



Notice is hereby given that a **MEETING** of the **COUNCIL OF THE BOROUGH OF GOSPORT** will be held in the **TOWN HALL, GOSPORT** on **WEDNESDAY** the **TWELTH DAY** of **FEBRUARY 2014** at **6.00PM** AND **ALL MEMBERS OF THE COUNCIL ARE HEREBY SUMMONED TO ATTEND TO CONSIDER AND RESOLVE THE FOLLOWING BUSINESS –**

1. To receive apologies from Members for their inability to attend the Meeting.
2. To confirm the Minutes of the Meeting of the Extraordinary Council held on 18 December 2013 (copy herewith).
3. To consider any Mayor's Communications.
4. To receive Deputations in accordance with Standing Order No 3.5 and to answer Public Questions pursuant to Standing Order No 3.6, such questions to be answered orally during a time not exceeding 15 minutes.

(**NOTE:** Standing Order No 3.5 requires that notice of a Deputation should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 10 FEBRUARY 2014** and likewise Standing Order No 3.6 requires that notice of a Public Question should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 10 FEBRUARY 2014**).

5. Questions (if any) pursuant to Standing Order No 3.4.

(**NOTE:** Members are reminded that Standing Order No 3.4 requires that Notice of Question pursuant to that Standing Order must be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON TUESDAY, 11 FEBRUARY 2014**).

6. Consideration of recommendations by Boards of the Council: **(To Follow)**

BOARD

DATE

Community Board

10 February 2014

7. Council Budget 2014/15 - **(Appendix 5 to follow)**

To consider the report of the Borough Treasurer.

8. Treasury Management and Prudential Indicators 2014/15

To consider the report of the Borough Treasurer.

9. To receive the following Part II minutes of the Boards of the Council:

- Economic Development Board: 6 February 2014 – **(To Follow)**

10. Election of Mayor and Deputy Mayor 2014/15

In accordance with Standing Order No 2.4 the Borough Solicitor has written to Group Leaders and Members of the Council inviting them to submit Member nominations for the selection of Mayor-Elect and Deputy Mayor-Elect for the next Municipal Year. One nomination has been received by the Borough Solicitor, Councillor W L Ronayne for Mayor-Elect and one nomination, Councillor K C Farr for Deputy-Mayor Elect for the 2014/2015 Municipal Year.

**IAN LYCETT
CHIEF EXECUTIVE**

**TOWN HALL
GOSPORT**

04 February 2014

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm being activated, please leave the Council Chamber and Public Gallery immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

MEMBERS ARE REQUESTED TO NOTE THAT:

(1) IF THE COUNCIL WISHES TO CONTINUE ITS BUSINESS BEYOND 9.30PM THEN THE MAYOR MUST MOVE SUCH A PROPOSITION IN ACCORDANCE WITH STANDING ORDER 4.11.18

(2) MOBILE PHONES SHOULD BE SWITCHED OFF FOR THE DURATION OF THE MEETING

**MINUTES OF THE EXTRAORDINARY MEETING OF THE COUNCIL
HELD ON 18 DECEMBER 2013 AT 6pm**

Attendance:

The Mayor (Councillor Beavis) (P) (in the Chair);

The Deputy Mayor (Councillor Ronayne) (P);

Councillors Allen (P), Ms Ballard (P), Burgess (P), Carter CK (P), Carter CR (P), Chegwyn (P), Mrs Cully (P), Ms Diffey (P), Edgar (P), Farr (P) Forder (P), Foster-Reed (P), Geddes, Gill (P), Hazel (P), Henshaw (P), Mrs Hook (P), Hook (P), Hylands (P), Jacobs (P), Jessop (P), Kimber (P), Lane (P), Langdon (P), Mrs. Morgan, Murphy (P), Philpott (P), Ronayne (P), Scard (P), Mrs Searle (P), Mrs Wright (P) and Wright (P).

Also in Attendance:

Honorary Alderman O'Neill

APOLOGIES

Apologies for inability to attend the meeting were submitted on behalf of; Councillors Mrs. Morgan and Geddes, Honorary Aldermen Train, Bailey, Foster and Searle

MINUTES

COUNCIL RESOLVED: That the Minutes of the meeting of the Council held on 10 October 2013, be confirmed as a true and correct record and signed.

MAYOR'S COMMUNICATIONS

(I) Presentation to the Mayor from the Federation of Small Business

Caroline Collins from the Federation of Small Business presented the Council with an award as Gosport Borough Council had been highly commended for 'all-round business friendliness' in the Federation of Small Business Local Authority Small Business Friendly Awards this September. Ms. Collins felt sure everyone was well aware of the importance of small businesses to the local economy; stating that around 90% of all businesses in the borough employ less than 10 people.

By recognising their importance, the Council had continued to provide support across a number of areas. These, she added, included a business focused website; 'www.investingosport.co.uk', which contains a host of information from grants to funding for vacant premises, and provides free one to one business support for anyone wishing to start a business and a regular business e-bulletin that reaches over 1000 businesses and stakeholders across the borough.

Ms. Collins continued to say that, working with the Town Team the retail officer had supported local high street businesses with the development of a new website and vinyl's to improve the look of the Post Office. She highlighted that there was an Empty Unit Grant Scheme running in the Town Centre the aim of which was to encourage new businesses to locate. The Members were advised that the Federation of Small Business runs an annual business and employment fair which had attracted over 600 residents; whilst this was primarily a recruitment fair, it had also helped raise the profile of Gosport's companies. Ms. Collins ended her presentation by saying that it is hoped that local businesses will find contract and workforce development opportunities as the implementation of the planning policy, to secure employment and training plans through Section 106 agreements, goes forward.

The Mayor thanked Ms. Collins and accepted the award on behalf of The Council.

(II) ST VINCENT COLLEGE AND BAY HOUSE SCHOOL AND SIXTH FORM STRATEGIC ALLIANCE

The Mayor advised that the corporations of St Vincent College and Bay House School & Sixth Form were pleased to announce that they have agreed to form a strategic alliance. The aim of the alliance was to work towards achieving a very exciting educational development for the young people of Gosport.

The occasion of the retirement of St Vincent Principal, Di Lloyd, in April 2014 had provided the Boards of Governors of the two institutions with the opportunity to develop an historic partnership. Building on the respective strengths of the two mainstays of post-16 education in the Borough, it was advised that this will continue to be a long-term project to expand provision and choice for the learners of Gosport and further afield. As a consequence of this decision the St Vincent Corporation did not intend to recruit a new Principal to replace Di Lloyd but would instead establish a new joint executive team under the leadership of Ian Potter, Head Teacher of Bay House School and Sixth Form.

The Mayor advised that through collaborative working the two institutions would be looking forward to engaging with other schools in Gosport, as well as wider stakeholders to build high-quality academic, technical and vocational education and training pathways across the town for sixth formers and adult learners alike. In consequence the Corporation had advised it would anticipate the quality of education in the Borough continuing to strengthen as a result of the partnership working.

(III) RETIREMENT OF STAFF MEMBER

The final communication from the Mayor was to share that John Green, Mayors Officer, would be retiring from his duties on Thursday 19th December 2013. It was advised that John had asked that no special recognition be carried out on his departure. The Mayor along with Members and Officers wished John a long, happy and healthy retirement. A member expressed his thanks for John's commitment and said that without the efforts of John Green the Council would not be recognised as a shining example for Civic events to other Councils.

The Mayor advised that he was going to deal with item 5 of the Agenda before Item 4.

QUESTIONS PURSUANT TO STANDING ORDER 3.4

Question No 1 standing in the name of Councillor Farr on the demolition of bungalows in St Vincent Road was answered by the Chairman of the Community Board.

Question No 2 standing in the name of Councillor Farr on quotes for demolition of bungalows was answered by the Chairman of the Community Board.

Question No 1 standing in the name of Councillor Chegwyn in respect of vandalism at Anne's Hill Cemetery were answered by the Chairman of the Community Board

Question No 2 standing in the name of Councillor Chegwyn on hirers' payment of sports facilities and sports pitches in the Borough was answered by the Chairman of the Community Board.

Question 3 standing in the name of Councillor Chegwyn on use of Walpole Park by a previous Councillor, incurring additional costs, was answered by the Chairman of the Community Board.

PUBLIC QUESTIONS PURSUANT TO STANDING ORDER 3.6

It was reported that in accordance with Standing Order 3.6 2 notices of public questions had been received by the Borough Solicitor and Deputy Chief Executive from Mr Mawby and Mr Gallett.

Mr. Mawby's question on the financial quotation for the D-Day Memorial relocation was answered by the Chairman of the Community Board.

Mr. Gallett's question in respect of the Civic Ceremony planned for June 2014 was answered by the Leader of the Council.

DEPUTATIONS IN PURSUANT OF STANDING ORDER 3.5 – OBJECTION TO THE PROPOSED RELOCATION OF THE CANADIAN STONE MEMORIAL

It was reported that in accordance with Standing Order 3.5 3 notices of Deputation had been received by the Borough Solicitor and Deputy Chief Executive from Mr Mawby, Mr Gallett and Councillor Eddis.

Mr. Mawby, Chairman of Gosport Society (GS), was invited by the Mayor to present his deputation.

Mr. Mawby, in his deputation stated that it is the understanding of the Gosport Society (GS) that it is planned to conduct a formal civic event to commemorate the 70th Anniversary of D Day in June next year. The difficulty the Society has is the failure of certain Councillors to work with Friends of Stokes Bay (FOSB) and the Gosport Society (GS) to obtain a consensus on the location and design of a D Day Memorial that is the proposed venue for this civic event.

Consultation on building a new D Day memorial began with an initial meeting held at 3 Crescent Road, on 30 March 2012. Attended by representatives from the Anglesey Conservation Group, later to become the D-Day Fellowship (DDF), the GS and the FOSB. Ideas were discussed and all agreed to keep in contact with proposals and ideas.

A series of meetings were held between the FOSB the GS and the DDF to try to arrive at a compromise in terms of location and design. After two initial meetings held in private homes meetings were held in the Town Hall attended by Councillor and officials.

At a meeting held on the 8th January it was agreed that the best site would be on the grass near the present site of the Mulberry Stone. However the design still lacked the support of the FOSB and the GS. It was agreed at this meeting to set up a working group consisting of a representative from the DDF and the Chairman of the FOSB, and the GS to reach a compromise on the design of the memorial. The working party met in January 2013 and came up with a proposal that they felt might be agreeable with their relevant committees. Unfortunately the FOSB Committee unanimously agreed that they were too costly, and an unnecessary large incursion on the Bay. A further meeting was held in the Council Offices on the 6th February at which Councillor Kimber announced that due to the lack of support from GS and FOSB the DDF had decided to go ahead with the plan for the Memorial site, a decision agreed by Councillor Hook.

However on the 30th January, the Chairman of the FOSB received a note from the DDF stating that they had decided not to pursue the proposals any further, but were looking for an alternative site with GBC. As no further correspondence on the results of the search for an alternative site was received it was considered by the FOSB and the GS that the proposal to construct a new memorial had been scrapped. This was the last communication the FOSB and the GS had had on this subject until the FOSB and the GS were informed by E mail of the inclusion of an item on the D Day memorial on the Agenda of the Community Board meeting on the 25th November.

On receiving the notice of the Community Board meeting it became obvious that Councillors Kimber and Hook had decided to ignore the views of the FOSB and the GS and proceed to implement the design fully in the knowledge it to be unacceptable to the FOSB and the GS.

Dealing with issues relating to the design of the proposed memorial.

Moving the Canadian Memorial.

The current location of the memorial was picked after considerable research into where the Canadian Forces embarked for the Normandy Beaches and its location is recorded in the Imperial War Museums list of war memorials. Hence its current location is linked to a specific event in a specific location and moving it will break this historical linkage. The Imperial War Museum has said that any decision to relocate a memorial must be fully justified and agreed by them.

It is accepted that the DDF wrote to the Canadian High Commissioner for consent to move the memorial stone but the letter to the Commissioner said that patrons from the local cafe (Pebbles') balance their drinks and ice cream on it this left him with little choice but to agree to its re-location. However, the form of this memorial makes it impossible to see how it could practically be used to balance drinks and ice creams on. Anyone who is familiar with the memorial will know that this is not possible, thus moving cannot be justified for the reason stated by the DDF in the letter.

The GS has applied to English Heritage to list the remains of the concrete strips on which the caissons were constructed to protect them from damage and to protect them for later generations. These strips are clearly visible behind the Mulberry Stone during dry summers and reach right to the edge of the promenade, the proposed site of the new memorial. There is a significant risk that these strips will be badly damaged when the foundations are laid for the stone walls contained in the design of the proposed new memorial. It considered by the GS that the concrete strips may be listed by English Heritage and as such must not be put at risk of damage by constructing the new memorial until an English Heritage position on their listing is obtained.

Grouping War Memorials

The design proposal is to group the D Day Memorial and the Mulberry stone together with a new stone the details of which are unknown is wrong. These two existing Memorials are located to record a specific event in a specific location. The Mulberry stone is located at the site caissons were constructed. The caissons were built in 1943 and hence have no time and little geographic relationship with the events recorded by the Canadian Stone.

Project Cost

The project is being funded from Council Tax revenue and in these times of stringent control of council expenditure the accuracy of the expected cost is essential prior to any commitment to allow the project to proceed. The accuracy of the costing was not discussed at the Community Board Meeting £25,000 was quoted as the cost of the project but this figure was not substantiated, considering what is involved the figure is likely to be a gross underestimate. It is considered essential that prior to a planning application being considered the project cost must be the subject of three competitive tenders to ensure that the cost of the project to be included in the 2014 budget is accurate and not likely to be the subject of a cost overrun.

The GS considers that an alternative venue for the planned Civic Ceremony be sought for the following reasons:-

1. The new memorial is a waste of Council Tax money
2. It is wrong to co-locate war memorials as it detracts the significance of each one.
3. Ignoring the views of the FOSB and the GS is not compliant with Government initiatives promoting Community Involvement

On conclusion, the Mayor thanked Mr. Mawby for his deputation.

Mr. Ian Gallet, Friends of Stokes Bay (FOSB), was invited to deliver his deputation by the Mayor.

Mr. Gallet, in his deputation stated that the Friends of Stokes Bay (FOSB) have taken note of Item 28 of the Minutes of the Community Board meeting on 25 November 2013. We would like to put on record our support for the position enunciated by Mrs. Whitehead speaking against the movement of the Canadian Memorial. We feel its movement is inappropriate, not necessary, would not change the likelihood of its misuse and would be unnecessarily expensive.

However, the main object of this note is to correct the perception of the history of discussions concerning the D-Day Memorial proposed by the D-Day Fellowship in the fifth paragraph of Item 28 opening: 'It was clarified that....'. It is implied the Gosport Society (GS) and ourselves FOSB among others had been involved with discussions from the

inception of the proposal in 2012 to the present day and were generally in favour. This is not the case. I therefore feel that FOSB's involvement leading up to the present should be clarified. The time line is as follows:

- An initial meeting was held at 3 Crescent Road on 30 March 2012. In attendance were three members from the Anglesey Conservation Group (later to become the D-Day Fellowship), Roger Mawby (RM) from GS and Ian Gallett (IG), Felicity Anderson (FA), Kevin Casey (KC) & Hazel Casey (HC) from FOSB. Ideas were discussed and all agreed to keep in contact with proposals and ideas.
- A further meeting was held on 30 August at the home of Malcolm Chapman for more informal discussions. Those in attendance were three members of the FOSB Committee and Peter Newell, Penny Harris, Tony Belben (D Day Fellowship).
- The Fellowship's plans which had been drawn up were considered by FOSB to be a major incursion on Stokes Bay and would not be acceptable. They would also be very expensive. However, the FOSB committee agreed to continue with their input to the Fellowship.
- On 12 September another member of the FOSB committee, who had not previously attended the meetings, attended a meeting at the Council offices with RM (GS).
- A further three meetings up to 28 November were held at the Council offices which either or both KC & IG (FOSB) attended, although no agreed proposal was forthcoming.
- At the last meeting it was agreed to form a working party involving all three Chairmen. They met in January 2013 and came up with a proposal which they felt may be agreeable to their relevant committees. However, these plans were examined and debated by the FOSB committee which decided that they were still too costly and an unnecessarily large incursion on the Bay. However, before this could be communicated to the Fellowship, on 30 January, FOSB Chairman (IG) received a note stating that the Fellowship had decided not to pursue the proposals discussed any further, but was looking for an alternative site with GBC not in Stokes Bay. This was the last communication received on this subject until being informed of the Community Board meeting 10 months later.

During this time IG had sent an email on 14 May to all Councillors and Samantha Voller inquiring as to the plans for any D-Day Memorial. Having not received a reply from anyone, it was re-sent on 12 June. Again no response was forthcoming. It was assumed from this that whatever plans that the Council had no longer involved Stokes Bay, as it had been made clear that FOSB would be involved in any activity which involved the Bay. It therefore came as a considerable surprise when it was learned of the D-Day Memorial proposal in the Community Board minutes.

During the period of negotiation with the D-Day Fellowship they had written to the Canadian High Commissioner for consent to move the Canadian Memorial stone. In this it was stated that patrons from the local cafe (Pebbles) balanced their drinks and ice cream on it. Anyone who is familiar with the Memorial will know that this is not possible as it has a very uneven upper surface. We believe therefore that the High Commissioner was misled into giving his permission.

Following the recommendation of the proposals by the Community Board, FOSB members were contacted for their views so that the majority view could be represented. Two members were partially in favour, but were disappointed in regard to the treatment of

FOSB, while many other members felt that:

- All present memorials were placed in their positions for a reason and should be left
- A large development on the Bay was not acceptable
- The cost of the proposals was grossly under- estimated
- The money could be better spent
- The memorial area would be very liable to vandalism, especially with the seats provided, and in light of experience with the existing shelters and the seats along the promenade
- Members were not against a memorial, but would favour information boards or a simple stone with a plaque in an area representative of the whole of the D-Day events in Stokes Bay.

These bullet points represent the democratic views of our members, who strive, with the Council, to maintain Stokes Bay as a clean, attractive and unspoiled amenity, allowing for the variety of needs of our local population and of its many visitors.

On conclusion, the Mayor thanked Mr. Gallet for his deputation.

Councillor Eddis, Chairperson of Portsmouth City Council Overview and Scrutiny Panel, was invited to deliver his deputation by the Mayor.

Councillor Eddis provided a brief history of the proposal to move Vascular Surgery from Queen Alexandra Hospital to Southampton. He highlighted that two years ago the Scrutiny Committee responded to the same proposal providing clear reasoning for vascular surgery to remain at Portsmouth. He advised that this proposal had been put forward again by the Senate. Having looked at the proposal the Scrutiny Committee had been unable to see any changes of note in support. Councillor Eddis continued to say that QA hospital had continued to provide an excellent service and this is recognized with their Abdominal Aortic Aneurysm (AAA) procedures being conducted without a single death, he further informed members that national statistics currently showed a 2.2 mortality rate; QA is the top hospital in the UK and a viable centre of excellence.

He continued to state that QA had been rebuilt in 2009, within the design and build was the recognition that new technology would be essential for a large hospital with specialist tertiary services. QA have two purpose built vascular interventional radiology facilities which are used to combine both interventional radiology and surgical vascular procedures. Feedback from QA consultants in areas such as; diabetes, renal, stroke, cancer, trauma, venous disease and renal cases said that vascular surgeons were specialists and these conditions need access to vascular support; Councillor Eddis said that if the proposal were to go ahead there was potential for QA to lose its excellence status and become a training hospital.

Councillor Eddis ended his deputation by sharing the view that the way forward would be for both hospitals to work together for the future.

Further to a question from a member Councillor Eddis responded by saying his interpretation is that the proposal is to move all vascular surgery to Southampton, but it is not absolutely clear.

Councillor Edgar asked it be noted in the interest of transparency, that he holds the health portfolio and has been appointed to sit on the board of Governors of QA Hospital.

Members voiced their support in keeping vascular surgery at QA hospital.

NOTICE OF MOTION

The Mayor reported that he had a Notice of Motion under Standing Order 3.3.5 (Notice to Suspend Standing Orders) proposed by Councillor Forder and seconded by Councillor Hook to suspend Standing Order 3.3.2 (Eight days' Notice of Motion) so that the Council could consider the Motion in respect of the proposal to move vascular surgery From QA Hospital to Southampton.

COUNCIL RESOLVED: That Standing Order 3.3.2 be suspended so that the Council could consider the Motion in respect of the proposal to move vascular surgery to from QA Hospital to Southampton

The Mayor further reported that included in the above Notice of Motion was the suspension of Standing Order 4.6 (Procedure for Motions following Notice) so that this Council meeting could consider the Motion in respect of the proposal to move vascular surgery from QA Hospital to Southampton.

COUNCIL RESOLVED; That Standing Order 4.6 be suspended so that this Council meeting may consider the Motion in respect of the proposal to move Vascular Surgery from QA Hospital to Southampton Councillor Forder accordingly moved, seconded by Councillor Hook the following Motion;-

That, the Council notes with concern the report of the Wessex Clinical Senate, which calls for vascular surgery to be focused in Southampton. The Council vigorously opposes any such move. The Council is troubled that the composition of the Senate fails to adequately represent the residents of South East Hampshire who have clearly expressed their opposition through the News 'Keep it at Q A' petition.

Following research undertaken by the Council's Overview and Scrutiny Committee the Council is gravely concerned that the loss of vascular surgery services at QA will undermine the viability of other important hospital services and degrade the Hospital.

Upon the Motion being put to the meeting the following Amendment was received by the Mayor from Councillor Wright seconded by Councillor Mrs. Cully

AMENDMENT; That the following be added to the end of the Motion 'That this Council calls for a Vascular Surgery Centre to be retained at the Queen Alexandra Hospital in the interests of Gosport and South East Hampshire residents.'

COUNCIL RESOLVED: To approve the Amendment

The Motion as amended was then put to the Council.

COUNCIL RESOLVED: To approve and adopt the Motion as amended.

PART II MINUTES

COUNCIL RESOLVED: That the following Part II Minutes be received

Community Board: 25 November (Minute No. 28 - 31)

Economic Development Board: 27 November (Minute No. 28 - 32)

LOCAL COUNCIL TAX SUPPORT SCHEME FOR GOSPORT

Consideration was given to a report of the Borough Treasurer which informed Members of the proposal not to change the Local Council Tax Support scheme (LCTS) for Gosport for the forthcoming 2014-2015 financial year.

COUNCIL RESOLVED: That approval be given for the Local Council Tax Support Scheme (LCTS) for Gosport referred to in Sections 1.1 and 2.5 of the Borough Treasurers report and noted the statutory scheme for Pension Age customers

The meeting ended at 19:25

GOSPORT BOROUGH COUNCIL

REPORT TO:	FULL COUNCIL
DATE OF MEETING:	12 FEBRUARY 2014
TITLE:	COUNCIL BUDGET 2014/15
AUTHOR:	BOROUGH TREASURER
STATUS:	FOR DECISION

SUMMARY OF REPORT AND RECOMMENDATIONS

The report outlines the financial situation of the Council's General Fund in the current year and, after consideration of the main factors affecting the outlook for 2014/15 including Exchequer support and reserve levels, recommends a budget level for that year. **The proposed budget will result in no increase in the level of Council Tax for the Borough Council's requirements after taking account of reserve and tax collection fund balances.**

RECOMMENDATIONS

It is recommended that the Council approve:

- 1) **A revised 2013/14 budget totalling £10,284,090 and a budget for 2014/15 totalling £9,828,790.**
- 2) **The Pay Policy Statement (Appendix 3) and Member's Allowances Scheme (Appendix 4) for 2014/15.**
- 3) **The proposed additions to the Discretionary Rate Relief Policy as detailed in Appendix 5.**
- 4) **The delegation to the Borough Treasurer in the Constitution be amended to make explicit reference to the completion of the NNDR 1 Return as detailed in paragraph 3.8.**

1.0 PURPOSE OF REPORT

- 1.1 To recommend budget levels for General Fund services for 2014/15 and help determine, in due course, the level of Council Tax to be levied in the Borough. (The Council Tax level for 2014/15 will be set by Council on 25 February 2014 when precepting authorities' requirements are known).
- 1.2 The Local Government Act 2003 requires the Council to consider whether its budget is balanced with appropriate levels of reserves. The proposed budget is balanced and any proposed amendments must be considered in this context. In particular, any changes to the budget or reserves may have an impact on the forecasts for future years and

affect the Council's ability to maintain adequate service levels and fund the proposed capital programme.

2.0 CHANGES TO THE FINANCING OF LOCAL GOVERNMENT

- 2.1 The 2013/14 Local Government Finance Settlement brought the most radical changes to the financing of Local Government for over 30 years.
- 2.2 The primary change is in relation to Business Rate income. Under the previous system (in operation prior to the current year) business rates were collected by Councils on behalf of the government and paid into a central Treasury pot. This was then redistributed back to local authorities using a complex needs based formula. The Government considered that this did not provide an incentive for Councils to increase the business base in their area as no extra reward would be received by the Council as a result of such growth.
- 2.3 As a result of the above concerns a new system of Business Rate Retention was introduced from 1 April 2013 which enables Councils to retain a proportion of any business rates collected above a target level. The new system is complex and in the first instance a baseline funding level (funding that is assumed to be provided through the business rates retention scheme) is calculated. This is determined as part of the Council's Start Up Funding Assessment, the other element of which is the funding provided through the Revenue Support Grant.
- 2.4 The business rate baseline (the Government's estimate of the business rates collectable in the Borough) have been split in two tier areas between the billing authorities and the major precepting authorities on the basis of 80% to the billing authorities (i.e. GBC) with the remaining 20% to the precepting authorities. The resulting individual authority business rate baselines are then either reduced or increased by applying a tariff or top-up respectively so they equal the baseline funding level.
- 2.5 In order to prevent any authority either gaining or losing excessively under the new arrangements the Government have included a levy arrangement whereby some authorities will be required to pay a levy if they collect more than their Individual Authority Business Rate Baseline. Levy rates are individually set for each Council using a formula with this Council's levy rate being 0.50. Therefore for every pound collected above the Individual Authority Baseline Funding Level 50 pence will be payable to the Government.
- 2.6 The proceeds from the Levy are then used to fund a safety net to provide support to Councils whose business rate receipts fall by more than 7.5% below their baseline funding level.
- 2.7 The new funding arrangements do therefore represent a significant transfer of risk (both positive and negative) from Central Government to Local Government. There are potential benefits under the new system

but the arrangements whereby Councils bear a substantial proportion (40% in the case of this Council) of the cost of any future successful rating appeals and rate reliefs results in a real possibility that the Council could be more than 7.5% below baseline funding and therefore would trigger a safety net payment.

As the Business Rate Retention scheme approaches the end of its first year of operation and budgeting is taking place for year 2 (2014/15) final regulations and details of some aspects are still awaited.

- 2.8 As in 2013/14 in order to provide Councils with a positive incentive to keep Council tax levels down, a Council Tax Freeze grant equivalent to approximately 1% Council Tax is to be made available to Councils by the Government for two years, conditional on their tax levels not being increased in 2014/15.

3.0 THE LOCAL FINANCIAL SITUATION

- 3.1 The headline figures for this Council in relation to the final 2013/14, provisional 2014/15 and 2015/16 grant settlements are as follows:-

	2013/14	2014/15	2015/16
	£,000	£,000	£,000
Revenue Support Grant	3,289	2,557	1,755
Baseline Funding Level*	<u>2,188</u>	<u>2,231</u>	<u>2,292</u>
Start Up Funding Assessment	5,477	4,788	4,047

* Funded from Business Rate receipts

- 3.2 The above table highlights the very significant reduction (approximately £1.4M) in estimated Central Government funding between 2013/14 and 2015/16.
- 3.3 In addition to the funding through the Start Up Funding Assessment the Council has received New Homes Bonus which is payable as a result of net growth in the Council Tax Base. A total sum of £664,119 is payable to the Council including £227,053 in respect of 2012/13, £271,309 for 2013/14 and £165,757 for 2014/15. Each phase of New Homes Bonus is payable for 6 years.
- 3.4 The Baseline Funding Level under the new arrangements assumes that the Council will collect business rates receipts at target level. The revised estimate 2013/14 is that actual receipts (after Tariff) will be £1,941,646 (including direct grant for additional rate relief granted as outlined in paragraph 3.7) Whilst this has increased from the original estimate of £1,051,478 it is £246,622 below the target level of £2,188,268 and £82,502 below the safety net threshold of £2,024,148.
- 3.5 The estimate of Business Rate Receipts 2014/15 (as submitted on the NNDR1 return to Central Government) is £2,213,140 (including direct grant for additional rate relief granted as outlined in paragraph 3.7) which is £17,756 below the target level of £2,230,896 and £149,561 above the safety net threshold of £2,063,579. While this reflects the

best estimate on the information currently available significant risk remains that final income received will fall to that guaranteed by the safety net. It is therefore proposed that a collection fund equalisation reserve be set up to specifically mitigate against this risk. This prudent approach will help safeguard the Council against the great uncertainty regarding the impact of appeals and levels of mandatory relief that may potentially be awarded (40% of the cost of which fall on this Council) in 2014/15 and later years.

- 3.6 It must be stressed that the estimation of business rate receipts required under the new grant system is extremely complex with many of the factors outside this Council's control. This is particularly true in the case of a business rate appeals and claims for rate relief (including Mandatory) whereby any granted will be funded 50% by Central Government, 40% by this Council and 10% by the other precepting authorities. The Valuation Office Agency will both determine whether a rating appeal is successful and the level of reduction granted with the Council having no right of challenge. Further clarification relating to the treatment of backdated appeal refunds is awaited.
- 3.7 A number of additional categories of NNDR reliefs have been announced by Central Government relating to both 2014/15 and 2015/16. These have been introduced under Discretionary Rating Relief Regulations and if the appropriate Government guidance relating to the reliefs is met the Council's additional costs associated with the granting of such reliefs are to be fully reimbursed through direct grant.
- 3.8 The completion of the financial data incorporated on NNDR1 is covered under general delegations to the Borough Treasurer relating to the administration of Business rates. In view of the introduction of business rate retention rules and the resulting change in role and importance of the return it is proposed that the delegation be amended in the Constitution to make explicit reference to the completion of the return by the Borough Treasurer.
- 3.9 For the fourth successive year the proposed budget will also qualify the Council to receive Council Tax Freeze Grant. For 2014/15 the grant is payable for two years and is equivalent to 1% of the Council Tax which equates to approximately £50,000. This sum is not included in the Start Up Funding Assessment and is paid as a separate grant.
- 3.10 The Settlement for 2014/15 has resulted in a significant decrease (approximately £700,000) in the level of Central Government support (Revenue Support Grant and Business Rate Income) that this Council is estimated to receive. The efficiency measures undertaken early in the current financial year has enabled a draft budget to be put forward which safeguards service levels with no increase in the Council Tax being required.

4.0 BUDGET RISK ASSESSMENT

- 4.1 Conclusions about the adequacy of the Council's proposed budget are based on a risk assessment (Appendix 1).

- 4.2 The new financial arrangements that were introduced from 1 April 2013 result in a major shift in risk from Central to Local Government. The new system of Business Rate Retention whilst providing a possibility of reward when Business Rate Receipts exceed the Baseline funding Level also results in significant risk of a reduction in funding received by this Council. Whilst some of this risk is associated with the Council's performance on rate collection and the development of the Business base within the Borough other major risk factors are out of this Council's control. Examples of such factors include rating appeals, claims for mandatory relief and indeed the financial health of the Country as a whole.
- 4.3 A further area of additional risk being borne by this Council results from the introduction of the Council Tax Support Scheme which replaced Council Tax Rebates which were totally funded by Central Government. The Government has transferred the responsibility for providing a locally determined Council Tax Support Scheme to Local Government while reducing the funding from Central Government to approximately 90% of the cost of the previous Council Tax Rebate Scheme. From 2013/14 the grant funding for this scheme is included within the overall grant settlement and whilst some allowance may be made this Council will bear a substantial proportion of the risk associated with the cost of the scheme in particular arising from any significant increase in take up.
- 4.4 In addition to the risks brought about by changes in financial arrangements between Central and Local Government identified above a further area of risk that should be highlighted relates to the Council's success in securing grants in particular associated with the Daedalus Enterprise Zone. The Council in partnership with Solent Local Enterprise Partnership has secured Regional Growth Fund grant of approximately £4.5 Million to help deliver the objectives of the Enterprise Zone. The Council as 'Accountable Body' could be required to repay grants paid out back to the Government if certain extreme circumstances arise although this is considered a remote possibility as a result of the extensive controls and procedures in place.
- 4.5 It can be seen from the risks identified above in addition to the medium to longer term uncertainty relating to Central Government funding that it is essential that a prudent approach is taken to budgeting and the level of reserves (see Paragraph 6).

5.0 PROVISIONAL SETTLEMENT 2015/16

- 5.1 The exact funding position for 2015/16 is currently still difficult to predict with any certainty as although the provisional Start Up Funding assessment has been notified this could still be subject to amendment. In addition the precise budgetary pressures including any pay award and general inflation is still unclear although further analysis will be undertaken when the Medium Term Finance Strategy is updated in June 2014.

- 5.2 Whilst it can be seen the Start Up Funding Assessment reduces by £741,000 between 2014/15 and 2015/16 this does not include any additional New Homes Bonus payable in respect of 2015/16 which might potentially reduce the net grant loss. However there is no certainty regarding the level of grant awarded or indeed that any such additional grant will be forthcoming.
- 5.3 Even though there remains considerable uncertainty to the position in 2015/16 it is certain that there will be a substantial reduction in Government funding. In order to meet the challenges ahead the Council must continue to strive for efficiency savings, review service levels and explore all opportunities to provide additional income streams.

6.0 RESERVES

- 6.1 General Fund provisions available for general use comprise a Working Balance and the Revenue Financing Reserve (RFR). The Working Balance enables the Council to meet unexpected demands on its resources such as increased inflation or demand for statutory services and provides a cushion against uneven cash flows. RFR is an earmarked reserve, used to ensure that fluctuations in annual maintenance requirements can be met, to underwrite uninsured risks and for funding spend-to-save revenue and capital initiatives.
- 6.2 As a result of savings achieved in the actual expenditure compared to the budget in 2012/13 a higher RFR (£1,284,690) was carried forward into 2013/14 than anticipated. In addition it has been possible to budget for a contribution to the reserve in the current year's revised budget of £177,910.
- 6.3 As indicated above the grant settlement for 2015/16 will be substantially lower than 2014/15 and it is likely that further reductions will apply to the 2016/17 and future years settlements. In addition the Council is now bearing a number of additional risks including those relating the Business Rate Retention Scheme, the Council Tax Support Scheme and the Council's responsibilities as accountable body for the Regional Growth Fund relating to the Enterprise Zone.
- 6.4 In view of the challenges that the Council is likely to face in the next 2-3 years and the additional risks identified (see paragraph 4) it is seen as essential that reserve levels are maintained at as high a level as possible. These funds will not only cover against such risks but also help provide essential invest to save funding to enable the Council to fully utilise the opportunities for efficiencies in the future.

7.0 THE PROPOSED BUDGET

7.1 REVENUE

- 7.1.1 The revised 2013/14 budget totals £10,284,090 - the same as the original. The draft budget book contains a list of variations that

have arisen between the Council's original spending plans for the current year and the latest estimate of expenditure and income.

7.1.2 The total proposed net budget for 2014/15 is £9,828,790 and represents a decrease of £455,300 (4.4%) on the original budget for the current year when transfers to reserves are included.

7.1.3 Summary reports on the budgets for each of the Boards including information relating to main budget variations are attached (Appendix 6).

7.2 CAPITAL

7.2.1 A separate report dealing with Treasury Management Strategy for the coming year is on the Council Agenda.

7.2.2 The Council's capital programme for the 4 years to 2016/17 amounts to over £20M and requires substantial use of capital receipts and borrowing.

7.2.3 There is a direct impact on revenue budgets arising from the capital programme and, where expenditure is not supported by Government grant, the resulting financing cost is included within the budget. The amount of discretionary capital expenditure in the capital programme continues to be strictly controlled as the Council can only use the prudential code for funding new capital investment if it can be demonstrated that the revenue consequences are affordable.

7.3 COUNCIL TAX

7.3.1 The proposed budget of £9,828,790 for 2014/15 will result in no change in Gosport's share of the Council Tax when that is set on 25 February 2014. The Band D tax will therefore remain at £202.81 for 2014/15.

7.3.2 Based on provisional data, 1% Council Tax produces approximately £50,000 income in 2014/15. Any increase above the proposed budget required to be met from Council Tax will result in the loss of the Council Tax Freeze grant of approximately £50,000 p.a. (payable for two years) e.g. If the Council Tax was increased to the limit (without referendum) of 1.99% the £100,000 extra tax will only produce approximately £50,000 income in each of 2014/15 and 2015/16.

7.4 COUNCIL TAX DISCOUNTS

7.4.1 The current discounts introduced in 2013/14 remain unchanged and are as follows:-

- a) Class A and Class B empty and furnished properties receive a 0% discount.

- b) Class C unoccupied and substantially unfurnished properties receive a 100% discount for one month. (Use of a property for less than 6 weeks does not give rise to a new exemption period)
- c) Class D Unoccupied and substantially unfurnished properties which are undergoing or have undergone major repairs within the last six months receive a 0% discount.

7.5 COUNCIL TAX BASE

7.5.1 The projected Council tax Base for 2014/15 is shown below and as with 2013/14 includes a deduction for the sums awarded through the Council Tax Support Scheme. Under the new arrangements the Government grant funding is received through the Grant formula and therefore this has to be deducted from the Council Tax Base. Prior to this the support for Council Tax Rebates was directly funded by specific central government grant and no such deduction from the Council Tax base was made.

Calculation of adjusted tax base:

	£
Adjusted Tax Base (before Losses to Collection)	25,146.1
Less Loss on collection	<u>(352.0)</u>
Adjusted tax base	<u>24,794.1</u>

8.0 BEYOND 2014/15

8.1 A 4-year projection of revenue commitments (Appendix 2) indicates significant pressures on budgets in 2015/16. The Government notified authorities of the provisional settlement for 2015/16 in December 2013 and whilst changes could be made to the final settlement it is certain that a significant reduction in exchequer grant will result. There is considerable uncertainty relating to the estimates of exchequer grant for 2016/17 and later years.

8.2 Savings required to maintain a zero increase in Council Tax are currently projected as follows:-

Year	Estimated Savings Required (Year on Year)
2015/16	£664,000
2016/17	£320,000
2017/18	£118,000
2018/19	£429,000

8.3 It is currently Council policy to restrict Council Tax increases for its own requirements to no more than 2.5% although it is currently the case

that a referendum is required by any Council wishing to increase its Council Tax by 2% or more.

- 8.4 Whilst the figures projected in paragraph 8.2 represent the best projection that can currently be made, there is increased uncertainty regarding future levels of Exchequer support, locally retained business rates, inflation and interest rates. As stated above the grant rates from 2016/17 onwards are particularly uncertain although 2015/16 is currently projected to be the most vulnerable year.

9.0 OTHER ISSUES

- 9.1 The Council is required to consider and publish its Pay Policy and Member' Allowances Scheme that will apply next financial year before the end of March. They are attached as Appendices 3 & 4 for approval by Council. The financial consequences of these are included in the proposed budget and reflect a continuation of existing policy.
- 9.2 The autumn statements of 2012 and 2013 announced the Government's intention for Local Authorities to provide extra temporary relief for newly built empty properties, for businesses moving into long term empty properties and for a retail relief for properties with a rateable value of £50,000 or below where the occupier is a specific type of business. It is hoped that these measures will help to stimulate the local economy, support community activity and consequently social wellbeing.
- 9.3 The Government has stated that local authorities will be reimbursed for the loss of income from these temporary reliefs and it is therefore considered that it will not have a negative impact on the council tax payer. The mechanism for authorities to provide these reliefs is via Section 47 of the Local Government Finance Act 1988 as amended. In order to accommodate these changes the current Discretionary Rate Relief Policy needs amending and approval is sought for the additions detailed in Appendix 5 to be added to the existing policy.

10.0 CONCLUSION

- 10.1 The proposed 2014/15 budget of £9,828,790 is balanced and will result in no change in the level of Council Tax required for the Borough Council's purposes. The outlook for 2015/16 and beyond is that additional reductions in Exchequer Support will be forthcoming so it is essential that further reviews of services are undertaken, efficiencies are identified and new sources of income are identified. The Council's Budget Strategy for 2015/16 will further address this when it is considered during autumn 2014.
- 10.2 A budget book containing the budget as finally approved will be circulated by April and a revised Medium Term Strategy will be prepared shortly thereafter.

Financial Implications:	Council's General Fund Budget, Capital Programme and Council Tax level for 2014/15
Legal Implications:	The Council has to set a balanced budget and is also under an obligation to carry out its functions effectively, efficiently and economically. It also has to determine and publish both its Pay Policy Statement and Member's Allowances Scheme in advance of the new financial year.
Service Improvement Plan implications:	The budget submissions reflect both service improvement plans and the corporate plan.
Corporate Plan:	Ditto.
Risk Assessment:	See Appendix 1
Background papers:	Draft Budget Book Budget working papers DCLG-Business Rates Retail Relief-Guidance DCLG-Business rates-New Build Empty Property Guidance DCLG- Business Rates Information Letter (9/2013).
Appendices/Enclosures:	<ol style="list-style-type: none"> 1. Risk Assessment 2. 4 year projection of Revenue Commitments 3. Pay Policy Statement 2013/14 4. Member's Allowances Scheme. 5. Discretionary Rate Relief 6. Summary of Service Board Budgets 2014/15
Report Author/Lead Officer	Julian Bowcher

BUDGET RISK ASSESSMENT (GENERAL FUND)

Budget Area	Risk	Budget £'000	Likelihood	Revenue Impact	Comment
Housing Benefits	Overpayment rates &/or demand increase, grant formula change.	32,280	H	H	Major uncertainty still exists regarding the timing relating to the introduction of Universal Credit and the impact of future changes to the benefit system.
Business Rate Retention Scheme/ Government Grants	Uncertainty regarding Collection Rates/Appeals/Mandatory Relief Grant Data//Policy change	-5,060	H	M	Considerable uncertainty regarding the impact of outstanding appeals will have on future NNDR income. Both positive and negative risk. Negative risk partly mitigated by 'Safety Net'/Prudent Budgeting.
Council Tax Support Scheme	Increased costs due to take up etc.	4,713	H	M	Any increased costs relating to take up of the scheme are likely to be at least partly borne by this Council. The Government support for the scheme is no longer separately identified and is now included within the overall grant settlement.
Capital Programme	Failure to raise necessary financing (capital receipts 2013-17)	-2,100	H	M	Economic climate may not facilitate the raising of the new capital receipts required in future years
Homelessness	Additional demand.	3,752	H	M	Conversion of Agnew House has mitigated this risk although demand continues to increase. The ongoing refurbishment of Barclay House will help reduce this risk.
General Income	Shortfall due to unpredicted demand changes.	2,327	H	H	
Maintenance	Unforeseen urgent works.	325	M	M	Essential expenditure has been provided for.
Insurance	Claims experience deteriorates.	160	M	M	
Interest Rates	Interest rates are higher than forecast	405	M	H	The economic climate remains volatile making the prediction of future interest rate levels subject to uncertainty.
Government Grants (including Regional Growth Fund)	Central Government Grant Clawback	>£3M	L	H	Risk likelihood considered low due to controls and procedures in place

NOTES

- 1 Assessment takes account of past trends and budget monitoring.
- 2 Likelihood: High = most years, Medium = Occasional, Low = rare.
3. Impact: High = over £100,000; Medium = £50 – 100,000; Low = less than £50,000

APPENDIX 2

		(£'000)			
		2015/16	2016/17	2017/18	2018/19
A	2014/15 Base Budget	9,829	9,829	9,829	9,829
B	Budget Increases				
	Crematorium (income down)	50	50	50	50
	Tax Freeze Grant 2014/15		50	50	50
	Tax Freeze Grant 2015/16	(50)			
	Elections	(40)		(40)	
	Pensions	36	90	133	179
	MRP	40	56	61	67
	Inflation (inc pay award)	120	240	360	480
		156	486	614	826
C	Less Budget Decreases				
	New Homes Bonus income	(120)	(220)	(320)	(193)
	Local Plan	(135)	(135)	(135)	(135)
	Collection Fund Equalisation Reserve	(150)	(150)	(150)	(150)
		(405)	(505)	(605)	(478)
D	PROJECTED BUDGET TOTALS (A+B+C)	9,580	9,810	9,838	10,177
E	FUNDING				
	Revenue Support Grant	(1,755)	(1,591)	(1,426)	(1,258)
	Collection Fund (Surplus) / Deficit	0	0	0	0
	Business Rates Collectable/safety net	(5,642)	(5,811)	(5,986)	(6,165)
	LESS Tariffs payable to Central Government	3,521	3,627	3,735	3,847
		(3,876)	(3,776)	(3,676)	(3,576)
F	GBC COUNCIL TAX LEVY (D-F)	(5,704)	(6,034)	(6,162)	(6,601)
G	COUNCIL TAX BASE	24,844.1	24894.1	24,944.1	24,994.1
H	ESTIMATED COUNCIL TAX INCOME (FOR NO INCREASE)	(5,040)	(5,050)	(5,060)	(5,070)
I	SAVINGS REQUIRED	664	984	1,102	1,531

GOSPORT BOROUGH COUNCIL

PAY POLICY STATEMENT **2014/15**

1. Purpose

This statement is produced in accordance with Section 38(1) of the Localism Act 2011, and sets out the Council's policies relating to the pay of its workforce for the financial year 2014/15, and in particular:

- the remuneration of its Chief Officers
- the remuneration of its "lowest paid employees"
- the relationship between the remuneration of its Chief Officers and those who are not Chief Officers.

2. Definitions

For the purpose of this pay policy statement, the following definitions apply.

2.1 Pay, in addition to salary, includes any charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements, and termination payments.

2.2 Chief Officer refers to the following roles within the Council:

Chief Executive, as Head of Paid Service, Borough Solicitor and Deputy Chief Executive (who is also the Council's Monitoring Officer), Borough Treasurer, Housing Services Manager. In addition, in accordance with the definition set out in the Localism Act and the Government's statutory guidance, this term for this purpose also refers to those officers who report directly to the statutory or non-statutory officers, i.e. the following Section Heads:

Head of Economic Prosperity, Tourism and Culture, Head of Policy and Community Safety, Head of Personnel, Head of IT, Head of Accountancy, Head of Pay and Central Services, Head of Local Taxation, Head of Benefits Services, Head of Internal Audit, Head of Housing Operational Services, Head of Property Services, Head of Housing Finance, Head of Housing Options, Head of Legal and Democratic Services, Head of Conservation and Design, Head of Development Control, Head of Planning Policy, Head of Building Control, Head of Streetscene, Transport and Traffic Liaison Officer.

2.3 Lowest paid employees refers to those staff employed at the lowest grade level (scp 5) of the Council's pay framework. This definition has been adopted because these staff are paid at the lowest grade of the Council's grading structure.

2.4 Employees who are not Chief Officers refers to all staff who are not covered by the Chief Officer group indicated at 2.2.

3. Pay framework and remuneration levels

3.1 General Approach

The Council recognises the need to exercise the greatest care in managing scarce public resources. The level of remuneration is a very important factor in both recruitment and retention of high quality employees dedicated to fulfilling the Council's business objectives and delivering services to the public, but this has to be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily

excessive. Each council faces its own unique challenges and retains flexibility to cope with various circumstances.

Gosport Borough Council is aware that its pay levels for the Chief Executive and statutory and non-statutory Chief Officers are very low in comparison with the other authorities in the region, and nationally. The situation is kept under regular review. The Government considers that large salary packages, which should be considered by full Council, are those above the threshold of £100,000; Gosport Borough Council has no salary packages at that threshold. In accordance with the revised guidance issued in February 2013, a lower threshold of £90,000 will be used for this Council.

3.2 Responsibility for decisions on remuneration

Statutory and non-statutory Chief Officers of this Council are covered by the Joint National Council for Local Authorities' Conditions of Service for Chief Executives and Chief Officers; the JNC terms and conditions are incorporated in contracts of employment.

Any corporate changes to pay or grading for these officers are considered by the Council's Policy and Organisation Board.

Section Heads as listed at 2.2 and employees who are not Chief Officers are covered by the NJC for Local Authorities' Services Conditions of Service. The level of pay is determined in accordance with national pay scales. Any changes to the formally agreed terms or conditions for all staff are considered by the Council's Policy and Organisation Board.

3.3 Salary Grades and Grading Structure

The Council's grading structure for Section Heads and all employees who are not Chief Officers consists of one spot point salary and 12 grades - grades within the pay scales are allocated to posts through the national job evaluation scheme, thus ensuring fairness and equality in the application of pay. The allocation of a spot salary or grade depends on the nature and complexity of the job and the consequent need for a learning curve, and progression within grades is normally by annual increments, subject to satisfactory performance.

Section Heads listed at 2.2, who report directly to statutory and non-statutory Chief Officers also listed in that paragraph, are responsible for a particular function, with some staff at a lower level (e.g. secretarial) also reporting direct to statutory or non-statutory Chief Officers. Grades for Section Heads vary from grade 10 to grade 12 within the structure (attached), depending on the level of duties and responsibilities of each post and as evaluated in accordance with the national scheme. The differential between the pay of Chief Officers and the most senior staff reporting to them is £6,822 or 12%, this being the same percentage as applied last year.

The lowest paid staff within the authority, i.e. those whose posts have been evaluated at the lowest grade, are Cleaners on a fixed point – currently £12,435 per annum. Apprenticeships have been introduced, with the Council providing work experience rather than employing these staff direct.

The highest paid staff are statutory and non-statutory Chief Officers (£56,140 to £65,501), the Chief Executive (£80,265 to £91,071), Deputy Chief Executive and Borough Solicitor/Monitoring Officer (£67,368 to £78,057) and Borough Treasurer (£61,754 to £71,554). The comparison between the lowest paid salary and the

highest paid is 6.5 : 1 (having decreased this year in consequence of a nationally agreed uplift in pay at the bottom of the grades).

The highest paid salary, at the top of the grade, is 4.19 times the median average salary (and 3.59 times the mean average salary) of the whole workforce. This is considered to be a fair and reasonable pay multiple, striking an appropriate balance which recognises the need to adequately recompense the different levels of duties and responsibilities.

Increases in pay are made consequent on national negotiations. A 1% pay increase was awarded to all staff effective from 1st April 2013, this being the first increase applied for a number of years.

3.4 Remuneration – level and elements

In considering pay, the Council takes into account market rates, individual performance and the need for equality and consistency in the way grades are applied.

Chief Officers

Reviews of statutory and non-statutory Chief Officer salaries (i.e. Chief Executive, Deputy Chief Executive and Borough Solicitor, Borough Treasurer and Housing Services Manager) are carried out from time to time by the Council's Policy and Organisation Board; the last formal review was undertaken in 2003 by the then Personnel Sub-Board, for which purpose information was collected on the pay and benefits package across the South East region, from advertisements across the country, and pay and benefits offered in other councils in the "Audit group", i.e. of a similar size. That review identified Gosport Borough Council's package as being the lowest. Annual information is provided by South East Employers for benchmarking purposes, and it is recognised that the Council's pay for these officers remains very low in comparison with others in the Hampshire and Isle of Wight area. It is important that the Council remains able to recruit and retain the best calibre officers, and the salary levels for the most senior officers need to be kept under review as circumstances allow.

General increases in pay are made following national negotiations – 1% was applied in 2013 following 4 years of pay freezes.

Other Officers

The salaries of Section Heads and other employees who are not Chief Officers are in accordance with the national tables, with increases applied following national negotiations. A 1% increase was applied in 2013 as indicated above, after 3 years of pay freezes.

The only other pay increases in this time have been where staff are progressing contractually through a grade, or where a job is re-evaluated to recognise substantial additional duties/responsibilities. The majority of the Council's staff are on the top of their grade and have not therefore received incremental progression.

Grading Structure and Progression

The Council's grades consist of 4 incremental points, other than a few spot point salaries. The use of a grade recognises and allows for staff to gain knowledge and expertise in the job. Appointments are made on merit and on the appropriate point of the grade, taking into account the level of skills and knowledge of the successful applicant. The decision is made by the Appointment Panel; the salary applied on appointment is subject to regular monitoring, and formally reviewed through the Equal Pay Audit.

All the Council's staff including Chief Officers are subject to the same performance management process. Whilst there is no formal performance related pay for any of the Council's officers, increments can be withheld where performance is unsatisfactory, and enhanced incremental progression or one-off honorarium payments can also apply to recognise and reward exceptional performance. The scheme covering merit increments/honoraria provides clear guidance relating to the circumstances in which such payments can be made, and the size of the payment, which must be commensurate with the work being rewarded. Such awards can only be approved by the Chief Executive, following corporate consideration, and they are centrally monitored for fairness and consistency. Any such award for the Chief Executive is subject to approval of the appropriate Council Board.

Additions to Salary

The Chief Executive and statutory and non-statutory Chief Officers (Deputy Chief Executive and Borough Solicitor, Borough Treasurer, Housing Services Manager) receive very few additions to their salary. Where additional duties and responsibilities, in excess of those normally required of a statutory or non-statutory Chief Officer, are applied, a percentage supplement can be agreed by the Council's Policy and Organisation Board.

Currently, a supplement is applied for the Deputy Chief Executive and Monitoring Officer roles, and for the Section 151 Officer responsibility. The size of any such supplement is determined taking into account the level of duties and responsibilities, ensuring consistency and fairness.

The responsibility of Local Returning Officer attracts an additional payment once every two years on completion of the work, this being the frequency of local elections. The payment is made in accordance with the Hampshire scale of fees, and is made to whichever officer undertakes that responsibility, which currently lies with the Deputy Chief Executive and Borough Solicitor.

The only other supplements to Chief Executive, statutory Chief Officers and Housing Services Manager's pay are one professional subscription (in the region of £400 per annum) or practising certificate where this is required for the execution of the necessary duties, and the annual payment of telephone rental (currently £103 per annum) to recognise the requirement for such officers to be available out of hours. There is no payment made to these officers for hours in excess of the contractual 37 per week, although they regularly work considerably in excess of that time.

The only supplements applied to the salaries of Section Heads are where a Section Head requires a practising certificate or professional membership by law in order to fulfil their contractual duties, and where a Section Head is managing the functions across more than one Council; in the latter case, a 15% supplement is applied for managing the function (and staff within it) in one additional council, and 25% where this applies to two other councils. The former supplement currently applies to one Section Head – Building Control, and the latter to one Section Head – Internal Audit. The only other additional payments applying to Section Heads or other employees

who are not Chief Officers are those recognising work out of normal hours, overtime or stand-by, in accordance with National and Local Conditions of Service.

All officers are entitled to claim an allowance for attendance at evening committee meetings, in accordance with the Council's formal Local Agreement, which depends on the amount of time involved. All officers who are nominated as "Essential" or "Casual" car users can apply for a loan from the Council to purchase a vehicle, the interest rate currently being 4%, in accordance with the formal Local Agreement. All officers of the Council have the option to join the Hampshire County Council pension scheme, which is a contributory scheme with varying rates dependent on salary level.

The Council has not introduced market supplements, having so far been able to recruit and retain essential staff as needed.

The Council does not make bonus payments to Chief Officers or employees who are not Chief Officers.

The Council operates a Salary Sacrifice Scheme in respect of childcare vouchers, and car park charges.

Payments on Termination of Employment

There are no additional payments made on termination of employment, other than in situations of redundancy or early retirement. The provisions relating to such payments are set out in the Council's Statement on Early Retirement and Discretionary Payments, and the Redundancy Policy, which are approved by Policy and Organisation Board. Were there to be any severance packages beyond the threshold of £90,000, they would be subject to approval by the Council.

The provisions relating to flexible retirement, whereby an officer with sufficient service and of the appropriate age can request to take immediate payment of pension but remain in employment on less hours or in a lower graded role, are also included in the Statement referred to. Where any additional payments are required in accordance with pension provisions, these applications are subject to approval by Policy and Organisation Board. The provisions are exercised where appropriate savings can be made whilst still retaining the necessary knowledge and experience.

Early payments of pension on compassionate grounds are considered by Policy and Organisation Board and approved in very exceptional circumstances only.

Early payments of pension on medical grounds are considered in accordance with the requirements of the Pension Regulations, with advice from an independent Occupational Health Physician.

4. Re-employment of Officers

Where an officer has been made redundant or taken early retirement, they do still have the right to make application for any posts which may arise after they have left. Before agreeing to any such termination, a full search is always made for any possible suitable alternatives to avoid the situation arising, but there are times when redundancies/early retirements cannot be avoided.

Should suitable vacancies arise after such staff have left the Council, any applications for employment from these staff would be given full consideration

together with all other applicants. The Council will in such cases, as in any recruitment exercise, take the necessary action to ensure that the appointment is made on merit, selecting the best person for the relevant post. Any necessary adjustments to pension would be made in accordance with the Regulations.

5. Publication of Information

The Council publishes information relating to senior employees (those earning £58,200 and above as defined by the Government's transparency agenda), the organisation structure and grading structure, vacant posts, the pay multiple, and a range of equality data, on its website.

6. Review

This statement is reviewed on an annual basis, as required by legislation, and approved by full Council.

Associated Documents

The following documents also relate to pay, grading and retirement provisions:

Grading Structure
Statement on Early Retirement and Discretionary Payments
Redundancy Policy
Guidance on the Award of Merit Increments and Honoraria
People Management Strategy
Hampshire Election Fees 2014/15

APPENDIX 4

MEMBERS' ALLOWANCE SCHEME 2014 – 15 (Scheme last revised May 2011)

Allowance	2014 – 15
	£/p.a.
Basic Allowance	5862.00
Leader of the Council	13620.00
Chairmen of Service Boards and Regulatory and Licensing Boards	4362.00
Chairman of Overview and Scrutiny Committee	3270.00
Opposition Group Leader (Liberal Democrat) *	1974.00
Opposition Group Leader (Labour) *	1974.00

*Allowance is based on the current number of Councillors in the political group and may change after the May 2014 Council election.

SUMMARY OF SERVICE BOARD BUDGETS 2014/15

The purpose of this summary is to consider each of the service board's revised 2013/14 and estimated 2014/15 budgets.

1.0 BACKGROUND

- 1.1 This summary reports each of the service board's requirements for the 2013/14 and 2014/15 financial years.
- 1.2 The Council's Capital Programme for 2013/14 to 2016/17 was approved by P&O Board on 25 September 2013 and the Fees and Charges for 2014/15 were approved by Council on 16 October 2013.
- 1.3 The Council's budget strategy was approved by P&O Board on 25 September 2013.
- 1.4 Board budgets have been constructed against the backdrop of the first year of Business Rate Retention (introduced by the Local Government Finance Act 2012) and the continuing public sector fiscal constraints. The achieving of cost reductions with minimal impact on service delivery remains a priority.
- 1.5 Variance Analysis

Members have been circulated with a draft of the budget book.

The variance analysis shows the major budgetary variations from (i) the original budget to the revised budget and, (ii) the revised budget to the estimated budget.

In practice, at the lowest level, there will always be many budgetary variations – both positive and negative - as officers manage budgets and provide for service delivery under delegated authority and including virements in line with financial regulations. The variance analysis in the budget book includes the major variations only and focuses on the bottom line rather than the detail.

Capital Finance charges (ie depreciation) have been ignored within the analysis as these are offset by an opposite and equal figure within the P&O Board budget so that they do not impact on the level of council tax. This accounting treatment is obligatory and is carried out by all local authorities.

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They can vary between both services and boards and reflect the complexity and changing nature of the Council's structure and services. Service units and staffing continue to be rigorously examined to reduce costs and find efficiencies. Further redundancies have taken place this year.

Overall, General Fund admin recharges have reduced by £167,190 in 2013/14 and a further £422,510 in 2014/15.

2.0 COMMUNITY BOARD

2.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Community Board		Original	Revised	Original
		Budget	Budget	Budget
		2013/14	2013/14	2014/15
1	EMPLOYEES	£144,870	£161,170	£148,510
2	PREMISES	£653,290	£684,970	£659,370
3	TRANSPORT	£16,820	£18,050	£13,770
4	SUPPLIES & SERVICES	£3,193,080	£3,858,370	£3,631,340
5	THIRD PARTY PAYMENTS	£3,446,480	£3,490,160	£3,400,700
6	MISCELLANEOUS	£157,280	£120,000	£130,000
7	SUPPORT SERVICES	£2,771,300	£2,602,300	£2,382,400
8	CAPITAL/FINANCING	£698,850	£764,340	£764,340
		£11,081,970	£11,699,360	£11,130,430
9	INCOME	(£5,180,160)	(£5,762,250)	(£5,468,760)
		£5,901,810	£5,937,110	£5,661,670

2.2 REVISED BUDGET 2013/14

The revised budget for 2013/14 is **£5,937,110** an increase of **£35,300** on the original budget for 2013/14 of **£5,901,810**

2.3 BUDGET 2014/15

The budget for 2014/15 for this Board is **£5,661,670**, a decrease of **£240,140** on the original budget for 2013/14 of **£5,901,810**; and a decrease of **£275,440** on the revised budget for 2013/14 of **£5,937,110**.

2.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Leisure and Culture, including : D-day memorial, Bridgemary Bowls Club irrigation works, Play Equipment maintenance carried forward from 2012/13, Grounds Maintenance contract variations (+£64,390 in 2013/14; -£21,340 in 2014/15)
- Investment Property – reduced income following sale, vacancy and rent reviews (+£10,640 in 2013/14; +£31,430 in 2014/15)
- Gosport Leisure Park – reduction in annual management contract costs from year 2 of the operation of the new leisure park (-£3,030 in 2013/14; -£104,110 in 2014/15)
- Parking – reduced income (+£44,000 in 2013/14)
- Coast Protection – seawall remedial works (+£27,000 in 2014/15)
- Homelessness – overall service variation excluding administration (-£31,550 in 2013/14; +£6,020 in 2014/15) - Gosport continues to be in the best 25% of Councils at homelessness prevention nationally. In past years this Council has grant funded three external services (below) to support this prevention outcome and budgetary provision for these has been continued for 2014/15
 - Family Intervention Project (£39,957)
 - Gosport CAB debt service (£31,640)
 - Accommodation Resource Centre (£8,626)
- Stokes Bay Mobile Home Park – including the stabilisation of mobile home bases and reduced income in 2014/15 (+£50,300 in 2014/15)

3.0 ECONOMIC DEVELOPMENT BOARD

3.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below

Economic Development Board		Original	Revised	Original
		Budget	Budget	Budget
		2013/14	2013/14	2014/15
1	EMPLOYEES	£6,000	£34,660	£32,330
2	PREMISES	£171,430	£191,390	£173,560
3	TRANSPORT	£0	£220	£220
4	SUPPLIES & SERVICES	£344,200	£471,900	£356,760
5	THIRD PARTY PAYMENTS	£46,700	£46,250	£47,020
7	SUPPORT SERVICES	£440,200	£443,100	£390,300
8	CAPITAL/FINANCING	£170,240	£170,240	£170,240
		£1,178,770	£1,357,760	£1,170,430
9	INCOME	(£364,670)	(£512,630)	(£360,160)
		£814,100	£845,130	£810,270

3.2 REVISED BUDGET 2013/14

The revised budget for 2013/14 is **£845,130**, an increase of **£31,030** on the original budget for 2013/14 of **£814,100**

3.3 BUDGET 2014/15

The budget for 2014/15 for this Board is **£810,270**, a decrease of **£3,830** on the original budget for 2013/14 of **£814,100**; and a decrease of **£34,860** on the revised budget for 2013/14 of **£845,130**.

3.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Town Centre improvements, High Street innovations and Tourism Initiatives – including budgets brought forward from 2012/13 (+£25,400 in 2013/14; -£40,900 in 2014/15)
- Market – income (+£18,000 in 2013/14; -£2,000 in 2014/15)
- Pumping Stations – replacement pumps in 2013/14 (+£20,500 in 2013/14; -£14,500 in 2014/15)
- Depot – including paving repairs by the gates (+£15,300 in 2013/14; -£7,890 in 2014/15)
- Local Development Plan – elements deferred to 2014/15 (-£57,600 in 2013/14; +£93,600 in 2014/15)

4.0 POLICY AND ORGANISATION BOARD

4.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Policy & Organisation Board		Original	Revised	Original
		Budget	Budget	Budget
		2013/14	2013/14	2014/15
1	EMPLOYEES	£651,330	£725,450	£719,910
2	PREMISES	£400	£2,260	£450
3	TRANSPORT	£8,560	£8,840	£7,870
4	SUPPLIES & SERVICES	£958,010	£1,070,840	£1,055,040
5	THIRD PARTY PAYMENTS	£173,060	£169,860	£174,450
6	MISCELLANEOUS	£31,277,090	£30,693,000	£31,658,170
7	SUPPORT SERVICES	£3,896,110	£3,708,100	£3,610,960
8	CAPITAL/FINANCING	(£538,350)	£1,626,090	£1,743,860
		£36,426,210	£38,004,440	£38,970,710
9	INCOME	(£32,908,040)	(£34,680,500)	(£35,763,420)
		£3,518,170	£3,323,940	£3,207,290

4.2 REVISED BUDGET 2013/14

The revised budget for 2013/14 is **£3,323,940** a decrease of **£194,230** on the original budget for 2013/14 of **£3,518,170**

4.3 BUDGET 2014/15

The budget for 2014/15 for this Board is **£3,207,290**, a decrease of **£310,880** on the original budget for 2013/14 of **£3,518,170**; and a decrease of **£116,650** on the revised budget for 2013/14 of **£3,323,940**.

4.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Registration of Electors – postage and printing costs (+£17,100 in 2013/14; +£4,400 in 2014/15)
- Local Land Charges and Development Control – income variations (+£24,460 in 2013/14; -£12,000 in 2014/15)
- Local elections in 2014 (+£35,000 in 2014/15)
- Pension Fund payment (fixed element) –increase notified to local authorities from 2014/15 (+£33,120)
- 2% business rates cap grant (-£23,680 in 2014/15)
- New Homes Bonus Grant – increase in grant receivable (-£18,550 in 2013/14; -£154,910 in 2014/15)
- Council Tax Freeze Grant – net effect of the 2012/13 grant being rolled into central grant funding and the estimated grant receivable for 2014/15 (+£6,280 in 2014/15)

- External Interest Payable – saving in 2013/14 from a combination of favourable cash flows, use of internal balances and low interest rates (-£106,300 in 2013/14; +£106,300 in 2014/15)
- Minimum Revenue Provision – the statutory charge that must be made to the revenue account as part of the capital programme funding (-£61,160 in 2013/14; +£11,470 in 2014/15)

5.0 RISK ASSESSMENT

5.1 Council budgeting processes include an element of risk in respect of the many variables involved. These include:

- New statutory responsibilities
- Government led or notified activities
- Demand led activities which may result in the Council have to react to external factors
- Contractual obligations
- Market & economic factors including interest rates

5.2 To counter these risks and uncertainties, the Council aims to be proactive in monitoring and controlling its services and budgets and taking prompt corrective action when necessary.

Agenda Item no 08

Report to:	COUNCIL
Meeting date:	12 FEBRUARY 2014
Title:	TREASURY MANAGEMENT & PRUDENTIAL INDICATORS 2014/15
Originator:	BOROUGH TREASURER
Status	FOR DECISION

Purpose

This report outlines the Council's prudential indicators for 2014/15 to 2016/17, together with the expected treasury operations for this period. It fulfils a key legislative requirement.

Recommendations

Council is recommended to approve:

- The Treasury Management Strategy, as identified in 1.3
- The Prudential Indicators, as identified in 1.4
- The Minimum Revenue Provision (MRP) policy statement set out in 2.2
- The Annual Investment Strategy (paragraph 2.7.2)

1.0 BACKGROUND

1.1 Overview

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 policy, 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 the 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 may 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.

The Chartered Institute of Public Finance and Accountancy (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 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 will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting its objectives or whether any policies require revision

An Annual Treasury Report – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The latter two reports are combined and jointly reported in September.

1.3 Treasury Management Strategy for 2014/15

The strategy for 2014/15 within this report covers two main areas:

Capital Issues (set out in sections 2.1 to 2.3)

- the capital plans and the prudential indicators
- the Minimum Revenue Provision (MRP) policy

Treasury management issues (set out in sections 2.4 to 2.8), including

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

- borrowing in advance of need
- debt rescheduling
- investment strategy
- creditworthiness policy as set out in Appendix A

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

1.4 The Prudential Indicators 2014/15 – 2016/17

The prudential indicators contained within this report are required by CIPFA's Prudential Code and are designed to support and record local decision making in a transparent and accountable manner. They cover

- **Capital Expenditure**
 - Capital expenditure and capital financing requirement (paragraphs 2.1.1 & 2.1.2)
- **Affordability**
 - Ratio of financing costs to net revenue stream (paragraph 2.3.1)
 - Incremental impact of capital investment decisions on the council tax and Housing Rents (paragraphs 2.3.2 & 2.3.3)
- **Prudence**
 - Gross debt and capital financing requirement (paragraph 2.4.1)
- **Treasury Indicators**
 - External debt (paragraph 2.4.1)
 - Operational boundary (paragraph 2.4.2)
 - Authorised limit (paragraph 2.4.3)
- **Treasury Management**
 - Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes which is demonstrated by the issues covered in this report

In addition the following treasury management indicators are part of the Treasury Management code and are designed to limit the treasury risk and activities of the Council

- **Treasury Management Indicators relating to Borrowing**
 - Upper limits on fixed and variable interest rate exposure (2.6)
 - Upper and lower limits on the maturity structure of borrowing (2.6)
- **Treasury Management Indicator relating to External Debt**
 - Upper limits to the total of principal sums invested longer than 364 days (2.8)

1.5 Training

Member training and briefing sessions took place in September 2011 (delivered by officers) and in January 2012 (delivered by Capita Asset Services previously called Sector). Treasury management training for officers has been undertaken in 2013/14. Further training for both officers and members will be arranged as required.

1.6 Treasury management consultants

The Council uses Capita Asset Services, Treasury solutions 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.

The company provides a range of services to the Council which include:

- Technical support on treasury matters and capital finance issues,
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing and debt rescheduling.
- Training and briefing sessions.

2.0 REPORT

2.1 THE CAPITAL PRUDENTIAL INDICATORS 2014/15 – 2016/17

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

2.1.1 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. Council is recommended to approve the capital expenditure forecasts and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

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

Capital Expenditure and Financing	2012/13 Actual £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Expenditure					
Community Board	7,610.6	1,867.5	1,988.0	782.0	637.2
Economic Development Board	0.0	86.0	15.0	0.0	0.0
Policy and Organisation Board	0.0	730.5	273.5	190.0	175.0
Non-HRA	7,610.6	2,684.0	2,276.5	972.0	812.2
HRA	3,512.9	3,550.0	3,485.0	3,560.0	3,640.0
Total	11,123.5	6,234.0	5,761.5	4,532.0	4,452.2
Financing					
Capital Receipts	1,237.3	225.0	100.0	1,175.0	600.0
Capital grants & contributions	1,075.9	823.8	1,238.0	270.0	270.0
Capital Reserves	0.0	0.0	0.0	0.0	0.0
HRA (MRA)	2,362.4	3,550.0	3,485.0	3,560.0	3,640.0
HRA (Revenue)	949.4	0.0	0.0	0.0	0.0
Net financing need for the year	5,498.5	1,635.2	938.5	(473.0)	(57.8)

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is 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 above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the CFR in line with each revenue charge which is broadly based on 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.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2012/13 Actual £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Capital Financing Requirement					
CFR - Non Housing	18,351.6	19,389.6	19,718.0	18,593.9	17,866.8
CFR - Housing	63,067.0	63,067.0	63,067.0	63,067.0	62,067.0
Total CFR	81,418.6	82,456.6	82,785.0	81,660.9	79,933.8
Net movement in CFR	5,052.4	1,038.0	328.4	(1,124.1)	(1,727.1)
Movement in CFR is represented by					
Net financing need for the year (above)	5,498.5	1,635.2	938.5	(473.0)	(57.8)
Less MRP/VRP/other movements	(446.1)	(569.8)	(581.3)	(620.9)	(637.8)
Movement in CFR	5,052.4	1,065.4	357.2	(1,093.9)	(695.6)

The MRP / VRP/ other movements includes finance lease annual principal payments

2.2 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 (MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the 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, MRP will be based on the Regulatory Method, an extension of the then existing policy. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.**
- **For unsupported borrowing (including PFI and finance leases) after 1 April 2008, MRP will be based on the Asset Life Method with MRP starting in the year following the year in which the asset becomes operational. This option provides for a reduction in the borrowing need approximately over the asset's life.**

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Any finance lease repayments are applied as MRP.

2.3 PRUDENTIAL INDICATORS - AFFORDABILITY

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.

2.3.1 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 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non-HRA	4.5%	6.5%	8.4%	9.6%	10.2%
HRA	14.9%	13.8%	13.3%	13.4%	13.0%

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

2.3.2 Incremental impact of capital investment decisions on council tax

The estimate of the incremental impact on Band D Council Tax of capital programme decisions included in the budget report, over and above capital programme decisions that have previously been taken by the Council, are shown below. The assumptions are based on the budget, but will invariably include some estimates, such as the level of future Government support.

£	2012/13 Actual	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Council Tax - Band D	(£0.64)	£8.04	£5.84	£1.65	£2.00

2.3.3 Incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of housing capital programme decisions included in the budget report, over and above capital programme decisions that have previously been taken by the Council, expressed as a discrete impact on weekly rent levels. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls

£	2012/13 Actual	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Weekly Housing Rents	£9.93	(£0.06)	£0.00	£0.00	£0.00

The 2012/13 cost reflects the first full year of the HRA Reform financing costs.

2.4 PRUDENTIAL INDICATORS – TREASURY - EXTERNAL DEBT

The capital expenditure plans set out in Section 2.1 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 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 appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.4.1 Gross Debt and the Capital Financing Requirement

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 any over or under borrowing.

Portfolio Position	2012/13 Actual £'000	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
External Debt	83,390.0	75,909.9	78,848.4	79,848.4	78,848.4
Other Long Term Liabilities	42.1	0.0	0.0	0.0	0.0
Gross Debt at 31 March	83,432.1	75,909.9	78,848.4	79,848.4	78,848.4
CFR	81,418.6	82,456.6	82,785.0	81,660.9	79,933.8
Under / (over) borrowing (see note #)	(2,013.5)	6,546.7	3,936.6	1,812.5	1,085.4

£5 million was borrowed in March 2013 in anticipation of a retrospective mandatory Non Domestic rates relief payment before the financial year end (the Council were effectively acting as the agent for the Non Domestic Rating Pool). The claim was not paid and was withdrawn in June. The additional temporary borrowing increased the external debt over the capital financing requirement for a short period over the financial year end.

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 Borough Treasurer 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

2.4.2 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.

Operational boundary		2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
		87.5	87.8	86.7	84.9

2.4.3 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:

Authorised limit		2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
		93.0	93.5	92.4	90.4

The Council is also limited to a maximum HRA CFR (see 2.1) through the HRA self-financing regime. This limit is set out in the table below and is currently equal to the HRA CFR – there is therefore no headroom for further HRA borrowing.

2.5 BORROWING

2.5.1 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Borough Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years*
- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

2.5.2 Sources of Borrowing

- Long-term loans (in excess of 364 days) will be raised with the PWLB or other public bodies
- Short term loans (less than 364 days) will be raised through
 - Money market loans through the London Money Market using brokers appointed at the discretion of the Borough Treasurer
 - Directly or through brokers, at the discretion of the Borough Treasurer, with other public bodies
 - Use of the Council's overdraft limit with its bankers, National Westminster Bank, up to £250,000
 - Internal funds – the cash held in internal funds can be used short term to fund capital expenditure or the repayment of debt, thus delaying the need to borrow externally
- The authority to respond to different interest rates throughout the financial year is delegated to the Borough Treasurer, Head of Accountancy and Group Accountant. There is a clear segregation of duties between setting up and authorising loans and investments.

2.5.3 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.

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	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	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	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

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 ameliorated 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:

- As for the Eurozone, concerns have subsided considerably in 2013. 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;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- 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.

2.5.4 Policy on borrowing in advance of need

The Council has some flexibility to borrow funds for up to three years ahead. The Borough Treasurer may do this under delegated power where, for instance, a sharp rise in interest rates is expected meaning borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Borough Treasurer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

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.

2.5.5 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, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

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.

Any rescheduling undertaken will be reported to Policy and Organisation Board.

2.6 TREASURY MANAGEMENT CODE INDICATORS – LIMITS ON ACTIVITY

There are three debt related treasury activity limits. The purpose of these is 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 rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed rate exposure. This is similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures 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: -

Interest rate exposures			2014/15 Upper £'000	2015/16 Upper £'000	2016/17 Upper £'000
Limits on fixed interest rates:	Debt only		100%	100%	100%
	Investments only		100%	100%	100%
Limits on variable interest rates:	Debt only		20%	20%	20%
	Investments only		100%	100%	100%
			2014/15 Lower	2014/15 Upper	
Maturity structure of fixed interest rate borrowing					
Under 12 months			2%	3%	
12 months to 2 years			4%	13%	
2 years to 5 years			17%	25%	
5 years to 10 years			19%	27%	
10 years and above			52%	58%	
Maturity structure of variable interest rate borrowing					
Under 12 months			0%	5%	
12 months to 2 years			0%	5%	
2 years to 5 years			0%	5%	
5 years to 10 years			0%	5%	
10 years and above			0%	0%	

2.7 INVESTMENTS

2.7.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

Short term surplus funds are to be invested in counterparties that meet the Council's minimum accepted credit quality (creditworthiness) which is summarised in Appendix A or UK Regulated Qualifying Money Market Funds. No other (non specified) investments will be allowed.

2.7.2 Annual investment strategy

- The key objectives of the Council's investment strategy are security, liquidity and yield in that order.
- The Council has determined that it will only use approved counterparties from the UK
- No Investments are to exceed 3 years although most will not exceed 364 days

- A £3m limit applies with any single group other than the Council's Bank or UK Regulated Qualifying Money Market Funds
- Investments will be placed with bodies that meet the Council's creditworthiness criteria (see Appendix A)
- There is a clear operational difficulty arising from the current banking situation. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness and interest rates suggests short dated investments may provide lower exposure to risk.

2.8 TREASURY MANAGEMENT CODE INDICATOR – LIMIT ON INVESTMENT ACTIVITY

This limit are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of funds after each year-end.

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

Maximum principal sums invested >364 days				2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Principal sums invested > 364 days				2.0	2.0	2.0

3.0 SUMMARY

The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances in line with the relevant CIPFA and CLG guidance. The low risk nature of the Council's current policy is consistent with the current economic climate.

Financial implications:	As contained in the report.
Legal implications:	It is a legal requirement that an annual Treasury Management report is considered by the Council.
Service Improvement Plan implications:	This report is required in order that to fulfil statutory requirements associated with the achievement of both service improvement plan and corporate plan targets.
Corporate Plan:	
Risk Assessment:	As contained in the report
Background papers:	
Appendices:	A – Creditworthiness policy
Author:	John Norman

Creditworthiness policy

The Council utilises the creditworthiness service provided by Capita Asset Services to determine which institutions investments will be placed with and the duration of those investments.

This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

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 suggested duration for investments. The Council will therefore use counterparties within the following durational bands

- Yellow 5 years (only applies to AAA rated Government debt or its equivalent)
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance is not be placed on the use of this external service. Additionally, the Council will use market data and market information and information on government support for banks.

GOSPORT BOROUGH COUNCIL

DRAFT BUDGET 2014/15

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GENERAL FUND BUDGET

Summary 2013/2014 Revised, Estimate 2014/2015

	ORIGINAL 2013/14 £	REVISED 2013/14 £	ESTIMATE 2014/15 £
GENERAL FUND BUDGET			
COMMUNITY BOARD	5,901,810	5,937,110	5,661,670
ECONOMIC DEVELOPMENT BOARD	814,100	845,130	810,270
POLICY AND ORGANISATION BOARD	3,518,170	3,323,940	3,207,290
Total Net Expenditure	10,234,080	10,106,180	9,679,230
Transfer to/(from) Balances & Reserves			
General Fund Working Balance	0	0	0
Revenue Financing Reserve	50,010	177,910	0
Collection Fund Equalisation Reserve			149,560
BUDGET TOTAL	10,284,090	10,284,090	9,828,790
FINANCED BY			
Gosport Council Tax	(4,975,420)	(4,975,420)	(5,028,490)
Revenue Support Grant	(3,289,280)	(3,289,280)	(2,557,160)
Collection Fund (Surplus) / Deficit	4,760	4,760	(30,000)
Business Rates Retention (see note #)	(2,024,150)	(2,024,150)	(2,213,140)
	(10,284,090)	(10,284,090)	(9,828,790)
# These figures included direct grants			
BALANCES			
General Fund Working Balance			
B/Fwd	890,000	890,000	890,000
Change	0	0	0
C/Fwd	890,000	890,000	890,000
Revenue Financing Reserve (RFR)			
B/Fwd	920,710	1,284,690	1,462,600
Change	50,010	177,910	0
C/Fwd	970,720	1,462,600	1,462,600
Collection Fund Equalisation Reserve			
B/Fwd	0	0	0
Change	0	0	149,560
C/Fwd	0	0	149,560

SUMMARY OF REVENUE ESTIMATES 2014/2015

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £	Page
COMMUNITY BOARD				
Leisure & Culture	1,929,840	2,079,520	1,950,080	5
Waste	1,384,250	1,370,800	1,331,630	5
Streetscene	647,000	629,950	624,330	7
Community Safety	341,840	308,840	296,070	9
Environmental Services	571,030	549,290	505,480	9
Misc Environmental & Transportation	507,850	507,430	473,380	11
Cemetery	12,290	7,940	(13,770)	11
Home Adaptation Grants	9,500	8,300	7,400	13
Private Sector Housing	123,500	124,080	117,170	13
Homelessness	437,930	425,380	393,300	13
Other General Fund Housing	(63,220)	(74,420)	(23,400)	13
Board Total	5,901,810	5,937,110	5,661,670	
ECONOMIC DEVELOPMENT BOARD				
Economic Prosperity	168,560	211,410	195,190	19
Market	(74,690)	(62,790)	(60,810)	19
Town Harbour Foreshore	219,920	216,400	212,950	19
Events	122,450	117,310	72,410	19
Properties	110,520	148,680	108,010	21
Marketing and Tourism	153,340	157,720	132,520	21
Local Development Framework	114,000	56,400	150,000	21
Board Total	814,100	845,130	810,270	
POLICY AND ORGANISATION BOARD				
Registration of Electors	179,400	203,200	210,200	25
Local Land Charges	(200)	(21,430)	(32,520)	25
Concessionary Travel	930	330	100	25
Housing Benefits	409,040	411,900	488,370	25
Local Taxation	277,800	276,050	232,950	27
Development Services	812,960	834,960	806,710	27
Licensing & Registration	77,460	76,480	52,980	29
Assistance to Voluntary Organisations	195,030	200,760	199,620	29
Corporate & Civic Expenses	1,457,160	1,369,190	1,346,590	31
Miscellaneous Services	240,650	307,730	97,970	33
Other Corporate Areas	(132,060)	(335,230)	(195,680)	33
Board Total	3,518,170	3,323,940	3,207,290	
GRAND TOTAL OF ALL BOARDS	10,234,080	10,106,180	9,679,230	

COMMUNITY BOARD

SUMMARY OF REVENUE ESTIMATES 2014/2015

SERVICE	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £	Page
Leisure & Culture	1,929,840	2,079,520	1,950,080	5
Waste	1,384,250	1,370,800	1,331,630	5
Streetscene	647,000	629,950	624,330	7
Community Safety	341,840	308,840	296,070	9
Environmental Services	571,030	549,290	505,480	9
Misc Environmental & Transportation	507,850	507,430	473,380	11
Cemetery	12,290	7,940	(13,770)	11
Home Adaptation Grants	9,500	8,300	7,400	13
Private Sector Housing	123,500	124,080	117,170	13
Homelessness	437,930	425,380	393,300	13
Other General Fund Housing	(63,220)	(74,420)	(23,400)	13
Board Total	5,901,810	5,937,110	5,661,670	

COMMUNITY BOARD

LEISURE & CULTURE

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Open Spaces	980,520	1,046,880	1,068,560
Outdoor Sports	288,730	279,080	279,440
Leisure Centre (see breakdown below)	351,660	421,670	316,960
Splash Park	33,500	35,580	46,760
Countryside Management	114,540	116,510	115,670
Museum	68,700	68,100	67,300
Community Recreation	53,900	60,650	11,850
Allotments	38,290	51,050	43,540
Net Expenditure	1,929,840	2,079,520	1,950,080

Leisure Centre

The new Leisure Centre opened in December 2012, facilities include a 25m swimming pool, gym, eight five-a-side and one seven-a-side synthetic football pitches and two grass mini-pitches, along with a multi-purpose sports hall.

Running costs	125,070	119,270	14,760
Administration Recharges	29,800	3,300	3,100
Capital Finance (Depreciation)	196,790	299,100	299,100
	351,660	421,670	316,960

WASTE

The Council operates recycling collection centres for glass, paper, cans and textiles through a number sites across the Borough. A scheme for the kerbside collection of mixed dry recyclable materials is operated throughout the Borough.

A service is also provided for unwanted domestic items (for which a charge is made). All waste arising in the Borough that is not recycled is transported to the Energy Recovery Facility at Portsmouth.

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
LEISURE & CULTURE			
Employees	64,330	80,810	67,320
Premises	270,000	291,180	278,570
Transport	6,060	6,550	6,610
Supplies and Services	186,050	180,570	185,900
Third Party Payments	1,203,590	1,225,260	1,158,750
Administration Recharges	341,100	341,000	267,500
Capital Finance	270,490	349,650	349,650
	<u>2,341,620</u>	<u>2,475,020</u>	<u>2,314,300</u>
Income			
- Fees & Charges	57,100	53,010	50,630
- Rents, Lettings & Wayleaves	275,140	264,560	239,260
- Other	79,540	77,930	74,330
	<u>411,780</u>	<u>395,500</u>	<u>364,220</u>
NET EXPENDITURE	<u>1,929,840</u>	<u>2,079,520</u>	<u>1,950,080</u>

WASTE

Premises	3,630	2,240	2,340
Supplies and Services	57,670	71,320	59,150
Third Party Payments	1,348,980	1,344,690	1,329,150
Administration Recharges	206,000	174,800	165,000
Capital Finance	100,550	100,550	100,550
	<u>1,716,830</u>	<u>1,693,600</u>	<u>1,656,190</u>
Income	332,580	322,800	324,560
NET EXPENDITURE	<u>1,384,250</u>	<u>1,370,800</u>	<u>1,331,630</u>

COMMUNITY BOARD

STREETSCENE

CAR PARKS

There are 2,149 off-street and foreshore parking spaces provided within Gosport and Lee on the Solent

OTHER

The Council has responsibility for enforcing legislation and local byelaws regarding dogs and abandoned vehicles

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Expenditure comprises			
Abandoned/Unwanted Vehicles	40,050	25,950	34,850
Dog Control	110,950	114,850	83,900
Public Conveniences	241,490	234,820	226,460
Street Cleansing	418,670	393,580	374,500
Flower Bed, Shrubbery & High Street Maintenance	310,540	341,440	339,580
Enforcement Services	80,500	59,900	68,400
	<u>1,202,200</u>	<u>1,170,540</u>	<u>1,127,690</u>
Income comprises			
Dog Control	8,210	7,400	7,400
Public Conveniences	500	500	500
Flower Bed, Shrubbery & High Street Maintenance	125,300	131,300	126,300
Enforcement of Fixed Penalties	1,460	1,460	2,000
	<u>135,470</u>	<u>140,660</u>	<u>136,200</u>
Net Expenditure	<u>1,066,730</u>	<u>1,029,880</u>	<u>991,490</u>

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
STREETSCENE			
CAR PARKS			
Premises	78,000	80,990	82,900
Supplies and Services	32,170	35,590	60,850
Third Party Payments	35,460	35,550	35,750
Administration Recharges	200,300	169,600	175,000
	<u>345,930</u>	<u>321,730</u>	<u>354,500</u>
Income			
- Car Park Fees	630,000	620,000	620,000
- Car Park Permits	61,660	58,120	58,120
- Parking Fines	74,000	43,540	43,540
	<u>765,660</u>	<u>721,660</u>	<u>721,660</u>
NET INCOME	<u>(419,730)</u>	<u>(399,930)</u>	<u>(367,160)</u>
OTHER			
Premises	105,390	119,340	98,110
Supplies and Services	28,700	29,420	26,810
Third Party Payments	481,010	491,250	485,940
Administration Recharges	446,700	403,500	389,800
Capital Finance	140,400	127,030	127,030
	<u>1,202,200</u>	<u>1,170,540</u>	<u>1,127,690</u>
Income	135,470	140,660	136,200
NET EXPENDITURE	<u>1,066,730</u>	<u>1,029,880</u>	<u>991,490</u>
NET EXPENDITURE	<u>647,000</u>	<u>629,950</u>	<u>624,330</u>

COMMUNITY BOARD

COMMUNITY SAFETY

The Community Safety Section works together with the Gosport Community Safety Partnership to co-ordinate the development and implementation of a Strategy to reduce crime and disorder across the Borough and develops innovative and effective initiatives in support of the strategy objectives.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
CCTV	215,150	222,890	226,580
Community Safety Priorities	6,180	171,480	3,250
Administration Recharges	204,900	167,200	154,200
Capital Finance	19,350	20,450	20,450
	<u>445,580</u>	<u>582,020</u>	<u>404,480</u>
CCTV Partner Contributions	103,740	106,850	108,410
Community Safety Partner Contributions	-	166,330	-
	<u>103,740</u>	<u>273,180</u>	<u>108,410</u>
Net Expenditure	<u>341,840</u>	<u>308,840</u>	<u>296,070</u>

ENVIRONMENTAL SERVICES

Environmental Health Services - Commercial

Food, Safety and Hygiene	170,980	145,900	140,240
Public Health	33,500	34,000	33,400
Health & Safety	73,750	82,050	75,450
Net Expenditure	<u>278,230</u>	<u>261,950</u>	<u>249,090</u>

Environmental Health Services - Pollution & Environment

Pollution Control	163,390	164,980	138,480
Rodent and Pest Control	101,660	103,110	94,160
Gypsy and Traveller Services	24,750	16,150	20,650
Net Expenditure	<u>292,800</u>	<u>287,340</u>	<u>256,390</u>

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
COMMUNITY SAFETY			
Premises	13,100	13,220	13,950
Transport	580	1,200	1,250
Supplies and Services	68,050	234,350	67,830
Third Party Payments	139,600	145,600	146,800
Administration Recharges	204,900	167,200	154,200
Capital Finance	19,350	20,450	20,450
	<u>445,580</u>	<u>582,020</u>	<u>404,480</u>
Income	103,740	273,180	108,410
NET EXPENDITURE	<u>341,840</u>	<u>308,840</u>	<u>296,070</u>
 ENVIRONMENTAL SERVICES			
Environmental Health Services - Commercial			
Supplies and Services	20,450	20,450	19,950
Third Party Payments	1,080	1,200	1,240
Administration Recharges	256,700	240,300	227,900
NET EXPENDITURE	<u>278,230</u>	<u>261,950</u>	<u>249,090</u>
 Environmental Health Services - Pollution & Environment			
Employees	50,490	50,390	50,950
Premises	6,320	3,290	3,290
Transport	8,820	9,200	4,810
Supplies and Services	24,980	25,140	18,920
Administration Recharges	217,600	208,800	187,900
	<u>308,210</u>	<u>296,820</u>	<u>265,870</u>
Income	15,410	9,480	9,480
NET EXPENDITURE	<u>292,800</u>	<u>287,340</u>	<u>256,390</u>
NET EXPENDITURE	<u>571,030</u>	<u>549,290</u>	<u>505,480</u>

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
MISC ENVIRONMENTAL & TRANSPORTATION			
Pontoons (Gosport Ferry & Hardway Walkashore)	(31,960)	(37,830)	(38,700)
Environmental Maintenance & Improvements	53,570	58,880	45,920
Street Name Plates - Maintenance	40,320	43,270	33,310
Christmas Entertainment, Decorations & Lighting	40,200	38,770	29,370
Forton Lake Bridge	31,050	32,600	26,450
Coastal Services	48,280	50,790	36,440
Coast Protection	211,640	221,380	243,230
Tenanted Buildings	26,590	26,460	22,430
Other Expenses inc Transport & Traffic Liaison	88,160	73,110	74,930
Net Expenditure	507,850	507,430	473,380

CEMETERY

Local Authorities are required to provide this service under the Local Government Act 1972, Section 214, Schedule 26, Part II. There is Ann's Hill Cemetery and a number of closed churchyards that are the responsibility of the Council together with the provision of a sympathetic and efficient burial service.

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
MISC ENVIRONMENTAL & TRANSPORTATION			
Premises	118,300	119,680	114,730
Supplies and Services	27,610	30,000	24,270
Third Party Payments	112,210	119,330	114,920
Administration Recharges	177,300	158,700	140,300
Capital Finance	168,060	166,660	166,660
	<u>603,480</u>	<u>594,370</u>	<u>560,880</u>
Income			
- Fees & Charges	22,410	23,540	24,100
- Rents	60,000	62,800	62,800
- Other	13,220	600	600
	<u>95,630</u>	<u>86,940</u>	<u>87,500</u>
NET EXPENDITURE	<u>507,850</u>	<u>507,430</u>	<u>473,380</u>

CEMETERY

Premises	23,420	19,660	14,810
Transport	960	-	-
Supplies and Services	5,000	4,700	4,090
Third Party Payments	121,930	124,600	125,450
Administration Recharges	78,200	84,700	67,600
	<u>229,510</u>	<u>233,660</u>	<u>211,950</u>
Income			
- Fees and Charges	67,220	75,720	75,720
- Portchester Crematorium Joint Board	150,000	150,000	150,000
	<u>217,220</u>	<u>225,720</u>	<u>225,720</u>
NET EXPENDITURE	<u>12,290</u>	<u>7,940</u>	<u>(13,770)</u>

COMMUNITY BOARD

SERVICE

HOME ADAPTATION GRANTS

The Council provides a range of home improvement grants, subject to budget availability. Mandatory grants are paid towards eligible disabled adaptations. All other grants are dependant upon Council policy which is reviewed annually.

PRIVATE SECTOR HOUSING

The expenditure relates to inspection of premises to assess whether they meet the Decent Homes Standard, structural defects, enforcing standards for overcrowding and houses in multiple occupation, and remedying conditions which might constitute a nuisance or danger to health. Statutory notices to remedy defects and unsatisfactory conditions are served when necessary.

The promotion of domestic energy efficiency improvements in order to meet statutory targets. The service includes the provision of direct financial assistance but relies primarily upon education and awareness raising to bring about changes in public attitude and behaviour.

This category also includes Housing Associations. The Council has also financially assisted a number of local Housing Associations in the construction or improvement of houses and has, in return, been allowed to nominate a proportion of the tenants. This assistance is expected to increase significantly through the provision of Local Authority Housing Association Grant, although this will have no effect on the revenue budget.

HOMELESSNESS

The Council has been successful in targeting resources towards the prevention of homelessness helping to reduce the number of homelessness acceptances and the resulting accommodation costs incurred. An example of this is a significant reduction in Bed and Breakfast costs which has been achieved partly through increasing the budget for securing private rented accommodation through the provision of damage deposits and rent in advance payments.

These budgets can be significantly influenced by external factors and will be closely monitored particularly to identify any variations arising from the impact of benefit changes to tenants. The accommodation strategy has been reviewed to minimise the impact on Council funding.

OTHER GENERAL FUND HOUSING

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Expenditure comprises			
Stokes Bay Mobile Home Park	60,970	59,680	65,230
Other	37,930	37,010	36,480
	<hr/> 98,900	<hr/> 96,690	<hr/> 101,710
Income comprises			
Stokes Bay Mobile Home Park	162,120	163,610	117,610
Other	-	7,500	7,500
	<hr/> 162,120	<hr/> 171,110	<hr/> 125,110
Net Expenditure	<hr/> (63,220)	<hr/> (74,420)	<hr/> (23,400)

COMMUNITY BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
HOME ADAPTATION GRANTS			
Administration Recharges	9,500	8,300	7,400
NET EXPENDITURE	<u>9,500</u>	<u>8,300</u>	<u>7,400</u>

PRIVATE SECTOR HOUSING

Transport	400	400	400
Supplies and Services	3,950	3,990	3,920
Administration Recharges	<u>126,300</u>	<u>126,900</u>	<u>120,000</u>
	130,650	131,290	124,320
Income	7,150	7,210	7,150
NET EXPENDITURE	<u>123,500</u>	<u>124,080</u>	<u>117,170</u>

HOMELESSNESS

Premises	6,750	6,000	6,000
Supplies and Services	2,679,280	3,207,570	3,154,350
Transfer Payments	158,500	120,000	130,000
Administration Recharges	<u>480,800</u>	<u>499,800</u>	<u>461,700</u>
	3,325,330	3,833,370	3,752,050
Income	2,887,400	3,407,990	3,358,750
NET EXPENDITURE	<u>437,930</u>	<u>425,380</u>	<u>393,300</u>

OTHER GENERAL FUND HOUSING

Employees	29,960	29,970	30,240
Premises	28,380	29,370	44,670
Transport	-	700	700
Supplies and Services	13,260	15,270	5,300
Third Party Payments	2,620	2,680	2,700
Transfer Payments	(1,220)	-	-
Administration Recharges	<u>25,900</u>	<u>18,700</u>	<u>18,100</u>
	98,900	96,690	101,710
Income	162,120	171,110	125,110
NET EXPENDITURE	<u>(63,220)</u>	<u>(74,420)</u>	<u>(23,400)</u>

COMMUNITY BOARD

SERVICE

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) records expenditure and income relating to council houses and the provision of services to tenants.

Provisions governing the operation of the HRA were contained in the Local Government and Housing Act 1989. This defined what transactions should be recorded in the HRA and enabled the government to directly influence the finances of local authority housing through the housing subsidy system.

The 'self financing' system started in April 2012 allowing authorities to retain future rental receipts, this replaces the old subsidy system.

Gosport Borough Council paid £57.09m to exit the system and a thirty year business plan has been produced to show how this will be repaid.

The estimated average nos of dwellings in 2014/15 is 3,160.

COMMUNITY BOARD

	ORIGINAL 2013/2014 £000	REVISED 2013/2014 £000	BUDGET 2014/2015 £000
HOUSING REVENUE ACCOUNT			
EXPENDITURE			
Repairs & Maintenance	4,223	4,449	3,800
Supervision & Management	3,252	3,542	3,356
Rents, Rates, Taxes & Other Charges	93	235	243
Depreciation of Non Current Assets	3,500	3,550	3,485
Debt Management Costs	54	54	56
Movement in Bad Debt Provision	125	125	0
	11,247	11,955	10,940
INCOME			
Dwelling Rents	(12,828)	(13,300)	(13,710)
Non Dwelling Rents	(240)	(236)	(236)
Charges for Services and Facilities	(548)	(625)	(590)
	(13,616)	(14,161)	(14,536)
NET COST OF SERVICES	(2,369)	(2,206)	(3,596)
Interest Payable and Similar Charges	1,872	1,869	1,873
Interest and Investment income	(16)	(9)	(13)
NET HRA SURPLUS FOR THE YEAR	(513)	(346)	(1,736)
HRA BALANCE			
Balance B/Fwd	990	981	981
Transfer (to) or from HRA			
Balance C/Fwd		981	981
NEW BUILD RESERVE			
Balance B/Fwd	151	151	497
Transfer (to) or from HRA	513	346	1,736
Balance C/Fwd	664	497	2,233

ECONOMIC DEVELOPMENT BOARD

SUMMARY OF REVENUE ESTIMATES 2014/2015

SERVICE	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £	Page
Economic Prosperity	168,560	211,410	195,190	19
Market	(74,690)	(62,790)	(60,810)	19
Town Harbour Foreshore	219,920	216,400	212,950	19
Events	122,450	117,310	72,410	19
Properties	110,520	148,680	108,010	21
Marketing and Tourism	153,340	157,720	132,520	21
Local Development Framework	114,000	56,400	150,000	21
Board Total	814,100	845,130	810,270	

ECONOMIC DEVELOPMENT BOARD

ECONOMIC PROSPERITY

The Economic Prosperity Section has a focus on job creation and retention, including enterprise support, skills development, business engagement and facilitation of economic investment and development in the Borough. A number of services are delivered directly by the Section and others through staff leading or contributing to local and sub-regional partnerships.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Economic Development Initiatives	30,660	145,470	35,000
Town Centre Improvements		50,900	
Town Centre & Retail Post		35,070	29,740
Daedalus Enterprise Zone		14,160	6,000
Administration Recharges	137,900	144,500	158,500
	<u>168,560</u>	<u>390,100</u>	<u>229,240</u>
Grants / Donations & Sponsorships			
- Economic Development Initiatives		112,710	
- Town Centre Improvements		20,000	
- Town Centre & Retail Post		34,880	29,550
- Daedalus Enterprise Zone		11,100	4,500
	<u>-</u>	<u>178,690</u>	<u>34,050</u>
Net Expenditure	<u>168,560</u>	<u>211,410</u>	<u>195,190</u>

MARKET

The Council operates a town market on Tuesdays and Saturdays

TOWN HARBOUR FORESHORE

The foreshore covers the area from the ramparts (Haslar Bridge) along the front to the Camper & Nicholson boundary including the Millennium walkway/the Esplanade, Falkland Garden & the Tidal Clock

EVENTS

Includes Celebrate Gosport, Christmas Events and partnership initiatives with arts, museums and library services. For 2014/15 this includes D-Day 70, First World War Commemorations and Harbour Events.

ECONOMIC DEVELOPMENT BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
ECONOMIC PROSPERITY			
Employees	-	28,660	29,330
Transport	-	220	220
Supplies and Services	30,660	216,720	41,190
Administration Recharges	137,900	144,500	158,500
	<u>168,560</u>	<u>390,100</u>	<u>229,240</u>
Income	-	178,690	34,050
NET EXPENDITURE	<u>168,560</u>	<u>211,410</u>	<u>195,190</u>
MARKET			
Employees	6,000	6,000	3,000
Premises	1,780	(700)	1,220
Supplies and Services	430	430	470
Third Party Payments	11,000	9,680	10,200
Administration Recharges	26,100	23,800	28,300
	<u>45,310</u>	<u>39,210</u>	<u>43,190</u>
Income	120,000	102,000	104,000
NET EXPENDITURE	<u>(74,690)</u>	<u>(62,790)</u>	<u>(60,810)</u>
TOWN HARBOUR FORESHORE			
Premises	5,150	3,300	3,300
Supplies and Services	6,840	4,500	5,500
Third Party Payments	35,700	36,570	36,820
Administration Recharges	7,300	6,100	1,400
Capital Finance	165,930	165,930	165,930
	<u>220,920</u>	<u>216,400</u>	<u>212,950</u>
Income	1,000	-	-
NET EXPENDITURE	<u>219,920</u>	<u>216,400</u>	<u>212,950</u>
EVENTS			
Supplies and Services	24,150	24,730	24,730
Administration Recharges	98,300	93,200	48,300
	<u>122,450</u>	<u>117,930</u>	<u>73,030</u>
Income	-	620	620
NET EXPENDITURE	<u>122,450</u>	<u>117,310</u>	<u>72,410</u>

ECONOMIC DEVELOPMENT BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
PROPERTIES			
Investment Properties Managed	(18,040)	(12,030)	(24,440)
Leisure Operational Properties	25,310	51,850	32,360
Wilmott Lane Depot	103,250	108,860	100,090
Net Expenditure	110,520	148,680	108,010

MARKETING AND TOURISM

Marketing and Tourism will retain its primary focus on promotional activity in the areas of economic development and tourism. The budget will fund the marketing of the Borough's inward investment and development opportunities, tourism destination marketing in collaboration with partners, in addition to a variety of other marketing initiatives.

LOCAL DEVELOPMENT FRAMEWORK

The Local Plan will set out Gosport Borough Council's planning strategy over the next 15 years. It will set out a broad vision for the Borough and contain a number of land use policies and proposals to deliver the Vision.

ECONOMIC DEVELOPMENT BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
PROPERTIES			
Premises	162,200	186,690	166,890
Supplies and Services	67,780	70,240	56,100
Administration Recharges	109,900	97,700	92,700
Capital Finance	4,310	4,310	4,310
	<u>344,190</u>	<u>358,940</u>	<u>320,000</u>
Income	233,670	210,260	211,990
NET EXPENDITURE	<u>110,520</u>	<u>148,680</u>	<u>108,010</u>

MARKETING AND TOURISM

Premises	2,300	2,100	2,150
Supplies & Services	100,340	87,320	78,770
Administration Recharges	60,700	77,800	61,100
	<u>163,340</u>	<u>167,220</u>	<u>142,020</u>
Income	10,000	9,500	9,500
NET EXPENDITURE	<u>153,340</u>	<u>157,720</u>	<u>132,520</u>

LOCAL DEVELOPMENT FRAMEWORK

Supplies & Services	114,000	67,960	150,000
	<u>114,000</u>	<u>67,960</u>	<u>150,000</u>
Income	-	11,560	-
NET EXPENDITURE	<u>114,000</u>	<u>56,400</u>	<u>150,000</u>

POLICY AND ORGANISATION BOARD

SUMMARY OF REVENUE ESTIMATES 2014/2015

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £	Page
SERVICE				
Registration of Electors	179,400	203,200	210,200	25
Local Land Charges	(200)	(21,430)	(32,520)	25
Concessionary Travel	930	330	100	25
Housing Benefits	409,040	411,900	488,370	25
Local Taxation	277,800	276,050	232,950	27
Development Services	812,960	834,960	806,710	27
Licensing & Registration	77,460	76,480	52,980	29
Assistance to Voluntary Organisations	195,030	200,760	199,620	29
Corporate & Civic Expenses	1,457,160	1,369,190	1,346,590	31
Miscellaneous Services	240,650	307,730	97,970	33
Other Corporate Areas	(132,060)	(335,230)	(195,680)	33
Board Total	3,518,170	3,323,940	3,207,290	

POLICY AND ORGANISATION BOARD

REGISTRATION OF ELECTORS

One of the Council's statutory functions relates to the annual compilation and publication of the Register of Electors. This process will undergo significant change in 2014/15 which will increase costs for which additional grants will be made by the Cabinet Office. Administration and management is also carried out on all types of elections in accordance with the relevant statutory requirements.

LOCAL LAND CHARGES

This is a statutory service which deals with over 1,000 searches of the Land Charges Register each year and also the registration and discharge of local land charges.

CONCESSIONARY TRAVEL

Responsibility for concessionary travel was transferred to Hampshire County Council from April 2011.

HOUSING BENEFITS

The award of Housing and Council Tax Support is a financial lifeline for many people with lower incomes. The Benefits Section provides a service for the calculation of an award of entitlement within a legislative framework provided by the Government. The Benefits are intended to assist people on Income Support or otherwise low income, with their housing costs and/or Council Tax bills. Entitlement is calculated using an applicants income and capital using a complex calculation process.

"To provide an effective, secure and customer focused Benefits Service that supports the Council's vision, helps to achieve the strategic priorities and meets the Council's Service values."

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Housing Benefits	191,140	195,300	239,170
Local Tax Rebates	217,900	216,600	249,200
Net Expenditure	409,040	411,900	488,370

POLICY AND ORGANISATION BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
REGISTRATION OF ELECTORS			
Supplies and Services	28,200	51,320	49,700
Administration Recharges	152,200	158,900	161,500
	<u>180,400</u>	<u>210,220</u>	<u>211,200</u>
Income	1,000	7,020	1,000
NET EXPENDITURE	<u>179,400</u>	<u>203,200</u>	<u>210,200</u>
LOCAL LAND CHARGES			
Supplies and Services	17,430	18,660	17,680
Third Party Payments	32,830	35,210	35,500
Administration Recharges	92,200	54,800	54,400
	<u>142,460</u>	<u>108,670</u>	<u>107,580</u>
Income	142,660	130,100	140,100
NET INCOME	<u>(200)</u>	<u>(21,430)</u>	<u>(32,520)</u>
CONCESSIONARY TRAVEL			
Supplies and Services	230	230	-
Administration Recharges	700	100	100
NET EXPENDITURE	<u>930</u>	<u>330</u>	<u>100</u>
HOUSING BENEFITS			
Discretionary Housing Payment	50,000	134,600	120,000
Rent Allowances	19,581,330	19,918,000	20,318,420
Rent Rebates	9,283,760	7,946,100	8,353,400
Non HRA Rent Rebates	2,412,000	2,828,900	2,986,350
Administration Recharges	442,200	436,600	501,500
	<u>31,769,290</u>	<u>31,264,200</u>	<u>32,279,670</u>
Income			
- Discretionary Housing Payment	50,000	134,600	120,000
- DWP Grant - Rent Allowances	19,614,490	19,942,700	20,341,550
- DWP Grant - Rent Rebates	9,283,760	7,946,100	8,343,400
- DWP Grant - Non HRA Rent Rebates	2,412,000	2,828,900	2,986,350
	<u>31,360,250</u>	<u>30,852,300</u>	<u>31,791,300</u>
NET EXPENDITURE	<u>409,040</u>	<u>411,900</u>	<u>488,370</u>

POLICY AND ORGANISATION BOARD

LOCAL TAXATION

The Local Taxation section is responsible for the collection of local taxes, from residents and businesses, to help finance services provided by Gosport Borough Council, Hampshire County Council, Hampshire Police Authority and Hampshire Fire and Rescue Service.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Local Tax Collection	296,500	285,650	250,550
National Non Domestic Rates	(18,700)	(9,600)	(17,600)
Net Expenditure	277,800	276,050	232,950

DEVELOPMENT SERVICES

Development Control is a process that regulates the development and use of land. It is a statutory service that is governed by law and operates within a complex framework of government guidance, policies and advice set out in the County Council's Structure Plan and the Gosport Borough Local Plan. The service also involves consideration by the Council of planning applications and applications for advertisement consent. Fees are charged for processing planning applications.

Building Control is a partnership with Fareham Borough Council and provides an independent specialist surveying service, examining drawings and calculations and supervising building works during construction. Fees are charged for this service that is provided to the public, designers, architects, other development professionals and to the building industry.

Planning Policy section is responsible for the preparation and review of the statutory Development Plan for the Borough.

Conservation and Design has a key role to play in safeguarding the built and natural heritage of the Borough.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Development Control	315,920	351,110	333,910
Building Control	107,640	103,550	104,800
Planning Policy	269,300	250,000	251,800
Conservation & Design	120,100	130,300	116,200
Net Expenditure	812,960	834,960	806,710

POLICY AND ORGANISATION BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
LOCAL TAXATION			
Supplies & Services	20,600	34,450	34,450
Administration Recharges	614,700	606,100	563,000
	<u>635,300</u>	<u>640,550</u>	<u>597,450</u>
Income			
- Court Costs	274,500	282,000	282,000
- Administration Grant	83,000	82,500	82,500
	<u>357,500</u>	<u>364,500</u>	<u>364,500</u>
NET EXPENDITURE	<u>277,800</u>	<u>276,050</u>	<u>232,950</u>
DEVELOPMENT SERVICES			
Supplies & Services	47,230	51,350	51,370
Third Party Payments	127,930	123,210	127,140
Administration Recharges	848,300	855,900	826,700
	<u>1,023,460</u>	<u>1,030,460</u>	<u>1,005,210</u>
Income	210,500	195,500	198,500
NET EXPENDITURE	<u>812,960</u>	<u>834,960</u>	<u>806,710</u>

POLICY AND ORGANISATION BOARD

LICENSING & REGISTRATION

This heading includes the licensing of hackney carriages, private hire vehicles, alcohol licenses for individuals and premises, pet shops, street trading, and various other licences including the issue of permits for machines for amusement with prizes and the registration of food premises, late night food premises, acupuncturists, ear-piercers, hairdressers etc.

ASSISTANCE TO VOLUNTARY ORGANISATIONS

This heading includes grants to the Citizen's Advice Bureau and local voluntary organisations as well as costs associated with some Council owned buildings currently let to voluntary organisations.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Supplies & Services			
Grants:			
- Citizens Advice - Bureau Grant	91,890	91,890	91,890
- Gosport Victim Support	3,320	3,320	3,320
- Gosport Voluntary Action	63,110	63,110	63,110
- Dial-a-ride	24,090	24,060	24,820
- Age Concern	1,250	1,250	1,250
- Solent Sea Rescue	2,060	2,060	2,060
- Gosporters	830	830	830
- Relate	5,240	5,240	5,240
Administration Recharges	4,000	9,000	7,100
Income - Rents & Contributions	(760)	-	-
Net Expenditure	195,030	200,760	199,620

POLICY AND ORGANISATION BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
LICENSING & REGISTRATION			
Employees	100	100	100
Transport	260	260	260
Supplies and Services	6,760	8,250	8,250
Administration Recharges	204,300	212,500	188,300
	<u>211,420</u>	<u>221,110</u>	<u>196,910</u>
Income	133,960	144,630	143,930
NET EXPENDITURE	<u>77,460</u>	<u>76,480</u>	<u>52,980</u>

ASSISTANCE TO VOLUNTARY ORGANISATIONS

Supplies & Services	191,790	191,760	192,520
Admin Recharges	4,000	9,000	7,100
	<u>195,790</u>	<u>200,760</u>	<u>199,620</u>
Income	760	-	-
NET EXPENDITURE	<u>195,030</u>	<u>200,760</u>	<u>199,620</u>

POLICY AND ORGANISATION BOARD

CORPORATE AND CIVIC EXPENSES

Corporate and Civic Expenses include certain central costs which comprise the 'Corporate and Democratic Core' - these are not support costs and are not charged to direct services. They are the cost of activities which local authorities engage in because they are elected multi-purpose authorities, including the provision of an infrastructure for service provision, information for public accountability and all aspects of members' activities. In line with professional guidance they are identified as a separate budget heading.

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Mayoral Expenses			
Mayor's Allowance	9,720	9,720	9,720
Deputy Mayor's Allowance	2,180	2,180	2,180
Transport	6,780	7,300	6,330
Supplies and Services	2,550	2,490	2,500
Mayor Making	6,500	6,800	6,840
Administration Recharges	40,000	39,700	37,200
	<u>67,730</u>	<u>68,190</u>	<u>64,770</u>

Civic Events

Royan Twinning	5,000	5,000	5,000
Other Civic Events	28,320	21,700	11,720
Administration Recharges	83,300	101,100	92,800
	<u>116,620</u>	<u>127,800</u>	<u>109,520</u>

Members and Election Expenses

Members Allowances	232,480	232,480	235,970
Members Travelling Expenses	1,000	400	400
Other Expenses	31,010	28,550	29,070
Municipal Elections - Expenses	10,000	5,000	40,000
Administration Recharges	100,400	105,700	108,300
	<u>374,890</u>	<u>372,130</u>	<u>413,740</u>

POLICY AND ORGANISATION BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
CORPORATE AND CIVIC EXPENSES			
Corporate Expenses			
Administration Recharges			
- Financial Services	390,160	288,090	274,880
- Legal Services	50,350	52,910	53,850
- Chief Executives Unit	290,690	277,955	265,200
- Housing Services	20,070	23,715	27,420
- Community & Customer Services	21,240	30,380	12,170
- HRA Attributable Element	(95,990)	(98,850)	(95,060)
	<u>676,520</u>	<u>574,200</u>	<u>538,460</u>
Mayoral Expenses			
Employees	1,030	1,280	1,280
Transport	6,780	7,300	6,330
Supplies & Services	19,920	19,910	19,960
Admin Recharges	40,000	39,700	37,200
	<u>67,730</u>	<u>68,190</u>	<u>64,770</u>
Civic Events			
Employees	2,640	2,620	2,620
Supplies and Services	30,680	24,330	14,350
Administration Recharges	83,300	101,100	92,800
Income	-	(250)	(250)
	<u>116,620</u>	<u>127,800</u>	<u>109,520</u>
Council and Board Meetings			
Administration Recharges	218,700	223,400	219,100
	<u>221,400</u>	<u>226,870</u>	<u>220,100</u>
Members and Election Expenses			
Employees	18,240	18,240	18,510
Transport	320	100	100
Supplies & Services	335,930	327,460	346,830
Admin Recharges	100,400	105,700	108,300
Income	(80,000)	(79,370)	(60,000)
	<u>374,890</u>	<u>372,130</u>	<u>413,740</u>
NET EXPENDITURE	<u>1,457,160</u>	<u>1,369,190</u>	<u>1,346,590</u>

POLICY AND ORGANISATION BOARD

MISCELLANEOUS SERVICES

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
Other Expenses comprises			
Dangerous Structures	14,680	13,160	13,570
Emergency Planning	39,890	28,790	28,970
Portsmouth/Gosport Joint Board	-	3,000	-
Union Duties	150	150	150
General Insurances & Building Condition Consultants	13,670	15,580	15,740
Meals-on-wheels	5,000	5,000	5,000
Savings & Efficiencies including Vacancies	(50,930)	40,000	(12,670)
Pension Costs for Discontinued Services	179,240	174,980	177,500
Pension Costs - Fixed Element payable to administering authority	470,600	470,600	512,000
Firewardens & First Aid Allowances etc	4,000	5,000	5,000
Corporate Training	2,500	2,500	2,500
Compact Events	1,950	2,150	1,950
Coastline Expenditure (excluding Admin)	11,500	11,570	12,180
Other Corporate Expenses	6,740	6,630	6,350
	<u>699,470</u>	<u>779,940</u>	<u>769,070</u>

OTHER CORPORATE AREAS

Other Corporate Areas includes the following Non-Financing items:

Audit Fees	48,360	47,210	47,210
Capital Administration	48,500	49,200	44,600
Subscriptions	34,760	29,620	29,620
Safety Committee	8,870	9,870	6,770
	<u>140,490</u>	<u>135,900</u>	<u>128,200</u>

Other Corporate Areas includes the following Financing items:

Capital Finance - Depreciation Reversal	(1,169,340)	(1,191,740)	(1,191,740)
External Interest Payable	2,354,300	2,248,000	2,354,300
External Interest Receivable	(17,200)	(24,000)	(17,900)
Internal Interest Payable	520	-	-
Capital Finance - Minimum Revenue Provision	630,990	569,830	581,300
Treasury Management	108,400	107,900	113,000
Debt Rescheduling Discount	(35,470)	(35,470)	(15,200)
Hra Item 8 Transfer	(1,913,400)	(1,914,300)	(1,916,400)
Interest Receivable Under Finance Leases	(232,560)	(232,560)	(231,240)
Interest Paid Under Finance Leases	1,210	1,210	-
	<u>(272,550)</u>	<u>(471,130)</u>	<u>(323,880)</u>
	<u>(132,060)</u>	<u>(335,230)</u>	<u>(195,680)</u>

POLICY AND ORGANISATION BOARD

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
MISCELLANEOUS SERVICES			
Other Expenses (breakdown opposite)	699,470	779,940	769,070
Administration Recharges	224,000	229,500	212,000
	923,470	1,009,440	981,070
Income	682,820	701,710	883,100
	682,820	701,710	883,100
	240,650	307,730	97,970
NET EXPENDITURE			
OTHER CORPORATE AREAS			
Employees	700	700	700
Supplies and Services	149,590	142,500	140,000
Administration Recharges	98,600	100,600	100,500
Capital Finance	(538,350)	(621,910)	(610,440)
Financing Income and Expenditure	157,400	42,880	173,560
	(132,060)	(335,230)	(195,680)
NET INCOME			

SERVICE UNIT ACCOUNTS

SUMMARY OF REVENUE ESTIMATES 2014/2015

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
TOTAL EXPENSES BY SERVICE UNIT			
Chief Executive's Unit	2,032,390	1,983,780	1,819,620
Legal, Democratic & Planning Service	2,009,920	1,976,390	1,937,460
Financial Services	3,277,420	3,419,910	3,194,340
Community & Customer Services	2,486,890	2,464,090	2,238,070
Housing Services	3,235,470	3,472,030	3,210,220
	<u>13,042,090</u>	<u>13,316,200</u>	<u>12,399,710</u>

TOTAL SUBJECTIVE EXPENSES

Employees	8,782,240	8,765,490	8,160,310
Premises	271,850	303,900	264,600
Transport	176,030	172,310	166,340
Supplies & Services	1,130,090	1,248,740	1,157,880
Third Party Payments	45,280	44,700	56,230
Administration Recharges	2,336,350	2,523,900	2,337,190
Capital Finance	300,250	257,160	257,160
	<u>13,042,090</u>	<u>13,316,200</u>	<u>12,399,710</u>

ANAYSIS OF INCOME AND RECHARGES

Fees & Charges and External Funding	1,265,230	1,398,350	1,216,100
General Fund - Community	2,771,300	2,602,300	2,382,400
- Economic Development	440,200	443,100	390,300
- Policy and Organisation	3,896,110	3,819,450	3,706,020
Housing Revenue Account	2,332,900	2,529,100	2,367,700
Recharges between Business Units	1,636,730	1,766,680	1,637,670
Recharges within Business Unit	699,620	757,220	699,520
Total Recharges from Service Units	<u>13,042,090</u>	<u>13,316,200</u>	<u>12,399,710</u>

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
CHIEF EXECUTIVE'S UNIT			
Economic Prosperity	363,590	401,360	293,930
Chief Executive	242,800	241,700	239,700
Corporate Policy Section	170,140	154,790	139,830
Community Safety	153,900	137,980	129,400
Personnel	203,780	188,810	168,910
Personnel Corporate Budget	15,800	14,400	18,990
I T Services	882,380	844,740	828,860
Total Gross Expenditure	2,032,390	1,983,780	1,819,620
Less recharges within the business unit	90,200	86,300	79,400
Total Expenditure	1,942,190	1,897,480	1,740,220

LEGAL, DEMOCRATIC AND PLANNING SERVICE

Borough Solicitor	198,980	142,470	143,490
Democratic Services	103,220	94,320	100,370
Electoral Registration	135,380	145,080	144,720
Land Charges Team	27,220	42,180	42,230
Legal Services	240,480	269,080	270,870
Development Services Administration	132,530	115,100	119,880
Conservation & Design	111,980	97,690	85,330
Development Control	355,700	350,610	333,540
Planning Policy	278,690	279,130	260,240
Transport & Traffic Section	114,440	116,390	116,820
Heritage at Risk Officer	-	3,800	3,000
Building Control Partnership Account	319,850	334,960	330,590
Building Control Partnership Administration	(8,550)	(14,420)	(13,620)
Total Gross Expenditure	2,009,920	1,976,390	1,937,460
Less recharges within the business unit	141,320	142,620	143,820
Total Expenditure	1,868,600	1,833,770	1,793,640

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
CHIEF EXECUTIVE'S UNIT			
Employees	1,228,540	1,257,820	1,122,670
Premises	70	70	70
Transport	5,750	6,590	6,500
Supplies and Services	354,820	317,610	314,490
Third Party Payments	3,500	1,700	2,200
Administration Recharges	251,700	257,300	231,000
Capital Finance	188,010	142,690	142,690
	<u>2,032,390</u>	<u>1,983,780</u>	<u>1,819,620</u>
Income			
- Fees and Charges and External Funding	270	150	150
Recharges			
General Fund - Community	272,200	227,400	158,000
- Economic Development	256,000	273,700	227,700
- Policy and Organisation	633,890	597,250	582,600
Housing Revenue Account	155,800	179,900	172,400
Recharges between Business Units	624,030	619,080	599,370
Recharges within Business Unit	90,200	86,300	79,400
	<u>2,032,390</u>	<u>1,983,780</u>	<u>1,819,620</u>
NET EXPENDITURE	<u>-</u>	<u>-</u>	<u>-</u>

LEGAL, DEMOCRATIC AND PLANNING SERVICE

Employees	1,436,810	1,379,180	1,360,590
Transport	27,960	26,210	25,040
Supplies and Services	127,330	137,880	136,210
Administration Recharges	417,820	433,120	415,620
	<u>2,009,920</u>	<u>1,976,390</u>	<u>1,937,460</u>
Income			
- Fees and Charges and External Funding	353,850	383,460	360,590
Recharges			
General Fund - Community	126,100	90,300	90,900
- Economic Development	32,300	11,100	11,100
- Policy and Organisation	1,228,750	1,213,510	1,194,950
Housing Revenue Account	84,900	90,600	91,100
Recharges between Business Units	42,700	44,800	45,000
Recharges within Business Unit	141,320	142,620	143,820
	<u>2,009,920</u>	<u>1,976,390</u>	<u>1,937,460</u>
NET EXPENDITURE	<u>-</u>	<u>-</u>	<u>-</u>

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
FINANCIAL SERVICES			
Financial Services Management	111,660	107,350	107,880
Internal Audit	234,320	233,850	216,460
Accountancy	503,810	474,940	450,670
Debtors	77,680	89,120	75,560
Creditors	71,500	83,930	68,130
Financial Support	69,130	74,270	72,500
Payroll & Admin	172,400	176,060	175,590
Housing Benefit	1,097,230	1,111,250	1,103,230
Council Tax	479,890	576,970	447,910
Reprographics	361,360	390,480	381,200
Central Purchasing	98,440	101,690	95,210
Total Gross Expenditure	3,277,420	3,419,910	3,194,340
Less recharges within the business unit	254,700	282,400	258,300
Total Expenditure	3,022,720	3,137,510	2,936,040

COMMUNITY & CUSTOMER SERVICES

Community & Customer Administration	381,470	340,920	264,520
Cemetery Admin	18,110	17,630	-
Duty Client Contact Officer	15,440	13,680	13,080
Waste Management	221,130	174,990	158,740
Landscape Management	304,740	350,030	320,080
Enforcement	342,110	280,410	240,680
Env Health - Commercial	264,560	250,670	245,890
Env Health - Pollution	242,420	248,640	280,670
Env Services Admin	150,950	159,410	140,680
Env Health - PSH	1,300	-	-
Licensing	87,590	90,410	90,600
Mayoral Support	103,530	101,070	96,920
Cashiers and Reception	261,390	347,980	298,360
Telephones	40,350	38,350	38,350
Corporate Cleaning	51,800	49,900	49,500
Total Gross Expenditure	2,486,890	2,464,090	2,238,070
Less recharges within the business unit	116,200	123,900	106,300
Total Expenditure	2,370,690	2,340,190	2,131,770

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
FINANCIAL SERVICES			
Employees	2,175,600	2,120,270	2,023,660
Transport	14,280	14,150	13,940
Supplies and Services	348,940	477,440	400,790
Administration Recharges	698,800	767,200	715,100
Capital Finance	39,800	40,850	40,850
	<u>3,277,420</u>	<u>3,419,910</u>	<u>3,194,340</u>
Income			
- Fees and Charges and External Funding	748,860	855,320	701,360
Recharges			
General Fund - Community	195,200	197,500	196,100
- Economic Development	55,400	55,700	52,100
- Policy and Organisation	1,538,760	1,493,090	1,477,080
Housing Revenue Account	105,600	130,000	125,100
Recharges between Business Units	378,900	405,900	384,300
Recharges within Business Unit	254,700	282,400	258,300
	<u>3,277,420</u>	<u>3,419,910</u>	<u>3,194,340</u>
NET EXPENDITURE	<u>-</u>	<u>-</u>	<u>-</u>
COMMUNITY & CUSTOMER SERVICES			
Employees	1,761,620	1,739,800	1,546,260
Premises	24,350	22,280	22,280
Transport	75,300	74,050	69,640
Supplies and Services	122,800	115,140	115,370
Third Party Payments	35,000	35,000	46,000
Administration Recharges	465,600	475,600	436,300
Capital Finance	2,220	2,220	2,220
	<u>2,486,890</u>	<u>2,464,090</u>	<u>2,238,070</u>
Income			
- Fees and Charges and External Funding	250	310	200
Recharges			
General Fund - Community	1,593,500	1,477,100	1,373,700
- Economic Development	35,900	37,000	34,400
- Policy and Organisation	418,240	410,880	355,370
Housing Revenue Account	70,100	99,200	99,700
Recharges between Business Units	252,700	315,700	268,400
Recharges within Business Unit	116,200	123,900	106,300
	<u>2,486,890</u>	<u>2,464,090</u>	<u>2,238,070</u>
NET EXPENDITURE	<u>-</u>	<u>-</u>	<u>-</u>

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
HOUSING SERVICES			
Housing Management	208,200	209,020	209,220
Estate Management	656,650	715,230	675,800
Finance & Admin	132,840	151,020	145,160
Allocations & Advice	823,800	882,170	749,020
At Your Service	10,250	14,050	12,550
Tlc Development	17,650	24,110	23,010
Supporting People	204,790	190,070	168,820
Housing Strategic Services	16,130	17,075	16,970
Choice Based Lettings	8,480	9,170	8,270
Junior Warden Scheme	200	200	200
Technical Services	211,270	220,400	221,080
Asset Management	171,930	197,760	202,470
Property Services	277,060	271,500	264,740
Town Hall	127,290	158,290	146,510
Town Hall Landlord	368,930	411,960	366,400
Total Gross Expenditure	3,235,470	3,472,025	3,210,220
Less recharges within the business unit	97,200	122,000	111,700
Total Expenditure	3,138,270	3,350,025	3,098,520

SERVICE UNIT ACCOUNTS

	ORIGINAL 2013/2014 £	REVISED 2013/2014 £	BUDGET 2014/2015 £
HOUSING SERVICES			
Employees	2,179,670	2,268,420	2,107,130
Premises	247,430	281,550	242,250
Transport	52,740	51,310	51,220
Supplies and Services	176,200	200,670	191,020
Third Party Payments	6,780	8,000	8,030
Administration Recharges	502,430	590,680	539,170
Capital Finance	70,220	71,400	71,400
	<u>3,235,470</u>	<u>3,472,030</u>	<u>3,210,220</u>
 Income			
- Fees and Charges and External Funding	162,000	159,110	153,800
 Recharges			
General Fund - Community	584,300	610,000	563,700
- Economic Development	60,600	65,600	65,000
- Policy and Organisation	76,470	104,720	96,020
Housing Revenue Account	1,916,500	2,029,400	1,879,400
Recharges between Business Units	338,400	381,200	340,600
Recharges within Business Unit	97,200	122,000	111,700
	<u>3,235,470</u>	<u>3,472,030</u>	<u>3,210,220</u>
 NET EXPENDITURE	<u>-</u>	<u>-</u>	<u>-</u>

ANALYSIS OF MAIN VARIATIONS BETWEEN		VARIANCE		Page
1	ORIGINAL ESTIMATE 2013/14 AND REVISED ESTIMATE 2013/14	ORIGINAL 2013/14	REVISED 2013/14	Number
2	REVISED ESTIMATE 2013/14 AND ESTIMATE 2014/15	to REVISED 2013/14	to ESTIMATE 2014/15	
	(Figures in brackets represent reduced expenditure or increased income)	£	£	
COMMUNITY BOARD				
LEISURE AND CULTURE				5
	Open Spaces			
	Premises - includes D Day memorial/Special Maintenance/weed killing	15,860	(21,340)	
	Supplies & Services - Insurance	7,940		
	Third Party Payments - Grounds Maintenance	19,100	15,670	
	Bowls			
	Premises - Bridgemark irrigation system	9,000		
	Play Areas			
	Premises - Special Maintenance - Safety Surfacing renewal		11,120	
	Supplies & Services - Play equipment maintenance slippage from 2012/13	10,290		
	Gosport Leisure Park			
	Third Party Payments - Leisure Centre Management	(3,030)	(104,110)	
	Investment Properties - No Liability			
	Income - Rent income - sale of 130 Beauchamp Ave / vacant Crown Mews	10,640		
	Income - Rent income re Huhtamaki		31,430	
	Splash Park			
	Employees and Supplies & Services	(4,830)	(14,220)	
	Third Party Payments - Operational Staffing Costs		19,960	
WASTE				5
	Dog/Litter Bins			
	Premises - B/fwd from 2012/13	7,970	(9,170)	
	Waste/Recycling Collection			
	Supplies & Services - B/fwd from 2012/13	5,680	(3,000)	
	Third Party Payments - Purchases of bins	(4,290)	(15,540)	
	Income - Recycling income based on tonnage & rates	9,780	(1,760)	
STREETSCENE				6
	Car Parking			
	Premises - NNDR	2,990	1,910	
	Supplies & Services - Cash in Transit/Cash collection	3,880	24,720	
	Income - Parking charges	10,000		
	Income - Permits	3,540		
	Income - Fines	30,460		
	Public Conveniences			
	Premises - Delayed refurbishment		(9,000)	
	Increase in Utilities	2,120		
	Street Cleansing			
	Special Maintenance - Growth for 13/14 only		(10,000)	
	Third Party Payments C/fwd	6,780	(6,580)	
	HCC Grass Trees & Shrubs			
	Supplies & Services and Third Party payments	5,180		
	Income - Tree maintenance additional contribution re Rapid Transit	(6,000)	5,000	
COMMUNITY SAFETY				9
	CCTV Shared Costs			
	CCTV Maintenance - Increase in costs	6,000	2,000	
	FBC Recharge	(3,830)	(1,830)	
MISC ENVIRONMENTAL AND TRANSPORTATION				11
	Bus Shelter Maintenance			
	Premises - 2013/14 includes £10K growth item & b/fwd from 2012/13	2,940	(12,940)	
	Street Name Plates			
	Premises - 2013/14 includes £10K growth item		(10,000)	
	Christmas Decorative Lighting			
	New lighting contract	3,000	(5,430)	
	Slipways			
	Premises - Essential repairs to GAFIRS slipway in 2013/14	7,250	(6,500)	
	Coastal Protection			
	Premises - Maintenance of seawall as identified by the Coastal Partnership		27,000	
CEMETERY				11
	Cemetery			
	Premises - various	(3,760)	(4,850)	
	Income - increase	(8,500)		
HOMELESSNESS				13
	Net running costs excluding administration	(31,550)	6,020	

ANALYSIS OF MAIN VARIATIONS BETWEEN		VARIANCE		Page
1	ORIGINAL ESTIMATE 2013/14 AND REVISED ESTIMATE 2013/14	ORIGINAL 2013/14 to REVISED 2013/14 £	REVISED 2013/14 to ESTIMATE 2014/15 £	Number
2	REVISED ESTIMATE 2013/14 AND ESTIMATE 2014/15 (Figures in brackets represent reduced expenditure or increased income)			
	OTHER GENERAL FUND HOUSING			13
	Stokes Bay Mobile Home Park			
	Premises - Special Maintenance -stabilisation of Mobile Home Bases		15,300	
	Supplies & Services - Fees on sale of new home in 13/14 only		(10,000)	
	Income - Sale of new home in 13/14 only		46,000	
		114,610	(40,140)	
	ECONOMIC DEVELOPMENT BOARD			
	ECONOMIC PROSPERITY			19
	Daedalus Enterprise Zone			
	Marketing Contract - Carswell Gould/HCC	14,160	(8,160)	
	Income from Partner Organisations	(11,100)	6,600	
	Town Centre Improvement			
	Expenditure net of b/fwds, income and transfers	30,900	(30,900)	
	High Street Innovations			
	Hospitality/Publicity - b/fwd from 2012/13	5,000	0	
	MARKET			19
	Market - Income	18,000	(2,000)	
	PROPERTIES			21
	Investment Properties Managed			
	Income - Bus Station rent review & Cemetery Lodge unoccupied	9,070	(8,240)	
	Pumping Stations			
	Supplies & Services - Replacement pumps in 2013/14	20,500	(14,500)	
	Wilmott Lane Depot			
	Premises - includes Special Maintenance repairs to paving	20,450	(16,630)	
	Supplies & Services - Waste Transfer Station - net 2/3 charge to GF	(18,380)		
	Income - nil recharge from WTS plus reduced income from rent	13,230	8,740	
	MARKETING AND TOURISM			21
	Tourism Initiatives			
	Expenditure net of b/fwds, income and transfers	(10,500)	(10,000)	
	LOCAL DEVELOPMENT FRAMEWORK			21
	Local Development Plan			
	Elements deferred until next year	(57,600)	93,600	
		33,730	18,510	
	POLICY AND ORGANISATION BOARD			
	REGISTRATION OF ELECTORS			25
	Registration of Electors			
	Additional printing & postage charges	17,100	4,400	
	LOCAL LAND CHARGES			25
	Land Charges			
	Fees & Charges income	12,460	(10,000)	
	HOUSING BENEFITS			25
	Rent Rebates			
	Net expenditure (income) after subsidy	0	10,000	
	Rent Allowances			
	Net expenditure (income) after subsidy	8,360	1,570	
	DEVELOPMENT SERVICES			27
	Development Control			
	Pre-Application Submissions/Section 103 Officer costs	12,000	(2,000)	
	LICENSING AND REGISTRATION			29
	Taxi Licensing			
	Income - Private Hire Taxis	(8,730)		
	CORPORATE AND CIVIC EXPENSES			31
	Civic Events			
	Seeds, plants, shrubs etc Recharge	(6,350)	(9,980)	
	Municipal Elections			
	Election Fees - Election 14/15	(5,000)	35,000	

ANALYSIS OF MAIN VARIATIONS BETWEEN		VARIANCE		Page
1	ORIGINAL ESTIMATE 2013/14 AND REVISED ESTIMATE 2013/14	ORIGINAL 2013/14 to REVISED 2013/14 £	REVISED 2013/14 to ESTIMATE 2014/15 £	Number
2	REVISED ESTIMATE 2013/14 AND ESTIMATE 2014/15 (Figures in brackets represent reduced expenditure or increased income)			
	MISCELLANEOUS SERVICES			33
	Pension Fund - fixed element (net of HRA)	0	33,120	
	Grants - New Homes Bonus & Council Tax Freeze Grant	(18,550)	(172,310)	
	OTHER CORPORATE AREAS			33
	External Interest Payable	(106,300)	106,300	
	Discounts Receivable		20,270	
	External Interest Receivable	(6,800)	6,100	
	Minimum Revenue Provision	(61,160)	11,470	
		(162,970)	33,940	
	ALL BOARDS	(14,630)	12,310	
	ADMINISTRATION RECHARGES	(167,190)	(422,510)	
	ALL OTHER VARIATIONS	53,920	(16,750)	
	CONTRIBUTION TO / (FROM) RESERVES	127,900	(28,350)	
	TOTAL BUDGET VARIATION	0	(455,300)	
		0	(455,300)	
	ADMINISTRATION RECHARGES			
	Pay Award	0	84,750	
	Redundancy/Severance/Early Retirement - Charges	240,700	(240,700)	
	Redundancy/Early Retirement - Salary Savings	(302,290)	(213,660)	
	All Other Staffing (including Vacancies & Turnover)	(186,750)	119,080	
	Agency / Hired Staff	273,560	(252,970)	
	Other Employee variances (Agency, Training etc)	(41,970)	(101,680)	
	Total Employee related variances	(16,750)	(605,180)	
	2 - Premises	32,050	(39,300)	
	3 - Transport	(3,720)	(5,970)	
	4 - Supplies & Services	119,360	(90,860)	
	5 - Third Party Payments	(580)	11,530	
	6 - Transfer Payments	0	0	
		130,360	(729,780)	
	Net effect of all other changes inc internal recharges & income	(297,550)	307,270	
	Net recharges to General Fund	(167,190)	(422,510)	

**CAPITAL
PROGRAMME
2013/14 to 2016/17**

CAPITAL PROGRAMME 2013/14 TO 2016/17
COMMUNITY BOARD - HOUSING (HRA)

Item No	SCHEME	Progress Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000
1	LA Tenants Disabled Persons Grant	E	-	50	50	50	50
2	Improvements to Housing Stock	E	-	3,500	3,435	3,510	3,590
	Board Total			3,550	3,485	3,560	3,640

Local Resources				
2013/14	2014/15	2015/16	2016/17	
£,000	£,000	£,000	£,000	£,000
50	50	50	50	50
3,500	3,435	3,510	3,590	3,590
3,550	3,485	3,560	3,640	

CAPITAL PROGRAMME 2013/14 TO 2016/17
COMMUNITY BOARD - HOUSING (GENERAL FUND)

Item No	SCHEME	Progress Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000
1	Disabled Facilities	E	-	345	370	370	370
2	Housing Renewal	E	-	90	60	60	60
	Board Total			435	430	430	430

Local Resources				
2013/14	2014/15	2015/16	2016/17	
£,000	£,000	£,000	£,000	£,000
70	100	100	100	100
90	60	60	60	60
160	160	160	160	160

KEY TO PROGRESSION CATEGORIES
E. Exempt from progression categories

CAPITAL PROGRAMME 2013/14 TO 2016/17
COMMUNITY BOARD - NON HOUSING

Item No	Progress	Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000	Local Resources			
								2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000
1	P		162		64						
2	E		-	158	200						
3	E		-	8	8	8	8	8	8	8	8
4	E		-	86	40	40	40	86	40	40	40
5	P		197	175							
6	I		705		700						
Privett Park - Replacement 2nd Pavilion & paths (this scheme is subject to both S.106 developer contribution and equivalent match funding [each £350k] being identified - the capital programme funding projections currently assume that this will be the case or the scheme will not proceed)											
7	P		70	4							
8	P		58	10							
9	P		65	5				5			
10	P		45	45				45			
11	P		28	1				1			
12	P		-	156	80	80	80	156	80	80	80
13	P		21	5	4						
14	D		35		10				10		
15	P		80	40	40			40	40		
16	P		50	50				50			
17	P		95	30	20	20	20	30	20	20	20
18	I		179	45				45			
19	E		-		50	134	134				
20	P		25		25	40	40		50	40	30
21	P		11		11				25		
22	P		22	22					11		
Gosport Borough Cricket Club - Training Facility											

CAPITAL PROGRAMME 2013/14 TO 2016/17
ECONOMIC DEVELOPMENT BOARD

Item No	SCHEME	Progress Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000
1	Waterfront Masterplanning	D	220	76			
2	Cemetery Lodge Window Replacement	P	10	10			
3	Pumping Stations upgrade	I	15		15		
	Board Total			86	15		

Local Resources				
2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	
76				
10				
	15			
86	15			

POLICY & ORGANISATION BOARD

Item No	SCHEME	Progress Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000
1	Forton Lake Opening Bridge - Major Repairs	P	62	17			
2	CCTV - Replacement & Upgrades	E	-	15	15	15	15
3	Hampshire High Speed Broadband Project	E	-	15	15		
4	Mobile Home Park - underground pipe renewal	P	86	40			
5	Mobile Home Park - flooding alleviation	P	20	20			
6	Upgrade GBC radio system	P	22	22			
7a	IT - Desktop replacement project (VDI)	E	-	229			
7b	IT - PC Replacement Programme	E	-		10	10	10
7c	IT - Server Replacement	E	-	30	40	40	40
7d	IT - Microsoft Licence	E	-		50	50	50
7e	IT - System Upgrades	E	-	209	10	10	10
8	Town Hall Major Repairs	E	-	134	86	86	50
9	Reprographics Equipment - replacement	I	-		48		
	Board Total			731	274	190	175

Local Resources				
2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	
17				
15	15			
15	15			
40				
20				
22				
229				
30				
209				
134				
731	274	190	175	

Item No	SCHEME	Progress Category	Project total (where appropriate) £,000	Revised 2013/14 £,000	Estimate 2014/15 £,000	Estimate 2015/16 £,000	Estimate 2016/17 £,000	Local Resources			
								2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000
	Total Capital Programme			6,235	5,762	4,532	4,452	5,411	4,524	4,262	4,182

KEY TO PROGRESSION CATEGORIES

- I - Inception
- D - Design
- P - Progressing
- C - Complete
- F - Final
- E. Exempt from progression categories

SUMMARY FINANCING STATEMENT

	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	Total £'000
Specific Capital Grants - GF	275	270	270	270	1,085
Developer Contributions - Open Spaces - GF	380	350			730
Other Grants and Contributions - GF	169	618			787
Local Resources - Revenue Contribution - HRA	3,550	3,485	3,560	3,640	14,235
Local Resources - Capital Receipts - GF	225	100	1,175	600	2,100
Local Resources - Capital Funding Requirement - GF	1,636	939	(473)	(58)	2,044
Total Funding	6,235	5,762	4,532	4,452	20,981

PROGRESSION OF A CAPITAL SCHEME THROUGH THE CAPITAL PROGRAMME.

Inception Stage (I) – notional cost of an unapproved scheme

In order for a scheme to be included in the Council's approved Capital Programme a Capital Scheme Proposal Form has to be submitted for consideration. The form requires revenue and funding implications to be considered. If accepted the sum shown in the Programme is a notional forecast based simply on experience.

For major (over £100,000) schemes, during the inception stage the Client Unit's requirements, timescales and financial limits are established, from which alternative designs and construction approaches will be considered. The data contained in the inception stage report to Board as part of the annual budget process will only be in outline to ensure that if the Board requires amendments to the proposals, the designer can incorporate these without involving excessive additional work.

Design Stage (D) – estimated cost of an approved scheme

If the proposals are approved as part of the budget consideration, Officers will proceed to the design stage and appoint any specialist Consultants, submit the scheme, where appropriate, to the Government Department, public participation, tenant consultation, planning and other bodies who may provide grants, financial support or influence design considerations and schemes will progress in accordance with Contract Standing Orders. Schemes of less than £100,000 will automatically progress to Design Stage (D) by virtue of approval as part of the Capital Programme at the annual budget meeting.

During the design stage of a major scheme, drawings, specifications and a cost plan will be prepared in accordance with the approved brief. The culmination of this stage for major schemes is a design stage report to the Board, which will also advise on the full revenue implications of the project. These include projections of financing costs, amendments to staffing establishments, together with associated maintenance and running costs. If the proposals find favour with the Board it will be recommended to instruct the officers to proceed to the tender stage (T).

Tender Stage(T)

This stage of a Major Project requires the greatest workload commitment as it should be understood that the drawings and other technical information presented at design stage provide simply sufficient details for planning purposes not for the Contractor to construct the scheme. Thus, during the tender stage drawings, detailed specifications and Bill of Quantities need to be prepared in order to provide the necessary data to seek tenders for the work.

Projects with a value of less than £100,000 will normally require tenders or quotations in accordance with Contract Standing Orders in order to demonstrate that good value is being obtained.

Works-in-progress (P)

Schemes will then progress through works-in-progress (P) to completion (C).

Budget

Due to the statutory requirement to produce a balanced revenue budget for tax-setting purposes, major projects involving significant design requirements that have not proceeded to design stage will not generally be scheduled for start within the forthcoming budget year.

Exemptions (E)

Some Capital Programme schemes will be exempted from the above controls by virtue of short lead-in times e.g. equipment purchase or grants.

Summary

The overriding principle is good governance - being seen to achieve value for money by procurement in accordance with Contract Standing Orders.

The table below summarises the way in which schemes will progress and the indicators that will be used in the capital programme and budget monitors:-

<u>Stage Indicator</u>	<u><£100K</u>	<u>>£100K</u>
I (Inception)	In programme to Council's annual Budget meeting (usually early February)	
D (Design)	Approved on budget night	Costed Design approved by Board
P (Progressing)	Quote/tender accepted	Tender accepted
C (Complete)	Works complete	
F (Final Cost)	Final cost after release of retentions etc.	
E (Exempt)		

GLOSSARY OF TERMS

Wherever possible the CIPFA standard narrative is used to describe the detail of the budgets within each service head. This enables comparison to be made both between budget heads within Board and with other local authorities. Significant budget items are detailed separately.

Administration Recharges

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They are a recharge of the total service unit costs usually based on an assessment of time allocation.

Asset Management Revenue Account (AMRA)

The Asset Management Revenue Account removes capital finance charges from the revenue accounts so that they do not impact on the Council Tax. It also includes interest payments and the statutory charge to Housing Revenue Account. This account is being discontinued from 2007/08 in line with central guidance.

Capital Expenditure

Generally, expenditure on the acquisition, construction or enhancement of assets that have an expected life of more than one year. Capital expenditure is strictly defined under current legislation and expenditure which does not fall within this definition must be charged to a revenue account.

Capital Receipts

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within rules set down by the government but cannot be used to finance revenue expenditure. Certain receipts are payable to the government in line with regulations.

Collection Fund

The statutory account maintained by billing authorities for collecting council tax and non-domestic rates, paying precepting authorities and the national pool of non-domestic rates.

Contingency

Money included in the budget for unforeseen items of expenditure or shortfalls in income.

Employees

The salaries and wages of staff directly employed by the Council - includes employer's national insurance and pension contributions, training, redundancy and severance payments.

Income

Most income comes from fees and charges or rents with some service heads receiving specific government or external grants. This is separate from the revenue support grant that is included in the budget at a summary level and reduces the overall level of council tax.

Minimum Revenue Provision (MRP)

The statutory minimum amount that must be charged to the revenue account each year to repay debt.

Operating Leases

A type of lease whereby ownership of the asset remains with the lessor and the asset is not required to be included on the Council's balance sheet.

Precepts

The levies made by precepting authorities (eg County Council, Police Authority, Fire & Rescue Authority) on billing authorities, requiring the latter to collect income from local taxpayers on their behalf

Provisions and Reserves

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but for which the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves or balances.

PWLB

The Public Works Loans Board is a Government agency set up to provide loans for local authorities.

Recharge to Services

The charge made from service units for their professional and support services used in the supply of services. This re-charge shows under services within boards as administration recharges.

Revenue Support Grant

The grant paid by central government towards local authorities services in general, as opposed to specific grants, which may only be used for a specific purpose.

Specific Grants

Government grants to local authorities in aid of particular project or services