

Scrutiny Committee – 12th February 2009

8. Revenue Budget 2009/10 - Medium Term Financial Plan and Revised Capital Programme

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Due to the high volume of paper involved, the Appendices to this report are not reproduced in this Agenda. Please refer to the District Executive Agenda for a full list of them. It would be helpful if you could bring your copy to the Scrutiny Committee meeting for reference.

Purpose of Report

1. To seek approval for the proposed 2009/10 Revenue Budget, Medium Term Financial Plan (MTFP) and revised Capital Programme that will be recommended to full Council.

Action Required

This report appears in the same format as in the District Executive agenda. Scrutiny Committee members are asked to make any comments prior to the report being considered by Full Council on 19th February 2009.

Recommendations

2. That the District Executive
 - 2.1 recommends to full Council the following: -
 - (a) approval of the overall Revenue Budget for 2009/10 of £19,885,000 and the General Account Summary as shown at Appendix A and note future year projections;
 - (b) approval of the detailed budgets for the four Area Committees and the District Executive as shown at Appendix B;
 - (c) approval of an increase in the Council Tax of 3.75% (1.75% inflationary increase plus 2.00% to fund the capital programme) for South Somerset District Council, which will result in a Band D charge of **£147.78**;
 - (d) approval of the additional expenditure for inescapable bids as shown in Appendix C ;
 - (e) note the growth bids as shown in Appendix D and approve no new growth will be included for 2009/10;
 - (f) approval of the efficiency savings - Appendix F, additional income-Appendix. G and other savings as shown in Appendix H;
 - (g) approve the once-off items of expenditure as shown in Appendix I ;

- (h) note the current position and future estimation of reserves and balances as shown in paragraphs 35 to 38;
- (i) approval of the revised Capital Programme as shown in Appendix J;
- (j) approval of the new schemes to be included in the Capital Programme as shown in Appendix K;
- (k) note the proposed funding of the Capital Programme as shown in paragraph 56.
- (l) note the detailed Capital Investment appraisal forms for new schemes, as shown at Appendix L;
- (m) approve the allocation of funds to the Sports Zone Reserve as outlined in paragraph 57.

Background

3. In October 2008 and January 2009, the District Executive received reports on the draft 2009/10 budgets, Medium Term Financial Strategy and Medium Term Financial Plan that were subject to:
 - final comments from Scrutiny Committee;
 - further review of inescapable and growth bids;
 - inclusion of further savings;
 - any final adjustments to projected budgets.
4. The District Executive has delegated authority to manage and monitor the approved budget once it has been approved by Council.
5. This report sets out the final proposals to be agreed by District Executive prior to submission to Council on 19th February 2009.

Revenue Budget 2009/10

6. Appendix A shows the General Revenue Budget Summary for 2009/10, which totals £19,885,000. Appendix B provides the detailed budgets for the four Area Committees and the District Executive. Once approved by full Council, these represent the financial plans that the Executive will manage under their delegated authority and monitor in accordance with the Financial Procedure Rules.
7. A Scrutiny Commission reviewed the initial revenue budget inescapables on 14th October 2008. Their comments were reviewed by District Executive in January 2009 – those comments are attached at Appendix N. Scrutiny Committee then reviewed the process and progress of the MTFP on the 15th January 2009 (the minutes are attached at Appendix O). Final comments on the February report will be sought prior to Full Council.

Medium Term Financial Strategy

8. The medium term financial plan outlines the financial needs and requirements over the next five years including the delivery of the Corporate Plan. The strategy is to deliver a balanced budget each year over the term of the plan. A balanced budget means that balances or reserves are not used to meet on-going expenditure commitments.

The Strategy for Increasing Plan Expenditure

9. An annual allowance will be made for pay, pension costs, and price inflation. New bids for additional expenditure will only be accepted through the following:
 - An additional requirement to meet Corporate Plan critical activities and objectives and linked to individual service plans;
 - An additional requirement as an inescapable commitment meeting one of the following criteria:
 - Legislative changes e.g. climate change levy;
 - Growth in the community eg. increase in number of dwellings serviced by refuse collection;
 - Income budgets not able to increase by inflation eg. car park fees reviewed every two years;
 - Other potential changes eg. contract re-tendering;
 - An additional investment made to drive efficiency and/or performance to deliver the objective outlined in paragraph 11 in terms of efficiency savings;
 - Revenue implications of new capital schemes.

The Strategy for Financing the Plan

10. The aim is to set Council Tax generally in line with inflation with an allowance to increase the tax by a further 2% per annum to finance the capital programme as outlined within the Capital Strategy.
11. Each year savings will need to be found to cover the increase in planned expenditure outlined above. This will be done through savings being made in the expenditure using the following in order of priority:
 - Efficiency savings – through transformational/ business re-engineering principles;
 - Additional income – maximising income streams to the authority for services rendered;
 - Reducing expenditure in non-priority areas;
 - Other service reductions.

Contingencies, Balances, and Reserves

12. District Executive will set aside a budgeted amount annually to cover any contingencies that may arise during the financial year. This sum will be agreed on an annual basis.
13. A regular review of financial risks to assess the optimum levels of balances and reserves will be reported to members every six months. This ensures that the authority has sufficient funds to meet its key financial risks.
14. Only once-off expenditure will be financed from balances.

Local Government Financial Settlement

15. The provisional figures for Formula Grant were announced on 24th January 2008 for 2009/10 and 2010/11. The final figure for 2009/10 was received on the 26th November 2008 confirming an increase of 1.23% amounting to additional funding of £133,193. In 2010/11 the provisional increase is 1.3%.
16. Specific grants will be received of £394,000 for the extended countrywide concessionary fare scheme and £52,000 for homelessness.
17. The Government introduced Area Based Grant (ABG) in 2008/09. This removes the ringfencing on some specific grants. South Somerset District Council will receive £49,000 for cohesion next year.

Council Tax

18. Assumptions made are that Council tax will increase in line with inflation and 1.75% has been planned for 2009/10. The Capital Strategy also authorises the addition of 2% per annum if required to finance the capital programme. For 2009/10 a 1.75% inflationary increase plus 2% to finance the capital programme is recommended and a council tax increase set of 3.75%.
19. Council tax has been estimated to increase by 3% per annum for inflation for 2010/11 and 2011/12. No adjustments have been made at this stage to increase by the additional 2% to fund the capital programme.

Medium Term Financial Plan (MTFP)

20. The table below summarises the MTFP projections, showing future commitments over the current year's base budget.

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Base Budget	19,734.9	19,885.0	20,273.3	20,815.9	21,374.0
Price Inflation @ 2% expenditure & 4% income	53.1	57.9	59.4	60.8	62.4
Pay Inflation 2% 2009/10 and 3% thereafter (including pensions and increments)	649.3	591.1	842.3	705.9	707.3
Inescapable bids (Appx.C)	1,897.7	833.8	906.2	784.3	726.3
Risks currently included within balances	0	400.0	400.0	400.0	400.0
Revenue Implications of Capital	(40.7)	42.6	65.7	60.0	35.0
Corporate Plan & Growth Bids (Appx.D)	(20.0)	45.0	30.0	70.0	30.0
Loss of Interest on Releasing £18million capital over 6 years	150.0	150.0	150.0	150.0	150.0
Efficiency Savings (Appx. F)	(1,597.7)	(15.0)	0.0	0.0	0.0
Increased Income (Appx.G)	(337.8)	(8.2)	0.0	0.0	0.0
Other Savings (Appx. H)	(268.0)	(60.0)	0.0	0.0	0.0
Once-off Expenditure (Appx.I)	(335.8)	(64.7)	0.0	0.0	0.0
Total Budget Requirement	19,885.0	21,857.5	22,726.9	23,046.9	23,485.0

The resources available to fund these proposals are as follows:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Formula Grant	10,984.2	11,127.8	11,350.3	11,577.3	11,808.9
Council Tax	8,791.6	9,101.0	9,421.1	9,752.2	10,094.6
Surplus on Collection Fund	58.2	0.0	0.0	0.0	0.0
Second Homes Income to LSP	44.5	44.5	44.5	44.5	44.5
Use of Revenue Balances	6.5	0.0	0.0	0.0	0.0
Total Income Available	19,885.0	20,273.3	20,815.9	21,374.0	21,948.0
Net savings required	0.0	(1,584.2)	(1,911.0)	(1,672.9)	(1,537.0)

21. Budget savings have required the completion of impact statements, which include the effects on the Corporate Plan, partnerships, social (impact on diversity and equality), and economic impact. These statements then require the input of both the Director and Portfolio Holder with responsibility for that service area.

Efficiency Statements

22. From 2008/09 the Department for Communities & Local Government required all Councils to achieve cashable efficiency targets as part of the Local Authority Agreement (LAA) target National Indicator 179. SSDC must produce 3% savings in efficiency plus ½% from working in partnership with our Somerset neighbours. All efficiency savings are used to balance the overall Medium Term Financial Plan and assist with the movement of resources to priority service areas.
23. The table below details the Government & Somerset Partnership targets & estimated efficiencies for each year:

Financial Year	Target £'000	SSDC Estimate £'000
2008/9	1,056	1,070
2009/10	1,087	1,498
2010/11	1,116	15

24. The table shows that SSDC is achieving its delivery of efficiency savings and if planned savings are carried out successfully this council will have exceeded its target by the end of 2009/10 by £425,000.

Growth Bids

25. Each year most growth is funded through the movement of resources within each service. Where this cannot be achieved bids are made and funding is moved from non-priority areas to fund these. A scoring methodology has been adopted to prioritise the bids mainly around the impact on delivery of Corporate Plan themes and target areas and is included at Appendix D.
26. This year has been particularly difficult in that although non-priority areas have been identified the economic downturn has impacted on the authority's ability to fund these for 2009/10. The bid for LSP funding is to attract match funding from SCC but it is intended once service plans are finalised to identify where and how much services have already identified of their resources to deliver the Sustainable Community Strategy and there may be some match funding available for these. The bid to roll out Sort It+ is very much an estimate and negotiations are still ongoing with May Gurney to finalise what those costs may be. If members would wish to implement Sort It+ then it would be prudent to create sufficient headroom within the budget between now and budget setting for 2010/11. We will then know the full costs and implications of moving forward with this service improvement.

Links to Key Partnerships

27. Within the MTFP outlined above revenue partnership funding has been included within the following areas:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Somerset Waste Partnership	3,359.3	3,460.1	3,563.9	3,670.8	3,780.9
South West Audit Partnership	156.5	161.2	166.0	171.0	176.1
Local Strategic Partnership	44.5	44.5	44.5	44.5	44.5
Yeovil Vision	80.0	80.0	-	-	-
Community Safety South Somerset Area Action Panels	-	-	-	-	-
Mendip and South Somerset Community Safety Partnership	-	-	-	-	-
Somerset Strategic Partnership	-	-	-	-	-
South Somerset Consultative Forum	-	-	-	-	-
Total Revenue Partnership Funding	3,640.3	3,745.8	3,774.4	3,886.3	4,001.5

In addition to this capital funding of £250,000 has been included within the capital programme for Yeovil Vision.

28. Our key service partners have been requested to find efficiency savings for 2009/10. Overall as a partnership of approximately £40,000 has been found from Somerset Waste Partnership and £45,715 from the South West Audit Partnership. We will continue to work with partners to increase the level of efficiencies from our main partners to meet the remaining partnership efficiencies target of £100,000 as set out in the MTFP.

Links to Major Strategies

29. The revenue funding for strategies is mainly included within base budgets further funding has been agreed for the following:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Young People's Strategy	11.5	-	-	-	-
Workforce Planning Strategy	-	-	-	-	-
Capital Strategy	150.0	150.0	150.0	150.0	150.0
Total Revenue for Strategy Funding	161.5	150.0	150.0	150.0	150.0

30. Capital funding included for major strategies is as follows:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Housing Strategy	840.0	840.0	-	-	-
ICT Strategy	300.0	300.0	300.0	300.0	300.0
Total Capital for Strategy Funding	1,140.0	1,140.0	300.0	300.0	300.0

Public and Stakeholder Consultation

31. The Corporate Plan has been revised in 2008/09 and has been compiled through public and stakeholder consultation. It has taken into account feedback from our partners, communities, area committees, and forums. It gathers targets from the Sustainable Community Strategy, LAA, National Indicators and local indicators into one document. The plan will cover the next three years.
32. In addition public consultation took place in 2006 across households in Somerset and also at the "State of the District" meeting in November 2007 with public, stakeholders, and members. Generally this type of consultation has a life of two to three years. Overall when asked about priorities and non-priorities if South Somerset had to make savings the following areas were highlighted:

Priorities

- Parish play areas
- Street cleaning
- Youth club activities
- PCSO's
- Garden waste
- Card and plastic recycling

33. However these were priorities if funding for SSDC remained as is without having to find substantial savings. The majority of participants voted to keep these services as they are when faced with budget cuts.

Non Priorities

- Museums
- Car park income (i.e. willing to pay more in car parking to fund priorities)
- Voluntary grants
- Countryside paths
- Parks
- Abandoned cars

34. It is worth noting however that the choices above were made when savings needed to be found. When funding remained constant the participants were happy with the level of funding in these areas.

35. SSDC has also carried out local budgetary participation within Area Forums. The Area Forums give the public a real say in spending within their areas. A budget of £40,000 has been delegated to each area to enable a local approach to local needs. The forums enable the public to improve services within their local area. Examples of improvements for 2008/09 are:

- Area West – A "How to Drug Proof Your Kids" programme;

- Area South – providing resources to help community groups seek funding for facilities;
- Area North – improvements to local environmental services;
- Area East – funding for additional community safety initiatives.

Revenue Balances and Contingency & Reserves

36. In addition to the funds available for the Revenue Budget, the Council has certain balances and reserves, and a Contingency Fund to meet exceptional or unforeseen events. The Financial Strategy is to retain sufficient general balances to meet its major financial risks. Risks were reviewed in January 2009, and general balance should be a minimum of £1,539,000 by the start of the new financial year. It is likely that the allocation for Job Evaluation will be returned to unallocated balances at the end of the financial year ensuring that balances are more than sufficient next year.
37. General Fund Balance represents the accumulated revenue surpluses. Within the total, however, are amounts that have been earmarked by the District Executive for specific purposes. The table below shows the current position on the General Fund Balance compared to that previously reported:

As at 01/04/08 £000	General Fund Balances	Movement	Estimated As at 01/04/09 £000
2,730	Balance at 01.04.08		2,730
	Less:		
	Use of Balances	423	423
(410)	Carry forwards to services 2008/9	0	(410)
	2008/9 budget once off use of balances	(330)	(330)
	Earmarked for specific purposes: allocated to Committees:		
(109)	- Area East	24	(85)
(87)	- Area West	27	(60)
(57)	- Area North	0	(57)
(30)	Building Control Trading Balance	0	(30)
(7)	IT Replacement Committed Balance	0	(7)
(42)	Economic Development Balance	0	(42)
(300)	Job Evaluation	0	(300)
	(d) Estimated overspend on Revenue Budget 2008/09	(296)	(296)
1,688	Estimated Unallocated General Fund Balance at 31 March 2009	(152)	1,536

38. Reserves are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. An example of such a reserve is the amount set aside annually to meet the cost of the SSDC elections that occur every four years. The full list of specific usable reserves and the current balance on each is shown below: -

Reserve	Current Balance £'000
Capital	
Usable Capital Receipts	42,642
Capital Reserve	1,257
Revenue	
Crematorium Reserve	772
Car Park VAT Reserve	688
Local Authority Business Grant Incentive (LABGI) Reserve	96
Yeovil Vision	4
Yeovil Athletic Track Sinking Fund	103
Historic Buildings Reserve	87
Local Development Framework (LDF) Reserve	56
Bristol to Weymouth Rail Reserve	36
Save to Earn Reserve	52
Insurance Fund	31
Town Centre Management Reserve	35
Corporate Grants Reserve	33
Voluntary Redundancy/Early Retirement Reserve	288
Planning Delivery Reserve	411
Risk Management Reserve	13
Replacement of CCTV Reserve	7
Election Reserve	17
Equipment Replacement Reserve	9
CFIRs 2 Economic Development Reserve	6
Treasury Management Reserve	500
Total	47,143

39. A review of balances and reserves and the likely three-year forward prediction has been made. The levels of balances will continually be reviewed and additions from in year savings may be made to ensure they remain at the required level. The levels expected are shown below:

Year	Non-Earmarked Balances at Year End £'000	Reserves at Year End £'000
2009/10	1,836	38,930
2010/11	1,687	35,635
2011/12	1,539	31,536

Robustness of 2009/10 Revenue Budget

40. Under Section 25 of the Local Government Act 2003 the S151 officer is required to report to Council on the robustness of the estimates made for the purpose of calculations of the budget and the adequacy of the proposed financial reserves.
41. The formulation of the budget has allowed for best estimates of inflation and commitments necessary to maintain service levels. With demand-led budgets this inevitably entails a degree of judgement.

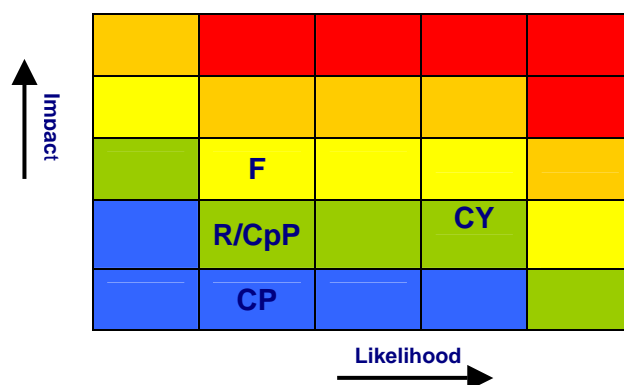
42. There has been a significant degree of scrutiny of the proposed budgets and savings for 2009/10 by:
- The Finance team
 - Heads of Service
 - Management Board
 - Portfolio Holders
 - A Scrutiny Commission
 - Scrutiny Committee
43. These examinations of the budgets have led to refinements and provide considerable assurance about the robustness of the estimates.
44. There remains however some key risks inherent in the 2009/10 Revenue Budget since the budget is a financial plan based on assumptions. The current economic downturn and issues within the banking sector have placed real strain on the budget assumptions made for 2009/10 this time last year. Further reports will be taken to District Executive and Council in 2009/10 to realign budgets if the economic situation changes ensuring that as an organisation SSDC can respond to issues quickly and effectively.
45. The current key risks will be managed by the individual officers as shown in italics below:
- (a) Income from Land Charges search fees has fallen during 2008/09, with a net estimated loss of £325,200 due to the economic downturn and the introduction of the Home Information Packs. No inflationary changes have been made to the budgeted income for 2009/10 and a net inescapable bid of £207,700 has been built in. Income levels will be closely monitored as a fall in volume of a 10% would mean an income loss of £30,000. (*The Head of Legal and Democratic Services*)
 - (b) Income from interest on investments continues to be a significant item in the Council's Revenue Budget. In 2009/10, the interest received is estimated at £1.84 Million, which equates to 9.3% of the net revenue budget. This has been calculated on the assumption of an average interest rate of 3.75%, which is above the current and expected level of central interest rates. However, members approved the setting up of a £500,000 reserve in 2008/09 to assist with the temporary risks of reducing interest rates. It is expected that the base rate may fall as low as 0.5% but it is expected to increase towards the end of 2009. The fund allows SSDC to smooth the fluctuations in interest rates in 2009 until a more stable outlook for interest rates can be assessed. SSDC also has fixed investments of £15.99 million for 2009/10 with an average interest rate of 5.26%. A prolonged period of nearly zero rates however will have a dramatic effect on the budget. (*Head of Finance*)
 - (c) The Icelandic issue in 2008/09 has shown Local Authorities very clearly the risk to the principal sums lent to banks and other organisations. Protection of principal is going to be paramount whilst the instability of the banking sector continues. The Finance team continues to take regular advice from its treasury advisors Arlingclose and are monitoring the situation closely. A loss of £3,000,000 principal would mean a budget

reduction of £112,000 through loss of interest. (*Head of Finance*)

- (d) Housing Benefit Subsidy is administered on behalf of Central Government by SSDC and a grant reimburses for expenditure incurred. Approximately £37.5m in benefit is paid out and the grant normally accounts for 100% of this, however adjustments reducing the grant are made for local authority errors. To minimise any reductions the budget is closely monitored throughout the year. (*Corporate Director – Health and Wellbeing*)
- (e) Concessionary Fares costs have risen during 2008/09 from £1,887,690 to a revised estimate of £2,007,690. In 2008/9 the scheme was expanded from countywide to nationwide and an additional grant of £384,000 was awarded. For 2009/10 funding has been increased by £198,750 this includes an additional grant of £10,000 for the nationwide scheme. Lobbying of Central Government to adequately fund the scheme is also ongoing. (*Corporate Director – Economic Vitality*)
- (f) The full impact of the recession has not yet greatly affected homelessness costs in 2008/09 although the team are having more enquiries. The budget will have to be monitored closely in 2009/10 to see if the increase in demand for advice also increases the need for Bed and Breakfast and other financial assistance. (*Corporate Director – Health and Wellbeing*)
- (g) Planning income has not yet been affected by the current economic downturn but as a precaution no inflationary changes have been made to the budgeted income. A 1% reduction in income amounts to £11,900. Initially any reduction in planning application numbers will be managed through vacancies within the team. (*Corporate Director – Economic Vitality*)
- (h) Building Control income has been affected by the downturn. Currently the reduction in applications is being managed through vacancies and other areas of cost are being reviewed to ensure the budget does not overspend. (*Corporate Director – Economic Vitality*)
- (i) A budget has been set for just 2% cost of living allowance for staff. This is considered as a realistic inflationary increase given the reductions beginning to show in inflation. A further 1% would increase pay costs by approximately £150,000. (*Chief Executive*)
- (j) A capital receipt has been put aside for interest however only part of the receipt has been received so far. Interest is being paid on the remainder but it remains a risk that the receipt may not be received. (*Head of Finance*)
- (k) Car parking income has decreased by £150,000 against budget in 2008/09. The budget has been realigned for 2009/10 to account for the reduction in usage. The risk will be if retail sales continue to drop that car park usage will also decline. (*Corporate Director – Environment*)

- 46. In conclusion the process for the formulation of budgets, together with the level of challenge and sensitivity analysis undertaken provides a reasonable assurance of the robustness of the budget as presented.
- 47. The level of the Council's reserves and balances have been reviewed in light of the risks outlined above and are currently predicted to remain at the required level.

Risk Matrix



Key

Categories	Colours (for further detail please refer to Risk management strategy)
CpP = Corporate Plan Priorities	Red = High impact and high probability Orange = Major impact and major probability Yellow = Moderate impact and moderate probability Green = Minor impact and minor probability Blue = Insignificant impact and insignificant probability
F = Financial	
CP = Community Priorities	
R = Reputational risk	
CY = Capacity	

Band D Equivalent Council Tax

- 48. The MTFP has been prepared on the basis of a Council Tax increase of 3.75% per annum over the 2008/9 levels and that the number of properties will increase by 244.62. This means that the Band D Council Tax charge will be £147.78 (an increase of £5.34 per annum or 10.3 pence per week).
- 49. As billing authority, SSDC has to calculate a basic level of tax based on its own spending plans, to which is added the precepts from Somerset County Council, Devon and Somerset Fire Authority, Avon and Somerset Police Authority and any town/parish council.
- 50. The actual total of Council Tax for South Somerset residents will be calculated once all precepting authorities have notified SSDC of their proposals. The total Council Tax will be approved at full Council on 19th February 2009.

51. In 2003, SSDC reduced the discount for Council Tax on second homes to 10% and agreed that the additional income be allocated to the Local Strategic Partnership (LSP) – South Somerset Together. This means that £44,500 will be allocated from SSDC along with any amount allocated by Somerset County Council (which will be confirmed once their budget is approved).

Estimates for Future Years Band D Council Tax

52. Current estimates within the Medium Term Financial Plan and Medium Term Financial Strategy is that Council Tax levels will remain in line with inflation estimated at 3% per annum over the period of the plan. However, as part of the approval of the Capital Strategy members agreed that each year a decision would be made to either find savings of £150,000 or increase Council Tax by a further 2% to finance the capital programme.

Capital Programme 2009/10 to 2013/14

53. A revised capital strategy was agreed at full Council in December 2006. The strategy assumes that over the period of the Corporate Plan £18,000,000 of invested receipts will be used to finance the capital programme in addition to any new capital receipts. The freeing up of invested receipts enables further corporate priorities to be met and also reflects the declining receipts from housing preserved “right to buy” sales.
54. The planned capital spend in 2009/10 amounts to £8,557,000. Full details of the revised Capital Programme are shown in Appendix J; new schemes are shown in bold type, with previously approved schemes in ordinary type. A summary of recommended schemes is included at Appendix K and the scoring of all bids at Appendix M. Attached at Appendix L are the Capital Investment Appraisal forms for all 2009/10 new schemes.
55. The District Executive considered the resources available and the various capital bids at its meeting on 9th January 2009 and referred them to the Scrutiny Committee on the 15th January 2009.
56. The comments of the Scrutiny Committee are included in Appendix O.

Funding the Capital Programme

57. The table below shows how the overall Capital Programme will be financed:-

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Capital Grants	515	-	-	-	-
Disabled Facilities Grant	356	336	336	336	-
Useable Capital Receipts	7,686	1,768	723	349	28
Total Financing	8,557	2,104	1,059	685	28

58. District Executive approved the setting up of a reserve for a future Sports Zone and is shown within the capital programme. No allocation will be made however

from 2009/10 resources and members will be asked to review the allocation at budget setting for 2010/11. The current profile of the reserve is shown below:

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
Allocation to Sports Zone Reserve	1,383	880	833	2,139	401	5,636

59. An allocation has also been made within reserves for a bond purchase of £5,000,000. The bond is guaranteed by central government but the bank HBOS is not therefore the bond requires capital backing whilst SSDC hold it. When the bond has matured or redeemed a capital receipt cancels the allocation.

Impact of the Capital Programme on Prudential Indicators

60. The impact of the new capital schemes approved within the capital programme on the average Band D household is as follows:

Prudential Indicator 10	2009/10 £	2010/11 £	2011/12 £
Decrease in Council Tax Band D	0.92	2.10	1.33

61. Capital spend at SSDC is largely financed from additional receipts so the figures shown above actually show the possible decreases in council tax if all capital receipts were invested rather than used for capital expenditure.

APPENDICES:-

- Appendix A - Revenue Budget Summary 2009/10
- Appendix B - Area Committees & District Executive detailed budgets 2009/10
- Appendix C - Inescapable Commitments
- Appendix D - Growth Bids
- Appendix E - Assessment of Growth Bids
- Appendix F - Efficiency Savings
- Appendix G - Additional Income
- Appendix H - Other Savings
- Appendix I - Once-Off bids
- Appendix J - Revised Capital Programme
- Appendix K - Proposed Capital Bids
- Appendix L - Capital Investment Appraisals for new schemes
- Appendix M - Capital Bid Scoring
- Appendix N - Scrutiny Commission notes-Oct 2008
- Appendix O - Scrutiny Comments-Jan 2009

Background Papers:

- District Executive Reports
- February 2008
 - October 2008
 - January 2009

Scrutiny Commission	- October 2008
Scrutiny Committee Reports	- January 2009 - February 2009
Council Reports	February 2008
Capital Strategy	
