for DFG's is to be transferred from DCLG to the Department of Health and will be included in the new Integration Transformation Fund. It is unclear at present how this will be distributed among local authorities. This will be the subject of a report to Executive at a later date as further information becomes available. In the absence of any further information at the time this report is written, it has been assumed that the mandatory duty to provide DFG's in 2015/16 and beyond still remains with the Council and that external funding will be received in line with what we currently receive in 2013/14 (£261k). It should be noted that this can change once the full extent of the transfer to the Department of Health is known and any external funding may cease and the current assumed position is liable to change.

PROJECT OUTLINES APPROVED IN PRINCIPAL THAT HAVE CHANGED

2.5 Land Management - £175,000 per annum was approved in principal for 2013/14 and 2014/15 (total £350k over two years) to provide proactive safety management for the councils land assets. The funding is necessary to provide an action plan for dealing with future unforeseen anomalies and hazards of a capital nature. Although the purpose of the capital funding for both years may have not changed, the way in which it is identified in the future has. The total £350k approval will be removed from the capital programme and will be replaced with a earmarking within the UCRR at the reduced value of £200k. Members are asked to approve this action.

3 NEW PROJECT OUTLINES FOR 2014/15

3.1 Two new project outlines were submitted for consideration as part of the Capital Programme 2014/15, the details are shown in the project outlines attached at Appendix C and summarised as follows:-

3.2 Whitehaven Cemetery Extension – A bid has been submitted for £250,000 to further extend the Whitehaven cemetery into the woodland adjacent to the current burial space. The first extension was originally predicted to provide burial spaces until 2021, however, if burials in this part of the cemetery continue at the same rate as the last three years, there will only be enough burial spaces for the next two years. The new Whitehaven cemetery extension would provide approx. 350 burial spaces allowing burials to continue for another 10 years. If the Council does not extend this cemetery, there will be increased demand on the only other alternative cemetery at Hensingham. In utilising both cemeteries (as is) the burial space will be depleted within 2 years at Whitehaven and 1 year at Hensingham based on current rates.

3.3 Accommodation Strategy – A request has been submitted for up to £400,000 as part of the Accommodation Strategy to review the current office accommodation including adaptations for a move to more agile working, home working and different internal special planning. The draft accommodation strategy will be presented to Exec in April 2014, setting out the full business case, but it is anticipated that considerable enhancements to ITC will be required and therefore need to be programmed now.

4 FINANCING OF THE CAPITAL PROGRAMME 2014/15 – 2016/17

4.1 Table 1 shows the sources of funding for the draft Capital Programme for the three years 2014-2017. It is important that the funding of the proposed Capital Programme is fully understood and can be demonstrated.

4.2 Although the council has the ability to borrow from external sources to finance the Capital Programme, we choose not to increase our debt levels but to self-finance our capital expenditure by utilising our own capital resources derived from the sale of assets. These resources are only allowed to be utilised for a capital purpose and are held in the Useable Capital Receipts Reserve (UCRR), which is split into 3 parts:-

1. **General Useable Capital Receipts**
This reserve holds all the proceeds from the previous sale of the Council's assets (primarily land) ***and*** VAT Share receipts received from Home Group in accordance with our agreement. The General Useable Capital Receipts is currently used to fund all non-housing capital expenditure (only). This is the only part of the UCRR that can be replenished (from the future sale of assets).

2. **Housing Capital Receipts**
Historic one-off proceeds from the sale of our Housing Stock to be used solely on Housing expenditure. This cannot be replenished once spent.

3. **Land Management Reserve**
This newly formed reserve has been earmarked to fund the proactive safety management for the council's land assets (as detailed in section 2.5) by allocating some receipts from the General Useable Capital Receipts. This reserve will not be replenished once spent.

4.3 The fact we self-finance our capital programme means we are very heavily reliant on the sale of assets and the VAT Share receipts to be able to spend on the capital projects identified within the capital programme. If the slow property market continues and asset sales do not complete when expected or complete at less than anticipated value, there is a real risk that there will not be enough capital receipts to finance the programme. For example, only £262k of capital receipts have been received to date in 2013/14, out of an expected £672k. Should this remain unchanged and we received no further capital receipts in year the opening balance of receipts in 2014/15 would be £410k lower.

4.4 The proposed 2014/15-2016/17 capital programme expenditure would be financed as follows:

Table 1: Financing of the proposed 2014/15 – 2016/17 Capital Programme

Copeland Borough Council Capital Programme	2014/15 £	2015/16 £	2016/17 £
Fleet Replacement	90,000	-	-
Whitehaven Cemetery	250,000	-	-
Accommodation Strategy	400,000	-	-
DFG's*	600,000	600,000	600,000
TOTAL CBC CAPITAL PROGRAMME	1,340,000	600,000	600,000

Funded By:			
CBC General Useable Capital Receipts	740,000	-	125,988
CBC Housing Capital Receipts	323,688	339,000	213,012
Other External Funding: re DFG's *	276,312	261,000	261,000
TOTAL FINANCING OF CAPITAL PROGRAMME	1,340,000	600,000	600,000

*DFG programme has been submitted at £600k per annum – 2015/16 & 2016/17 will be financed through utilising £339k of our own resources and an estimated £261k of external funding. Should the external funding differ from this amount, the use of our own resources will need to reduce/increase accordingly.

5 CAPITAL RESOURCES

5.1 Table 2 overleaf shows the forecast position of the movement (i.e. use and new capital receipts) on usable capital receipts for 2014/15 (table 3 shows 2015/16 and table 4 shows 2016/17) which will be used to fund the capital programme.

5.2 Executive are asked to recommend to Council for approval the earmarking of a maximum of £200,000 in relation to the Land Management Reserve from the General Capital Receipts as detailed in paragraph 2.5 and also shown in tables 2-4 below.

5.3 We are currently awaiting the VAT Share forecast from Home Group and so have been omitted from tables 2-4, these figures will be updated as soon as they are received and will slightly improve the closing balance position on the capital receipts each year.

5.4 The cost of the trespass over mineral rights is increasingly being borne by the landowner as a legitimate development cost. Of those sites in our asset register that may have some development potential, there may be merit in us looking to buy out the mineral rights for these sites en mass. This would have the benefit of de-risking the sites to some degree and increase their development appeal. There has already been some dialogue with some the owners of the mineral rights and this is an option. Further work is however required with regard to cost/ benefit of this approach. This would also however give the opportunity to clean up the title that runs with land by removing restrictive and/or ancient convents. This will be considered in this financial year.

5.5 Whilst there is continuous review of the development potential of Council owned land, the adoption of the Core Strategy and the consequent progression of a development plan document for site allocation necessarily prompts opportunity for more in depth appraisal. Review of planning policy provides an opportune moment to reassess potential uses and development opportunities. This is particularly the case given the expectations of the planning processes to plan for and accommodate proposals which relate to and potential facilitate new, nuclear related projects and housing site allocations in light of the New Homes Bonus which the Council may receive should such sites be developed.

5.6 Members are asked to note that the opening balance figures in Table 2 (and so consequently Tables 3 and 4) have been revised to show the latest position at quarter 3 (31 December 2013) which account for any carry forwards identified at quarter 3 but have been updated for any subsequent Council approved amendments to the Capital Programme. The Useable Capital Receipts Reserve balances will need to be adjusted for slippage at year end that were not identified at quarter 3. Any fluctuation in the opening balances as a result of this, will be matched by an equal adjustment to the draw down (spend) on the reserve in 14/15, i.e. nil net impact on reserves.

5.7 Additionally, the tables show the estimated drawdown on the Housing Capital receipts for 2014/15 for DFG's at £339k. As stated earlier, we have recently been informed that the actual grant receipt for DFG's in 2014/15 will be £276,312 (£15,312 more than the estimated amount of £261,000) which will reduce the need to call on our own resources by £15,312 from £339,000 to £323,688. This has a positive impact on the closing balance on the Housing Capital Receipts 31/03/2015 of £15,312.

Table 2: Impact of the forecast capital programme spend and receipts for 2014/15 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share) £	Housing Capital Receipts (Previously PRTB & RRTB) £	Land Management Reserve £	TOTAL £
Forecast **Opening balance** at 1st April 2014 (as at 31 December 2013)	**-1,500,753**	**-891,012**	-	**-2,391,765**
Adjustment to earmark funds to Land Management Reserve (see 2.5)	200,000	-	-200,000	-
Forecast draw down to fund draft 14/15 capital programme	740,000	339,000*		**1,079,000**
Forecast Capital Receipts from sale of assets in year	-350,826	-	-	**-350,826**
Forecast Capital Receipts from VAT Share Agreement**				-
Forecast useable Capital Receipts **closing balance** at 31st March 2015	**-911,579**	**-552,012**	**-200,000**	**-1,663,591**

* Shown as £339,000 based on initial estimated grant receipt of £261k, now notification has been received that the grant for 2014/15 will be £276,312, this has a positive impact on the closing balance for 2015/16 i.e. will be increased by £15,312.
** Awaiting confirmation of forecast figures from Home Group. The inclusion of these figures will slightly improve the closing balance position on capital receipts each year.

Table 3: Impact of the forecast capital programme spend and receipts for 2015/16 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share) £	Housing Capital Receipts (Previously PRTB & RRTB) £	Land Management Reserve £	TOTAL £
Forecast **Opening balance** at 1st April 2015	**-911,579**	**-552,012**	**-200,000**	**-1,663,591**
Forecast draw down to fund draft 15/16 capital programme	-	339,000	-	**339,000**
Forecast Capital Receipts from sale of assets in year	-1,167,000	-	-	**-1,167,000**
Forecast Capital Receipts from VAT Share Agreement*				-
Forecast useable Capital Receipts **closing balance** at 31st March 2016	**-2,078,579**	**-213,012**	**-200,000**	**-2,491,591**

Table 4: Impact of the forecast capital programme spend and receipts for 2016/17 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts (incl VAT Share) £	Housing Capital Receipts (Previously PRTB & RRTB) £	Land Management Reserve £	TOTAL £
Forecast **Opening balance** at 1st April 2016	**-2,078,579**	**-213,012**	**-200,000**	**-2,491,591**
Forecast draw down to fund draft 16/17 capital programme	125,988***	213,012	-	**339,000**
Forecast Capital Receipts from sale of assets in year	-1,571,000	-	-	**-1,571,000**
Forecast Capital Receipts from VAT Share Agreement*				-
Forecast useable Capital Receipts **closing balance** at 31st March 2017	**-3,523,591**	-	**-200,000**	**-3,723,591**

***£125,988 + £213,012 = £339,000 (Housing reserve is depleted and therefore £125,988 is required from the General Capital Receipts)

6 RISK ASSESSMENT ON CAPITAL RECEIPTS

6.1 As stated in section 4.3 the Capital Programme is heavily reliant on the sales of assets and our VAT Share receipts. The timing of both these capital receipts is **critical** to the funding of the proposed Capital Programme 2014/15-2016/17.

Members are reminded that the receipts detailed in tables 2-4 above are the best forecast prediction as of December 2013. Any fluctuation in the timing of these forecast receipts could potentially have a negative impact on the funding of the capital programme 2014/15 and beyond.

6.2 A major programme of asset marketing was undertaken in this financial year which confirmed that the current local market is still depressed. The assets (predominantly land) will be placed on the market when conditions are favourable and this is kept under constant review by the Estate and Valuations Manager and the Head of Legal Services.

6.3 The Council's draft SHLAA document has highlighted additional sites that may be suitable for residential development. It may be the case that some additional land parcels will be placed on the market sooner than currently anticipated, with resulting receipts bolstering those detailed in tables 2-4 above. It is not anticipated as at December 2013, that the assets will be offered for sale at later dates, however if this were to happen, the funding of the capital programme would need to be reviewed.

6.4 However, the lead in times for the development of the more significant sites held for sale are considerable to be able to offer an attractive building opportunity suitable for a potential investor. It would not only be a strain on resources on both our Property and Legal teams, but there is a lot of planning and development work which is time consuming but essential to get the right investor interested in sites for sale.

6.5 As shown in table 4 above, the Housing Capital Receipts will be fully depleted within the 2016/17 financial year if external funding for the Disabled Facilities Grants remains at the current level. The General Capital Receipts reserve would then need to be allocated to fund the Housing programme from 2016/17 onwards. Should the level of demand remain but the external funding is reduced (paragraph 2.3 & 2.4) then this could happen earlier than anticipated.

7 CONCLUSION

7.1 The proposed draft Capital Programme 2014/15-2016/17 can be funded from Useable Capital Receipts Reserve assuming current forecast capital receipts are realised in the three year period as outlined in paragraph 5.

8 STATUTORY OFFICER COMMENTS

8.1 The Monitoring Officer's comments are: Capital Programme proposals require Executive and Council approval.

8.2 The Section 151 Officer's comments are: The capital programme is essential for the delivery of the council's priorities and business. The strategy is to fund the programme through the use of external income and from receipts generated. There are several risks to the receipts set out in the report due to market conditions, the time it takes to realise the cash from land and asset sales and the internal resources required to secure the deals, contracts and valuations. On a positive note the external funding for DFGs and the level of VAT share receipts were not available at the time of writing this report and these will increase the resources available. The addition of the 2 new projects to the proposed capital programme can be funded from within anticipated resources. The strategy of financing capital works and projects through the capital receipts and income will require regular review.

8.3 EIA Comments: EIA Completed as part of the budget setting process.

8.4 Policy Framework: The capital programme is designed to support the delivery of the Council's priorities and address risks and issues. In this way, the capital programme is an integral part of the Council's corporate policy framework.

9 RESOURCE REQUIREMENTS

9.1 It is imperative that the capital budget is monitored monthly with exceptions reported through Corporate Leadership Team and Executive so that management action can be taken to ensure the effective use of resources as planned by the Council.

10 HOW ARE THE PROPOSALS GOING TO BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

10.1 The capital programme assumes funding from the sale of assets and external (grant) contributions. There is no assumption at this stage to borrow to finance the programme. Generation of capital receipts presents significant risks in terms of the timing and value of receipt. The Financial Management and Treasury Accountant and the Estates and Valuations Manager meet regularly to review asset sales.

10.2 The value of the Disabled Facility Grant, which provides external funding for the housing programme, (£261,000) is shown as the estimated for 2014/15, based on current year receipt. However, we have recently received notification that the grant award for 2014/15 will be £276,312, (£15,312 more than the estimated amount of £261,000) which will reduce the need to call on our own resources from £339,000 to £323,688. This has a positive impact on the closing balance on the Housing Capital Receipts 31/03/2015 of £15,312. The value of receipt has remained at £261,000 for 2015/16 & 2016/17 on the assumption that DFG's will continue to be a mandatory duty of the authority and award is based on the 2013/14 grant receipt. If the grant receipt fluctuates from the estimates for 2015/16 and 2016/17, then this will impact on the use of the Useable Capital Receipts Reserve as detailed in tables 2-4.

List of Appendices:

Appendix A – Draft Capital Programme 2014/15 -2016/17
Appendix B – Capital Criteria Scoring Results from Capital Control & Monitoring Group
Appendix C – Project Outlines
Appendix D – Current Capital Programme

CAPITAL PROGRAMME BUDGET 14/15, 15/16 & 16/17

APPENDIX B - A

BID NO	DEPARTMENT	Expenditure 2014/15 Existing programme March 13 Council	Slippage approval sought Exec 13/14 TO UPDATE	Draft bids submitted Oct 13	TOTAL 13/14 including slippage	Funding 2014/15 Useable Capital Receipts Reserve (UCRR)	Housing Reserve	External	Expenditure 2015/16 Existing programme March 13 Council	Slippage approval sought Exec 14/15	Draft bids submitted Oct 13	TOTAL 15/16 including slippage	Expenditure 2016/17 Existing programme March 13 Council	Slippage approval sought Exec 15/16	Draft bids submitted Oct 13	TOTAL 16/17 including slippage	OVERALL TOTAL 14/15-16/17
	Corporate Department:																
	Chief Executive																
												-					
	Chief Executive Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Corporate Resources:																
	Operational Buildings				-							-				-	-
	Energy Efficiency Measures				-							-				-	-
1	Land Management	175,000	(175,000)		-							-				-	-
5	Accomodation Strategy			400,000	400,000	400,000						-				-	400,000
	Valuation Data transfer				-							-				-	-
	Debtors Associated Documents											-					-
					-							-				-	-
	Corporate Resources Total	175,000	(175,000)	400,000	400,000	400,000	-	-	-	-	-	-	-	-	-	-	400,000
	Neighbourhoods:																
	Rottington Beck				-							-				-	-
2	Vehicles	90,000			90,000	90,000						-				-	90,000
	Playgrounds				-							-				-	-
4	Whitehaven Cemetery Extension			250,000	250,000	250,000						-				-	250,000
	Demolition of Public Toilets											-				-	-
	Neighbourhoods Total	90,000	-	250,000	340,000	340,000	-	-	-	-	-	-	-	-	-	-	340,000
	Nuclear:																
	Data Capture				-							-				-	-
	Regeneration software				-							-				-	-
	Nuclear Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Regeneration and Community:																
	Home Renewal Assistance				-							-				-	-
	Renovation Grant				-							-				-	-
3	Disabled Facilities Grants	600,000			600,000		339,000	261,000	600,000			600,000			600,000	600,000	1,800,000
	Whitehaven Townscape Heritage Initiative				-							-				-	-
	Copeland Pool				-							-				-	-
	Development Management - e-access				-							-				-	-
	Regeneration and Community Total	600,000	-	-	600,000	-	339,000	261,000	600,000	-	-	600,000	-	-	600,000	600,000	1,800,000
	TOTAL CAPITAL PROGRAMME -	865,000	(175,000)	650,000	1,340,000	740,000	339,000	261,000	600,000	-	-	600,000	-	-	600,000	600,000	2,540,000

CAPITAL CRITERIA & SCORING SYSTEM

APPENDIX B B

							BIDS APPROVED IN PRINCIPAL IN 2013/14 FOR 2014/15			NEW BIDS 14/15	
Suggested Criteria	Summary	Weight	SCORING				SCORE AS PER GROUP DISCUSSION				
			1	2	3	4	LAND MANAGEMENT	FLEET REPLACEMENT	DFG'S	WHITEHAVEN CEM EXTN	ACCOMMODATION STRATEGY
Statutory requirement	We would fail to meet our statutory duties if the scheme was	25	Does not Meet	Partially Meets	Substantially Meets	Fully Meets	50	100	100	50	
Urgent priorities/avoidance of litigation claims	Urgency of investment required to meet legal obligations i.e. avoidance of Corporate Manslaughter and other litigation claims, Health and Safety, Disability Discrimination Act	25	N/A			Definate	100	25	100	25	
New policy framework	A project that specifically complies with the most recent policy framework and delivers a priority outcome.	15	Does not comply			Fully complies	15	60	60	15	
Business need/Avoiding future business interruption	The project is essential to ensure the continuity of the of the service delivery and avoid future potential business interruption	15	Not essential to continuity	partially essesntial to continuity	substantially essential to continuity	Totally essential to continuity	30	45	60	60	
Invest to save	Provision of future revenue savings/additional income from completion of project include payback period	10	No savings/net income	upto 15% savings/income	15%-25% savings/income	Over 25% savings/income	10	YET TO BE CALCULATED*	10	10	
Revenue implications	Delivery and completion of the project would result in a future net revenue cost (see invest to save for positive revenue implications)	10	Under 10k net cost (=score*-1)	£11k to £20k net cost (*-1)	£21k to 50K net cost (*-1)	Over £50k net cost (*-1)	0	0**	0	0***	
Operational benefits	The project does not necessarily link with corporate priorities but will provide positive benefits to service delivery	10	No positive benefits	Limited positive benefits	Substantial positive benefits	Full positive benefits	30	40	40	40	
Partnership working	External partnership benefits with public, private or voluntary sector	10	No partnership benefits	Limited partnership benefits	Substantial partnership benefits	Full partnership benefits	10	10	30	10	
External match funding/full external funding	Project is part funded or fully funded from externally generated resources	10	None	Up to 33% funded	34% - 66% funded	67%-100% funded	10	10	30	10	
		max score	130	260	390	520	255 ****	290	430 ****	220	

Weighting Criteria: (Weight x score)

*UNKNOWN UNTIL FURTHER CALCULATIONS ARE MADE AT A LATER DATE
** Current revenue budget includes maintenace and running costs for vehicles, if any reductions to this budget will not be able to cover. Also recieves depreciation charge yearly for use of vehicle
*** Assumption that maintenenace of new extension will be covered by existing revenue budget
**** These bids were evaluated last year upon submission, by the capital Control and Monitoring group

Appendix B - C1

PROJECT OUTLINE

For Inclusion in the Capital Programme 2014/15, 2015/16 & 2016/17

Project Title: Fleet Replacement

1. Project Description
The final of the 3 Council owned waste vehicles needs to be replaced in 2014. Two other vehicles have been replaced during 2012-13 and 2013-14, as part of a 3 year capital funded replacement programme, this the final one is an integral part of the Council's and kerbside recycling service. The vehicle has been used to collect recyclable materials since it was purchased in September 2007 and will reach the end of its expected useful life in September 2014. The alternative to outright purchase of the vehicle is leasing through the existing contract with Kier MG Ltd. Based on indicative figures this option would increase the revenue cost of the service by approximately £36k per annum

2. Key Deliverables
Vehicle specified, ordered and delivered

3. Project Manager and Sponsor
Project Manager – Janice Carrol, Waste & Enforcement Manager Project Sponsor – Keith Parker, Head of Neighbourhoods

4. Budget (including size of budget, who is funding it and accountable body)
Capital funding of £90k is required for 2014-15. The annual running costs will be met from existing waste revenue budgets. The alternative option of leasing a vehicle through the existing contract with Kier MG Ltd would require an increase to the Kerbside Recycling budget from 2014-15 of £15k and annually thereafter of approximately £36k.

5. Key Project dates (including start date, key milestones, expected project completion date)
By 30 April – Draft required vehicle specifications By 1 June – Vehicle ordered By 5 October 2014 – Vehicle commissioned

6. Current status of project

7. Please complete the attached with comments against each of the criteria. Your comments will form the basis of the scoring matrix to determine whether the project will be either included or excluded from the Capital Programme 14/15 and beyond.

Project Title: Fleet Replacement

Criteria	Summary	Project Manager/Sponsor Comment:
Statutory requirement	We would fail to meet our statutory duties if the scheme was not approved	The Council has a duty to arrange for the collection of at least two types of recyclable waste together or individually separated from the rest of the household waste.
Urgent priorities/avoidance of litigation claims	Urgency of investment required to meet legal obligations i.e. avoidance of Corporate Manslaughter and other litigation claims, Health and Safety, Disability Discrimination Act	The existing vehicle will be 7 years old in September 2014, which is the accepted life of a front-line waste collection vehicle. Extending the vehicle beyond this age may lead to mechanical or other problems that could impact on the health & safety of those operating it.
New policy framework	A project that specifically complies with the most recent policy framework and delivers a priority outcome.	Minimising waste and increasing recycling remain a priority for the Council. Maximising income from the sale of recyclables is also a key factor.
Business need/Avoiding future business interruption	The project is essential to ensure the continuity of the of the service delivery and avoid future potential business interruption	Currently over 31,000 households are provided with such a service. Without this vehicle 6500 properties would not have the service and the service would not be able to accommodate new properties.
Invest to save	Provision of future revenue savings/additional income from completion of project include payback period	Diverting waste from the black bin/blue bag collection to recycling saves the Council around £23 per household per year or £27 per tonne and therefore investing in recycling could lead to further efficiency savings in the refuse service.
Revenue implications	Delivery and completion of the project would result in a future net revenue cost (see invest to save for positive revenue implications)	See comments above
Operational benefits	The project does not necessarily link with corporate priorities but will provide positive benefits to service delivery	See comments above
Partnership working	External partnership benefits with public, private or voluntary sector	As material from the service is handled locally, there are benefits to local employment from this activity.
External match funding/full external funding	Project is part funded or fully funded from externally generated resources	The existing vehicle was purchased with external funding, and therefore the Council's recycling service & householders have benefited for the last 7 years. Funding streams no longer exist.

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Appendix B E2

PROJECT OUTLINE

For Inclusion in the Capital Programme 2014/15, 2015/16 & 2016/17

Project Title: Disabled facilities Grants

1. Project Description
To deliver Disabled Facilities Grants (DFG's) to residents of Copeland.

2. Key Deliverables
The provision of adaptations for disabled residents, for example, stair-lifts, shower rooms and access ramps. DFG's prevent accidents at home that might otherwise cause acute harm or fatalities to disabled people of all ages. They enable people to maximise their independence at home and minimise their dependence on health and Social care services, particularly acute services like unplanned hospital admissions or emergency receptions into care.

3. Project Manager and Sponsor
Debbie Cochrane will manage the project, Julie Betteridge is the sponsor.

4. Budget (including size of budget, who is funding it and accountable body)
£600,000 capital. It is anticipated that DCLG will provide the same funding as 2012/13 which was £265,717. From 2015 there will be no capital spend on DFG's by DCLG. Funding for DFG's will be included in the new Integration Transformation Fund which will be administered by Cumbria County Council after plans have been developed by the Clinical Commissioning Group, Cumbria County Council and the Health and Wellbeing Board. There is no certainty therefore of funding from 2015.

5. Key Project dates (including start date, key milestones, expected project completion date)
The project runs from 1 April each year.

6. Current status of project
The anticipated commitment based on the number of referrals and current applications is £600,000.

7. Please complete the attached with comments against each of the criteria. Your comments will form the basis of the scoring matrix to determine whether the project will be either included or excluded from the Capital Programme 14/15 and beyond.

Capital Programme 2014/15, 2015/16 & 2016/17

Project Title: Disabled Facilities Grants

Criteria	Summary	Project Manager/Sponsor Comment:
Statutory requirement	We would fail to meet our statutory duties if the scheme was not approved	The provision of DFG's is a statutory duty.
Urgent priorities/avoidance of litigation claims	Urgency of investment required to meet legal obligations i.e. avoidance of Corporate Manslaughter and other litigation claims, Health and Safety, Disability Discrimination Act	DFG's must be approved within six months of referral
New policy framework	A project that specifically complies with the most recent policy framework and delivers a priority outcome.	Strategic housing is a statutory function which includes the statutory duty to provide DFG's. The policy framework "to deliver efficient and effective statutory services" can only be met if we have enough resource to meet our DFG duty.
Business need/Avoiding future business interruption	The project is essential to ensure the continuity of the of the service delivery and avoid future potential business interruption	The demand for DFG's is increasing year on year, the council works hard with partners to assess applicants to ensure eligible people in need are assisted effectively.
Invest to save	Provision of future revenue savings/additional income from completion of project include payback period	Applications for DFG's are means tested; the process enables people through investment to stay in their homes enabling savings across partner agencies.
Revenue implications	Delivery and completion of the project would result in a future net revenue cost (see invest to save for positive revenue implications)	Our efficient DFG service relies on adequate finance to meet demand, we are working with AgeUk to develop a Home Improvement Agency across Copeland which will support our service through the delivery of connected issues, for example a 'handyman' service.
Operational benefits	The project does not necessarily link with corporate priorities but will provide positive benefits to service delivery	The project fully delivers against corporate statutory duties.
Partnership working	External partnership benefits with public, private or voluntary sector	DFG's are delivered through a partnership approach, Cumbria County Council, Registered Housing Providers, private landlords, Age UK are working together to ensure delivery turnaround and assessment are effective.
External match funding/full external funding	Project is part funded or fully funded from externally generated resources	The council tops up the grant received from DCLG.

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Appendix B C3

PROJECT OUTLINE

For Inclusion in the Capital Programme 2014/15, 2015/16 & 2016/17

Project Title: Whitehaven Cemetery extension

1. Project Description

The current burial space in the last extension in Whitehaven cemetery was originally predicted to provide burial spaces until 2021, however if burials in this part of the cemetery continue at the same rate as the last 3 years there will only be burial spaces available for approx. the next 2 years, the proposal is that there is another phase of extending the cemetery into the area of land adjacent to the present burial space which is currently woodland.
This would create approx. another 7000m2 of space depending on ground surveys this could allow for approx. 350 burials spaces which would allow burials to continue in Whitehaven Cemetery for another 10 years.
If the council decides not to extend Whitehaven cemetery further this will lead to an increased demand on the only other alternative cemetery in Whitehaven which is Hensingham which currently has burial space at the current rate for approx. another 10 years.

2. Key Deliverables

3. Project Manager and Sponsor

John Davis (Parks Manager)

4. Budget (including size of budget, who is funding it and accountable body)

The anticipated project cost will be approx £250K which is to be financed from the councils capital funds

5. Key Project dates (including start date, key milestones, expected project completion date)

April 2014 –Site appraisal and design work
July 2014 –Desktop study including groundwater surveys
December 2014 –Planning and prepare tenders
April 2015 –Construction work
March 2015 –Project completed.

6. Current status of project

Initial stage of identified the lack of burial space in the future.

7. Please complete the attached with comments against <u>each</u> of the criteria. Your comments will form the basis of the scoring matrix to determine whether the project will be either included or excluded from the Capital Programme 14/15 and beyond.

Capital Programme 2014/15, 2015/16 & 2016/17

Project Title: Whitehaven Cemetery Extension

Criteria	Summary	Project Manager/Sponsor Comment: John Davis (Parks Manager)
Statutory requirement	We would fail to meet our statutory duties if the scheme was not approved	The council is statutory obliged to provide for the burial of the deceased, although burials could take place in the other alternative cemeteries at Hensingham, Thornhill, or Millom which all have there own limited burial space.
Urgent priorities/avoidance of litigation claims	Urgency of investment required to meet legal obligations i.e. avoidance of Corporate Manslaughter and other litigation claims, Health and Safety, Disability Discrimination Act	
New policy framework	A project that specifically complies with the most recent policy framework and delivers a priority outcome.	
Business need/Avoiding future business interruption	The project is essential to ensure the continuity of the of the service delivery and avoid future potential business interruption	If project is not approved there will be no new burial space available in the next 2 to 3 years at Whitehaven Cemetery which would put increased pressure on the burial space available in the alternative cemeteries in Copeland
Invest to save	Provision of future revenue savings/additional income from completion of project include payback period	There will be revenue income from the sale of exclusive rights for these graves with the current rate being £671 adjacent to main paths and £559 for all other graves
Revenue implications	Delivery and completion of the project would result in a future net revenue cost (see invest to save for positive revenue implications)	Additional maintenance (grass cutting) would be approx. £2,000 per year
Operational benefits	The project does not necessarily link with corporate priorities but will provide positive benefits to service delivery	This project would have a positive impact for the community on religion and their beliefs
Partnership working	External partnership benefits with public, private or voluntary sector	
External match funding/full external funding	Project is part funded or fully funded from externally generated resources	

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Appendix B-D.

APPENDIX D – CURRENT CAPITAL PROGRAMME 2013/14

Valuation Data Transfer - A fully functional property management system will enable all the data held in the varying formats on the Council's land holdings to be recorded onto one system via electronic data transfer with some manual checking, scanning and archiving of old data. The new system will form a base on which to build an effective and efficient property management data base, allowing the provision of a cost effective and more efficient service.
This will be supported by;

- Facilitating a co-ordinated corporate approach to asset management by consolidating several disparate databases and functions and reinforcing a structured, systematic and fully documented process.
- supporting the Council's current Asset Management Plan and allow improved on-going management of the Council's property portfolio.
- improving property asset performance and inform the decision-making processes.
- improving the integration of capital and revenue spending decisions through consistent and effective asset management planning.

The key benefits to the Council are;

- Provides a single source of information with wider access across the Council, and externally via remote links with the potential for shared use.
- Savings over other property management systems from lower maintenance costs, smarter procurement and process efficiencies.
- More efficient access to information.
- Improved project management.
- Better assessment of property performance.
- Improved space management and tracking of vacant space.
- Ability to host data in other formats such as CAD plans, GIS data, word and excel documents.
- Supports advanced handheld condition survey software.
- Provides real time key performance indicators.
- Provides comprehensive reporting.
- Facilitates business transformation.
- Can host additional modules to provide facilities management improvement opportunities in the form of reactive repairs and integrated helpdesk facilities.
- A web based facility that allows data sharing with the ability to implement strict security levels by either complete access restrictions to other external users, read only permissions or full administrator rights.

Millom Cemetery Land Purchase – Ground water assessment has been completed and signed off by the Environment Agency, as have the principles of an access arrangement with the Church authorities. The project is currently awaiting planning approval which is anticipated at the meeting in March 2014, therefore all remaining budget will need to be carried forward to implement scheme subject to planning approval, in 2014/15.

St Bees Playground – The £40k awarded by the authority to renovate St Bees Play Area is now being used by St Bees Parish Council as match funding to secure other grant funding. So far additional grant funding of £30,250 has been approved from Copeland Community fund and £60k from WREN. This brings the total budget on the project of £130k with Copeland being the accountable body. The preferred contractor has been awarded the tender to carry out the works and the planning application was approved in January 2014. Work on the drainage of the site is to commence as soon as possible and once the formal offer letters have been received from the grant funders, an order for the play equipment will be placed and followed up with a site visit with the contractor to discuss specific requirements.

Moor Row Play Area -The Council has supported the renovation of Moor Row Play area improving 1130m^2 of open space that the whole community can enjoy. The Council acted as accountable body for the external funding and assisted the community group in managing the project. The long term maintenance costs for the authority will also be reduced as the Moor Row Community Group has raised funds to cover these types of costs.

Regeneration Software - The benefits of upgrading the software allows all information on properties to be captured spatially through GIS layers. This in turn makes this searchable by the community on the Council's website. Customers of all services have, no doubt, benefitted from the more efficient working environment the software has created – all correspondence is created within the software (rather than separately by word processor) and is instantly retrievable as part of daily telephone queries.

Building Control Data Capture - This project allows both historical and any future building regulation applications to be held electronically meaning applicants can e-mail an electronic copy of drawings and associated information whereas previously, up to 4 hard copy sets of information were required. Decisions on applications and other communications are now received by applicants instantly and as all applications sit in one central location it means that queries on them can be answered more quickly and potentially resolved the same day.

DFG's - During the financial year the authority has continued to provide financial assistance to allow some of the most vulnerable residents to remain in their homes by the use of disabled facilities grants (DFG's) to fund essential adaptations to their properties. For example, the provision of a Stairlift may mean someone can be discharged from hospital to their family home rather than into residential care. DFG's also prevent accidents at home that might otherwise cause acute harm or fatalities to disabled people of all ages, they enable people to maximise their independence at home and minimise their dependence on health and social care services, in particular, acute services like unplanned hospital admissions or emergency receptions into care. Copeland Borough Council have successfully provided 69 disabled facilities grants compared to 52 in the same period last year. We receive some external funding for this provision; however this amounts to less than half of what we award (44%) with the majority being funded from CBC resources.

Whitehaven THI - The Whitehaven Townscape Heritage Initiative (THI) scheme will focus on Whitehaven's retail centre; in particular, The Market Pace and James Street and will upgrade historic buildings, helping to increase the economic activity of the area and giving greater choice to residents, workers and visitors shopping in the town. The scheme will also increase heritage skills levels amongst the local building sector and local residents; bring historic buildings back into use, and improve the public realm. One of the key buildings will be the prominent but dilapidated YMCA building, a grade II listed building which will be transformed to provide supported living facilities for young people.

Copeland Pool – An extension is to be built at the current Copeland Pool building providing:-

- a 180 sq m fitness gym accommodating 35 stations with free weights area
- 2 multipurpose activity rooms each of 50 sq m and capable of being opened up into a single room
- additional car parking spaces

This project will have a significant positive on-going impact on health and fitness in the local area as well as generating additional income and reducing the net operating costs to run the facility. An increased variety of relevant activities at the right time of day will be provided for the elderly to ensure maximum participation, and younger people will be specifically targeted through school by offering induction sessions as part of PE packages. Direct links will also exist with related projects such as the 'Be Active' scheme targeting particularly deprived local communities, assisting residents to become more involved in physical activity.

TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS), MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2014/15

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Darienne Law, Head of Corporate Resources
REPORT AUTHORS: Leanne Barwise, Senior Accounting Officer

This report has been presented to Audit and Governance Committee on 30 January 2014 for scrutiny. It is now being presented to this meeting of Executive on 13 February 2014 to seek recommendation to Full Council for approval on 27 February 2014.

Copeland Borough Council received £31m in 2013/14 and anticipates the same in 2014/15, being a full year payment of National Non Domestic Rates (NNDR) from one ratepayer. Whilst this is received by the Authority, it does not all actually belong to the authority as we collect NNDR on behalf of the government and Cumbria County Council (CCC) and are only entitled to retain our "baseline need" amount (subject to safety net). The authority also receives further NNDR throughout the year of approximately £4.5m. Again, this is not all the authorities funding. The authority is required to distribute the NNDR it receives to government and to CCC on a monthly basis. The yearly amount is circa £28m but this is paid out in (varying) monthly payments to DCLG & CCC. These payments may result in monies owed to DCLG and CCC if NNDR collected exceeds the amount anticipated or alternatively would result in additional funds being owed to this authority in respect of (enhanced) safety net payments if collection is below the anticipated amount.

We receive Council Tax receipts monthly with council tax payers having the option to pay over 10 or 12 months, but again this is not the Councils funds to keep and some must be repaid to our main preceptors, Cumbria County Council and the Police and Crime Commissioner at £1.9m and £0.3m per month respectively (£26.4m per year), with the Council retaining only its share circa £3.5m.

Copeland Borough Council holds an average investment portfolio of £20-25m of its own funds (reducing as used). As detailed in the paragraph earlier, we receive a full year payment of NNDR which results in a total portfolio in the region of £54m.

RECOMMENDATION:

i) Executive recommend to Council for approval on 27 February 2014 the Treasury Management Strategy Statement 2014/15, the Annual Investment Strategy 2014/15 and the Minimum Revenue Provision Statement 2014/15 contained within this report.

Executive are asked to recommend this, giving due regard to the following changes from the 2013/14 treasury strategy:

ii) Increased limits on both fixed and variable rate investments to £54m - the value of our maximum portfolio. (paragraph 3.5, Page 12).

iii) Increased limit on the part-nationalised banks from £7.5m (with an additional £2.5m with the prior approval of the s151 Officer to give an ultimate limit of £10m) to £10m (with no prior approval required). (Table at 4.2, Page 16).

iv) Change in our criteria requiring counterparties we use to have a Financial Strength/Viability rating of a C- (C in our current strategy) which will allow investments with two further counterparties. Risk will be mitigated by limiting investments with these two counterparties to 100 days (paragraph 4.2, Pages 15 & 16).

v) The introduction of the use of Enhanced Money Market Funds tour portfolio. Overall investment amounts will be limited (paragraph 4.2, Pages 14 & 15).

vi) Removal of the single investment transaction limit as detailed in paragraph 3.4 page 11.

TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS), MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2014/15

EXECUTIVE MEMBER:	Cllr Gillian Troughton
LEAD OFFICER:	Darienne Law, Head of Corporate Resources
REPORT AUTHOR:	Leanne Barwise, Senior Accounting Officer

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to any borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash could involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Copeland's Portfolio and Investment Strategy

Copeland Borough Council received £31m in 2013/14 and anticipates the same in 2014/15, being a full year payment of National Non Domestic Rates (NNDR) from one ratepayer. Whilst this is received by the Authority, it does not all actually belong to the authority as we collect NNDR on behalf of the government and Cumbria County Council (CCC) and are only entitled to retain our "baseline need" amount (subject to safety net). The authority also receives further NNDR throughout the year of approximately £4.5m. Again, this is not all the authorities funding. The authority is required to distribute the NNDR it receives to government and to CCC on a monthly basis. The yearly amount is circa £28m but this is paid out in (varying) monthly payments to DCLG & CCC. These payments may result in monies owed to DCLG and CCC if NNDR collected exceeds the amount anticipated or alternatively would result in additional funds being owed to this authority in respect of (enhanced) safety net payments if collection is below the anticipated amount.

We receive Council Tax receipts monthly with council tax payers having the option to pay over 10 or 12 months, but again this is not the Councils funds to keep and some must be repaid to our main preceptors, Cumbria County Council and the Police and Crime Commissioner at £1.9m and £0.3m per month respectively (£26.4m per year), with the Council retaining only its share circa £3.5m.

Copeland Borough Council holds an average investment portfolio of £20-25m of its own funds (reducing as used). As detailed in the paragraph earlier, we receive a full year payment of NNDR which results in a total portfolio in the region of £54m.

The main principal governing the Councils investment criteria is the security of its investments although yield (or return) is also considered. Our counterparty list is derived from the minimum credit ratings that are agreed as outlined within this strategy document and approved at Council. This list ultimately limits us to use the counterparties for investment that are above the minimum criteria that we set (as detailed in paragraph 4.7). Should the criteria be set too low then the Authority would be open to risk. If set too high it could make it difficult to place our funds. The TMSS sets out the overall policy parameters, however officers currently tighten the operational criteria further to protect the Authority's funds in the current economic climate.

Some institutions on our counterparty list are available but not currently being used by the Authority. For instance, we choose not to place investments with any non-UK Banks even though they meet our minimum criteria. This is mainly due to the current state of the economy outside of the UK but remain on our list to provide flexibility should the position change in the future. Other counterparties (who we would be willing to deal with) will only deal with customers with much bigger portfolios than ours i.e. HSBC, however as they meet the minimum criteria they are included.

Wherever possible we maximise interest on fixed term investments with the part-nationalised banks by securing investments (achieved rates this year of 0.80% and 1.05%) for as long a period as possible and up to the maximum limits (up to £7.5m each) set out in 2013/14 strategy. Unfortunately, the result of this is that other enhanced rates offered by the part nationalised banks are unable to be secured and so the majority of our portfolio is held in AAA Money Market Funds. These are highly secure*, liquid institutions but the yield is much lower (ranging from 0.30% to 0.39%). This, in turn reduces our average interest rate achieved. We continue to achieve a rate above the 7 Day LIBID (London Interbank Bid Rate – the rate in which banks bid to borrow) as a benchmark.

This strategy contains a number of changes from the previous year's strategy document. These are:-

- Increasing the limits on both fixed and variable rate investments to the value of our maximum portfolio at £54m. This will mean that we are not restricted to a definite level of fixed or variable rate investments so we can achieve the best rates available (paragraph 3.5, Page 12).
- Increasing the limit on the part-nationalised banks from £7.5m (with an additional £2.5m with the prior approval of the s151 Officer to give an ultimate limit of £10m) to £10m (with no prior approval required). This will allow us to take advantage of current enhanced liquid rates (Table at 4.2, Page 17).
- Change in our criteria requiring counterparties we use to have a Financial Strength/Viability rating of a C- (C in our current strategy) which will allow investments with two further counterparties. Risk will be mitigated by limiting investments with these two counterparties to 100 days (paragraph 4.2, Pages 15 & 16).
- The introduction of the use of Enhanced Money Market Funds to our portfolio. These are slightly longer dated money market funds which should allow some increased yield at low risk. Officers will investigate these options in conjunction with our advisers. Overall investment amounts will be limited (paragraph 4.2, pages 14 & 15).
- Removal of the single investment transaction limit as detailed in paragraph 3.4 at Page 11.

Members should note that the limits that are presented throughout this report have been discussed with our Treasury Consultants, Capita Asset Services, and are deemed acceptable for the Authorities risk appetite which is very low.

*See paragraph 4.1 where the security of MMF's is explained in more detail.

Treasury Management Policy Statement

CIPFA defines treasury management as:

> *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This annual report was presented to Executive on 19 November 2013 updating members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision. In addition, this Council will receive quarterly update reports.

An annual treasury report – This report (also known as the Treasury management Outturn Report)provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

1.3 Treasury Management Strategy for 2014/15

The strategy for 2014/15 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;

- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. Treasury Management training was provided prior to the Audit and Governance Committee meeting in February 2013 and further training was arranged prior to Audit and Governance Committee on 30 January 2014.

The training needs of treasury management officers are reviewed periodically.

1.5 Treasury management consultants

The Council uses Capita Asset Services Treasury Solutions (formerly known as Sector), as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2014/15 – 2016/17

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist member's overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts, the details of which are elsewhere on the Executive agenda for consideration:

Capital expenditure £000's	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Total	1,435	1,441	1,340	600	600

The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The following table summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources.

Capital expenditure £000's	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Total	1,435	1,441	1,340	600	600
Financed by:					
Capital receipts	982	884	1,079	339	339
Capital grants	446	557	261	261	261
Revenue	7	-	-	-	-
Net financing need for the year	-	-	-	-	-

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure which has not immediately been paid for, will increase the CFR. Copeland currently finances all its capital expenditure immediately through capital receipts/grants and as a consequence the CFRis not increasing..

The CFR is required to be paid off over time. This charge is called the minimum revenue provision (MRP) and is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. As at the beginning of the financial year 2013/14 the Council had £6.4m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£000's	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Capital Financing Requirement					
Total CFR	8,465	7,911	7,379	6,962	6,556
Movement in CFR	-	(554)	(532)	(417)	(406)

Movement in CFR represented by					
Net financing need for the year (above)	-	-	-	-	-
Less MRP and other financing movements	-	(554)	(532)	(417)	(406)
Movement in CFR	-	(554)	(532)	(417)	(406)

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary revenue payments (VRP) if required but this Council does not.

CLG regulations have been issued which require full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1); *or*

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method –** MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3); *and*
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

These options provide for a reduction in the borrowing need over approximately the asset's life.

Repayments of PFI or Finance Leases are allowable to use as a proxy for the above methods. The reduction in the CFR in 2.3 above is as a result of the PFI and finance lease MRP.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £000's	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Fund balances / reserves	3,216	2,933	2,795	2,795	2,795
Capital receipts	3,367	2,391	1,664	2,492	3,724
Earmarked Reserves	6,172	4,625	4,352	4,385	4,384
Provisions	311	311	311	311	311
Total core funds	**13,066**	**10,261**	**9,122**	**9,983**	**11,214**
Working capital*	1,423	1,423	1,423	1,423	1,423
Under/over borrowing	3,984	2,915	2,915	2,915	2,915
Expected investments	**18,473**	**14,599**	**13,460**	**14,321**	**15,552**

*Working capital balances shown are estimated year end; these may be higher mid-year

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Ratio	7.16	7.73	7.42	6.61	5.99

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme (presented elsewhere on the agenda) compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Revenue costs include depreciation charges (or substitued MRP payments), additional maintenance and running costs (above the current level already within revenue budgets), reduced running costs or costs which can be offset against income generated. The current capital programme doesn't include any additional costs over the current net budget provision as can be shown in the next table:

Incremental impact of capital investment decisions on the band D council tax

£	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Council tax - band D	0	0	0	0	0

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting an over borrowing position.

£000's	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
External Debt					
Debt at 1 April	5,000	5,000	5,000	5,000	5,000
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	6,380	5,826	5,294	4,877	4,471
Expected change in OLTL	-	(554)	(532)	(417)	(406)
Actual gross debt at 31 March	**11,380**	**10,826**	**10,294**	**9,877**	**9,471**
The Capital Financing Requirement	**8,465**	**7,911**	**7,379**	**6,962**	**6,556**
Under / (over) borrowing	**2,915**	**2,915**	**2,915**	**2,915**	**2,915**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Head of Corporate Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt. It is to be used solely as a guideline figure.

Operational boundary £000's	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	7,000	7,000	7,000	7,000
Total	**12,000**	**12,000**	**12,000**	**12,000**

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit (no change from current year):

Authorised limit £000's	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Debt	9,000	9,000	9,000	9,000
Other long term liabilities	8,000	8,000	8,000	8,000
Total	**17,000**	**17,000**	**17,000**	**17,000**

3.3 Prospects for Interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view on bank base rate forecast which drives investment returns and borrowing rate forecasts.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.40	4.40
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.50	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.20	5.00	5.10
Jun 2016	0.50	3.30	5.10	5.20
Sep 2016	0.75	3.50	5.10	5.20
Dec 2016	1.00	3.60	5.10	5.20
Mar 2017	1.25	3.70	5.20	5.30

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have improved this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Concerns have subsided considerably in 2013 for the Eurozone. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues

of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Single Investment Transaction Limit

In the previous Treasury Management Strategy Statement every investment transaction was subject to an operational single transaction limit of £5m per counterparty. However, upon the receipt of a substantial NNDR receipt it proved difficult to adhere to this limit when investing the receipt with Government (with whom we can invest an unlimited amount). The £5m limit has therefore been removed from the strategy this year in anticipation of another substantial NNDR receipt. The removal of such limit will mean the maximum investment limit per counterparty set out throughout this strategy may be utilised. Please see table at the end of section 4.2 for monetary and time limits per type of institution.

3.5 Borrowing strategy

The Council's debt portfolio contains one remaining Market Loan of £5 million which will mature on 1st February 2042. The rate is fixed at 7.55% and we make interest payments that total £377,500 a year. We continually assess the position of this loan with our Treasury Consultants, Capita Asset Services, to see whether we are securing the best terms for the Council. At the current time, the advice is to leave this loan in its present form, as the penalty for repaying early would be prohibitive
as it is currently estimated at £3m (on top of the £5m debt repayment).

Although, at this time it is not anticipated any further borrowing will be necessary, in the unlikely event of a need to borrow, the Section 151 Officer under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates.

However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Upper limits on fixed interest rates on investments. This identifies a maximum limit for fixed rate investments.
- Upper limits on variable rates on investments. As previous, this identifies a maximum limit for variable interest rate investments.
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£000's	2014/15	2015/16	2016/17
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	5,100	5,100	5,100
Limits on variable interest rates based on net debt	5,100	5,100	5,100
Limits on fixed interest rates:			
• ***Debt only***	*5,100*	*5,100*	*5,100*
• ***Investments only***	*54,000*	*54,000*	*54,000*
Limits on variable interest rates			
• ***Debt only***	*5,100*	*5,100*	*5,100*
• ***Investments only***	*54,000*	*54,000*	*54,000*
Maturity structure of fixed interest rate borrowing 2014/15			
		Lower	**Upper**
Under 12 months		0%	100%
12 months to 2 years		0%	100%
2 years to 5 years		0%	100%
5 years to 10 years		0%	100%
10 years to 20 years		0%	100%
20 years to 30 years		0%	100%
30 years to 40 years		0%	100%
40 years to 50 years		0%	100%

3.6 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Any associated risks will be approved and reported through the standard reporting method.

3.7 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, at this moment the cost of repaying our £5m debt is prohibitive.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling decision made by the Section 151 Officer and will be reported to the Council, at the earliest meeting following its action.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy 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"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of these reflect in the eyes of each agengy. Using our ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable divesification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

In recent times our risks have increased, even though our counterparty criteria and limits remain unchanged. The 2008 banking crisis highlighted risks within the banking industry, which regulatory authorities are seeking to address. Money Market Funds, highly rated investment vehicles, will need to change the way in which they operate in order to meet the new requirements whilst also meeting client expectations. Funds which currently operate on a Stable Net Asset Value (SNAV -their objective is to ensure that £1 invested will be returned), may find it advantageous to move to a Variable Net Asset Value in the future (VNAV - whereby the principal amount invested can potentially vary higher or lower than the amount invested), whilst maintaining the same operational criteria. This option should allow similar security and better returns in the future than would otherwise be available. Money Market Funds remain one of the safest counterparties and our credit base criteria remains unchanged, albeit it will now allow the use of variable Net Asset Value Funds. For the funds being used risk is expected to remain unchanged, but Members should be aware of this change that is out of the control of the Authority. As this area develops and more is known about the impact of the regulatory changes Members will be informed through the regular treasury reports.

Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'Specified' Investments (ie investments with maturities of upto a maximum of one year meeting the high quality criteria) and 'Non-Specified' investment categories (ie all other investments that do not meet the Specified criteria). Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
    i. are UK banks; or
    ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA

  and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

    i. Short term – *F1*
    ii. Long term – *A-*
    iii. Viability / financial strength – *C-* (Fitch / Moody's only)
    iv. Support – *4* (Fitch only)

- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Money market funds – AAA
- Enhanced money market funds (EMMFs)*
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc
- Supranational institutions

*Enhanced MMFs are similar to the current MMFs and should allow marginally higher returns. These funds invest slightly longer than the current liquid MMFs and access to monies is usually over a 1 or 2 day notice period, rather than immediately. Officers will consult with our advisers over their introduction.

A limit of 50% of the whole portfolio will be applied to the use of non-specified investments.

This Council also applies the creditworthiness service provided by Capita Asset Services. 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 coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments and the use of this method exceeds the approach suggested by CIPFA.

Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 50% of the whole portfolio will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

Sector Limits	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	*AA-*	£5m	3yrs
Banks 1 medium quality	*A-*	£3m	1yr
Banks 2 – part nationalised	-	£10m	1yr
Limit 3 category – Council's banker (not meeting Banks 1)	-	£10k	1 day
Other institutions limit	-	£2m	1yr
DMADF	AAA	unlimited	6 months
Local authorities	N/A	£5m	1yr
Money market funds (SNAV and VNAV)	AAA	£5m	liquid
Enhanced money market funds	AAA	5 / 10%	liquid

In an exceptional circumstance beyond our control in April 2013, the monetary limit in the part-nationalised banks (Banks 2) in the table above was temporarily breached for 1 day. The strategy breach was related to a substantial NNDR receipt being credited to our account after the money markets had closed for daily dealing. With no alternative we placed the funds within our own bank in a Special Interest Bearing Account (which is a higher rated account with the same security) overnight until it could then be invested the following day. This action subsequently resulted in an overnight breach of our self-imposed monetary limits for investments with a part nationalised bank which is restricted within the Treasury Management Strategy Statement to £7.5m. The Section 151 Officer authorised this action. The funds were then invested as originally intended the following day. We will try to endeavour that any future substantial receipts of this nature are cleared prior to the 1pm dealing deadlines, wherever possible.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries (excluding the UK) with a minimum sovereign credit rating of *AAA* from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

Capita's suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	0.75%
2017/18	2.25%

It should be noted however the above rates are probably unachievable for us as an Authority over the whole portfolio. The current average rate we achieve is below this at 0.44%. This is because we need to use AAA Money Market Funds for the majority of our portfolio as they are highly secure institutions but the yeild is much lower (ranging from 0.30% to 0.39%), which in turn reduces our average rate achieved. We maximise interest on fixed term investments with our part-nationalised bank upt o the limits set out in this strategy and have secured a 1 year deal at 1.05% and some 90 day deals at 0.80%. However, the other enhanced rates which could be secured with the part nationalised banks are unable to be achieved as we operate up to our limits with both these banks. We do continue to be above the 7 Day LIBID rate as a benchmark.

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

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set 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 after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days	
Principal sums invested > 364 days	£12m

4.5 Investment risk benchmarking

These benchmarks are simple **guides** to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.1% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short term deposits of at least £1m available with a week's notice.

- Weighted average life benchmark is expected to be 0.3 years, with a maximum of 1.0 years.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	**0.077%**	**0.215%**	**0.367%**	**0.517%**	**0.699%**

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report which is presented at the same time as the Outturn reports.

5. Statutory Officer Comments

5.1 The Monitoring Officer's comments are:No further comment

5.2 The Section 151 Officer's comments are: Inlcuded within the report.

5.3 EIA comments: : EIA was conducted as part of the budget setting process

5.4 Policy Framework: The Council's financial policies and procedures form an integral part of the Council's corporate policy framework

5.5 Other Consultee Comments, if any:

List of Background Documents:
Treasury Management Strategy Statement 2013/14

List of Appendices:
Appendix 1 – Interest Rate Forecast
Appendix 2 – Approved Countries for Investment
Appendix 3 – Treasury Management Scheme of Delegation
Appendix 4 – The Treasury Management Role of the s151 Officer

APPENDIX 1: Interest Rate Forecasts 2014 - 2017

Bank Rate	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	-	-	-	-	-

5yr PWLB Rate	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	2.63%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.63%	2.60%	2.60%	2.60%	2.60%	2.70%	2.80%	3.00%	3.20%	-	-	-	-	-

10yr PWLB Rate	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	3.72%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.72%	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.72%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.05%	-	-	-	-	-

25yr PWLB Rate	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.35%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.35%	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	-	-	-	-	-

50yr PWLB Rate	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.31%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.31%	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.31%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.60%	-	-	-	-	-

APPENDIX 2: Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Quatar

AA-

- Belgium
- Saudi Arabia

APPENDIX 3: Treasury management scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

APPENDIX 4: The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.