Crawley Borough Council

	FIN/306	**2**

Report to Overview & Scrutiny Commission

8 July 2013

Report to Cabinet

10 July 2013

Budget Strategy 2014/2015 – 2018/2019

1. Summary

1.1. The 2014/15 General Fund and Housing Revenue Account budgets and the 2016/17 capital programme will be determined by Council in February 2014. This report sets out the projected financial position for 2014/15 to 2018/19 for the General Fund and the underlying assumptions. It sets the policy framework for the subsequent budget process recognising that there are a range of options for capital investment, savings and income generation and Council Tax, none of which can be considered in isolation

1.2 The Council has set a balanced General Fund budget in four out of the last five years despite reductions in government funding, low interest rates and below inflation increases in income from traditional sources of fees and charges. During this period the Council has achieved over £7m of savings through efficiency measures and generating new sources of income. This has also meant that the Crawley Borough Council Tax of £187.83 per year for a Band D property has remained unchanged since 2010/11.

1.3 Current financial projections indicate that further savings of £2.0m would be required for the Council to set a balanced budget in 2014/15. This assumes a 1% increase in the Council Tax although the Budget Strategy sets a range for an increase in the Council tax of between 0% and 2%.

1.4 The re-tendering of the refuse and recycling contract reported elsewhere on this agenda will deliver financial savings and thereby reduce the budget gap. Different funding options for the purchase of the new refuse & recycling vehicles will also be examined in coming months to determine the potential for further savings.

1.5 The Council will however have to continue its robust approach to efficiency in order to achieve savings whilst seeking to maintain and improve services to residents, businesses and visitors. The Corporate Plan also reported on this agenda sets out some of the ways that this will be achieved.

1.6 The Budget Strategy includes financial projections for the period until 2018/19 and the report contains information on the main assumptions. The local government finance system is becoming increasingly complex and the difficultly of predicting what factors such as interest rates, energy costs and pay will be in two to five years time is further complicated by uncertainty regarding the financial impact of the Government's welfare reform programme and future income from business rates . It is however almost certain that the amount of money available to district and borough councils will continue reduce over the next five years.

1.7 The Council continues to deliver an ambitious capital investment programme with an existing approved General Fund capital programme of £32.3m for the period 2013/14 to 2015/16. The financial projections in this report assume that new schemes of £2.5m will be approved in addition to the purchase of new refuse & recycling vehicles.

1.8 The Council's commercial property estate is an important source of funding for Council services and provides a reliable income even during difficult economic conditions. With interest rates forecast to remain low it may be possible to generate a higher level of income by acquiring an additional property or properties. The report proposes an allocation of £5m for this purpose and sets out criteria to be used and a decision making process to make it possible for the Council to submit an offer in a timely manner. It should be noted that by allocating money the Council is not committed to acquiring any properties and an offer would only be made when there is a sound business case and no undue risk.

1.9 A separate report on the Housing Revenue Account investment programme will be considered by the Crawley Homes Advisory Group ahead of the Budget report to Cabinet and Council in February 2014.

1.10 The report also proposes an increase in the General Fund reserve and the restructuring impact reserve through a transfer from the capital programme reserve. It should be noted that the transfers between reserves do not increase or decrease the budget gap. Nor do they have any impact on the existing capital programme or the allocation for new schemes proposed in this report. The reasons for the proposed transfers are set out in section 10.

2. Recommendations

2.1 To the Overview & Scrutiny Commission

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

2.2 To the Cabinet

The Cabinet is asked to recommend to Council the approval of the Budget Strategy and to:

(a) Indicate its intention to minimise Council Tax and limit any increase for 2014/15 to between 0% and 2.0%.

(b) Note that there is a gap of £2.0m between projected General Fund income and expenditure for 2014/15 on the basis of a 1% increase in Council tax.

(c) Instruct the Corporate Management Team to take action to address the budget gap and to identify policy options for consideration by Cabinet Members and the Budget Advisory Group

(d) Defer auto enrolment for the pension scheme until 2017

(e) Approve the transfer of a total of £3.148m from the capital reserve to the General Fund and restructuring impact reserves as set out in section 6 of this report.

(f) Approve a maximum provision of £2.5m for new capital schemes and a further £1.7m for the purchase of refuse & recycling vehicles.

(g) Agree the allocation of £5m of capital reserves to an earmarked Investment Acquisition Reserve to fund the potential acquisition of commercial properties in accordance with the criteria set out in section 7 of this report.

(h) Authorise the Head of Property to acquire suitable land and property for investment purposes in consultation with the Leader of the Council, Director of Development and Resources and the Head of Finance, Revenues and Benefits. All such purchases shall be subject to there being sufficient funds in the Investment acquisition reserve and in accordance with the guideline criteria.

Dave Rawlings
Head of Finance, Revenues and Benefits

3. Background

3.1 The 2014/15 General Fund and Housing Revenue Account budgets and the 2016/17 capital programme will be set by Council in February 2014. This will be informed by the recommendations of the Budget Advisory Group and Crawley Homes Advisory Group, and take into account the savings achieved through the transformation programme led by the Corporate Management Team which includes systems thinking and other reviews.

3.2 This report explains the various forecasts and assumptions which underpin the budget strategy. The projections in this report will be kept under review and some will inevitably change but this does serve to indicate the scale of the financial challenges.

3.3 Many of the underlying financial assumptions in this report apply equally to the Housing Revenue Account as to the General Fund (for example inflation and interest rates). However, the financial position of the Housing Revenue Account (HRA) is heavily influenced by the new financing regime introduced in April 2012. Under this regime the Council has taken on debt of £260.325m and determined a repayment profile which gives it the capacity to spend capital sums to achieve some of it objectives for housing including a comprehensive stock investment programme and the building of new Council homes.

4. Key Assumptions

4.1 This report provides details of budget projections for a four year period, 2014/15 to 2018/19. There are a number of key assumptions affecting the projections. A summary table is shown in paragraph 4.12.

4.2 **External support**

In the 2013/14 local government finance settlement, the Government indicated a reduction for the Council of 23.29% in its Revenue Support Grant. Since then the Government has announced there will be further reductions. The projection assumes the reduction will be 30%.

The recent statements on the 2015/16 comprehensive spending review include a 10% cut for local government support in relation to Revenue Support Grant, New Homes Bonus and retained business rates. The Council will not know its individual position until December 2014. However, for forecasting purposes a 10% year on year reduction from 2015/16 has been assumed. It has also been assumed that the whole of the reduction is effected through the Revenue Support Grant.

4.3 **Approved savings**

Council in February 2013 agreed £30,000 savings for 2013/14.

4.4 **Council Tax**

The Government provided grant funding which enabled most local authorities, including Crawley BC, to freeze Council Tax in 2013/14. This funding equated to a 1% increase and is available for 2013/14 and 2014/15. Each 1% of Crawley BC's Council Tax yields £60,000.

4.5 **Investment Interest**

4.5.1 The Council has traditionally relied heavily on investment interest to support the revenue budget; however, the level of interest has reduced over recent years. The table below illustrates the impact of this, and thus the Council's achievement in reducing its use of reserves over the period whilst limiting Council Tax increases.

	Budget £'000s	Actual £'000s
2012/13	1,687	1,422
2011/12	1,261	1,469
2010/11	1,997	1,141
2009/10	2,654	2,279
2008/09	4,215	6,381
2007/08	5,018	6,009

4.5.2 Members will be aware that the expected increase in the Bank of England base rate has yet to materialise with the base rate remaining at 0.5% since March 2009; it appears likely that it will remain at this level until at least April 2014.

4.5.3 As there are significant potential risks from the Euro zone crisis in particular, caution must be exercised in respect of all interest rate forecasts at the current time. For 2014/15, a variation of 0.25% would equate to £240,000. An average investment rate of 1.17% has been assumed for 2014/15 increasing to 1.65% in 2015/16, and 2.25% in 2016/17. Interest rate projections will be kept under constant review during the year.

4.6 **Pay Award**

Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. A provision of 1% has been included in the current year's budget. The Budget Strategy assumes a 1% award for 2014/15 and 2015/16, 1.5% per annum in 2016/17 and 2017/18 and 2% in 2018/19. This is a financial projection and not an opinion on what the award should be or what is affordable.

4.7 **Pensions**

4.7.1 There are three aspects of pensions that could have a future impact on the Council's finances.

4.7.2 The first of these is the Government plan to introduce a new national state pension from April 2016. One of the consequences of this is that the contracting out rate of national insurance will cease at the same time. As a result, both employees in the Local Government Superannuation Fund and employers will face increased national insurance contributions.

4.7.3 It is estimated that the increased cost of the Council's contributions will be £360,000. This additional cost has been included in the future projections.

4.7.4 The second impact relates to the actuarial revaluation of the pension fund managed by West Sussex County Council. The revaluation will be taking place later in the year. Following the revaluation the Council is likely to be due to pay increased employer contributions through increased contributions on an ongoing basis or a one off capital payment from reserves, or combination of the two.

4.7.5 The financial projections do not include any increased contributions. Therefore the budget gap will increase if the Council decides to increase contributions on an ongoing basis. The timing of the actuarial revaluation may mean that there is no direct impact on the 2014/15 budget but this is may be a significant budget pressure for subsequent years.

4.7.6 The last area is auto enrolment. This is Government legislation that requires the automatic enrolment of all staff not in a pension scheme into a scheme. Organisations are required to start the process on a timescale determined by the size of their payroll. For the Council this is October 2013.

4.7.7 The Council does have the opportunity to defer auto enrolment until 2017. This is recommended for two main reasons:

a. Staff currently not in the scheme have chosen not to opt into the scheme. There will be a variety of reasons for this including, for a small number of staff, religious grounds. The auto enrolment process is relatively bureaucratic. As a result, these staff will have to be enrolled and then chose to opt out. The staff are aware of the merits of joining the scheme.

b. The Government is currently consulting on the auto enrolment arrangements. One proposal is that employers with certain pension schemes (that would include the Local Government Superannuation scheme) be allowed to self certify that their scheme meets a range of requirements. If the Government decides to proceed with this proposal, it will reduce the bureaucracy involved. Deferment will allow the Council to take advantage if the change if it is introduced.

4.7.8 The financial projections assume that the impact of changes relating to auto enrolment will be neutral. Should it result in an increased number of staff joining the pension fund, there would be increased costs through the resulting employers' contributions.

4.8 Welfare Reform

4.8.1 The Government is continuing to introduce its welfare reform programme. The initial Universal Credit pilot has commenced and it is still intended to commence rolling out the scheme nationally from October 2013 and for this to be completed by 2017.

4.8.2 The Council currently receives an administrative grant to help finance the national housing benefit scheme and, for the moment, the local council tax reduction scheme. The Government has indicated that the grant will continue on the same basis for 2014/15. In recent years the grant has reduced in cash terms by 5%. The financial projections in this report assume that there will continue to be reductions of 5%. It also assumes that the balance of the top up element of the grant (introduced in response to increasing demand) will cease to be paid from 2014/15.

4.8.3 As Universal Credit is rolled out, the administration grant will be reviewed by the Government. As housing benefit work disappears, there will be additional reductions in grant. However, there have been no statements as to the amount of any reductions. There will also be a reduction in workload. For a number of reasons, including lack of clarity as to any ongoing role for local authorities in administering Universal Credit, it is not possible to make a reasonable estimate of what that reduction will be.

4.8.4 For the purpose of financial projections it has been assumed that the Council will be able to reduce its costs to match any reduction in administrative grant beyond the 5% reduction built in.

4.9 General Inflation

In recent years many budgets have been frozen or reduced which has compensated for those budgets that have increased by more than the base assumption (for example energy and fuel). The Budget Strategy assumes that contract costs linked to inflation indices will increase by 3.0%; this is based on the Bank of England projections of RPI, as well as energy and fuel. No allowance has been made for inflation on other general running expenses.

4.10 New Homes Bonus

4.10.1 The Government introduced the New Homes Bonus to give local authorities additional money for each new residential property created in the area. Local authorities will receive a sum equivalent to the average national Council Tax for a property in that band for each of the following six years. For example, an additional band D property will result in £1,439 being paid for six successive years. The Government expects the scheme to become a permanent feature of local government financing thereby providing a reasonable degree of certainty regarding future funding levels.

4.10.2 There is an additional payment of £350 for each year if the property falls into the definition of affordable housing. This additional element is paid a year in arrears.

4.10.3 In two tier areas the District or Borough Council receives 80% of the bonus and the County Council 20%.

4.10.4 Crawley BC has been notified that its 2013/14 New Homes Bonus will be £1,390,575. This is a cumulative figure of allocations made since the introduction of the scheme in 2011/12.

4.10.5 At this stage it is projected that Crawley's 2014/15 bonus will be an additional £275,000.

4.10.6 The total New Homes Bonus available in 2014/15 is therefore estimated to be £1,665,575. This will be kept under review in the light of housing delivery and any further information on the adjustment to formula grant.

4.11 Fees and Charges

4.11.1 Economic conditions have made income budgets such as planning and parking income difficult to achieve. At this stage an overall increase in income budgets of 2% is assumed for 2014/15.

4.12 **Summary of assumptions**

	14/15	15/16	16/17	17/18	18/19
Grant (On previous years total grant including Business Rates, New Homes Bonus and Revenue Support Grant)	-10%	-10%	-10%	-10%	-10%
Business rate income	+3.0%	+3.5%	+3.5%	+3.5%	+3.5%
New Homes Bonus	+25%	+20%	+16%	-10%	-26%
Pay award	1.0%	1.0%	1.5%	1.5%	2.0%
Av. interest rate	1.11%	1.65%	2.25%	3.25%	4.00%
Running costs	0%	0%	0%	0%	0%
Contracts	3.0%	3.5%	3.5%	3.5%	3.5%
Customer receipts	2.0%	2.0%	2.0%	2.0%	2.0%
Growth items	-	-	-	-	-
Tax base increase	0.8%	0.8%	0.8%	0.8%	0.8%

5. Budget Projections 2014/15 to 2018/19

5.1 The table below summarises the budget projections based on the assumptions in section 4 including a 1.0% increase in Council Tax each year between 2014/15 and 2018/19

	2014/15 £'000s	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s
Base budget	16,780	17,306	18,202	18,789	19,442
Investment interest	(844)	(1,157)	(1,538)	(2,317)	(2,900)
Net budget	15,936	16,149	16,664	16,472	16,542
Funded by:					
Council Tax	6,079	6,189	6,301	6,415	6,531
New Homes Bonus	1,418	1,693	1,968	1,766	1,311
Retained Business Rates	3,032	3,138	3,248	3,362	3,479
Formula Grant	3,406	2,557	1,818	1,115	491
Budget Gap (cumulative)	**2,001**	**2,572**	**3,329**	**3,814**	**4,730**

5.2 The budget gap identified for each year is cumulative; for example, if savings of £2.001m are identified for 2013/14, the budget gap for 2015/16 would reduce to £571,000. However it should be noted that the overall impact of the most unpredictable factors such as welfare reform and pensions is likely to be negative and it may be optimistic to expect the situation to become less challenging after 2015/16.

5.3 The Corporate Management Team and Heads of Service will continue to work with staff and contractors to identify and implement improved ways of working and to focus on the aim of dealing with matters first time. The transformation programme of service improvements and efficiencies achieved through systems thinking and other types of review will continue with the aim of continual streamlining of internal of processes to reduced waste and duplication, and also to focus on the defined purpose of each service. Savings through vacancy management and redeployment will again be investigated and where organisational change is necessary an efficient approach will be adopted in accordance with the agreed Management of Organisational change procedure. The more that savings can be identified and potentially implemented early, the less uncertainty there will be for the organisation during a continued period of economic restraint.

6. General Fund Reserve

6.1 The Council achieved a balanced General Fund budget for 2013/14. In addition it is using earmarked reserves to sustain a significant capital programme. The Housing Revenue Account is operating a significant revenue surplus. This will enable it to sustain its business plan, including the building of over 500 council houses in the next 10 years.

6.2 There are two purposes for holding reserves. The first is to have sufficient funds to be able to maintain services, both in the short and medium term. The second is to earmark funds for specific purposes. There should be plans to spend earmarked reserves, even if the amount and timing of that spending is uncertain.

6.3 The level of reserves should be regularly reviewed. This is particularly true in the current situation. Local government has had reduced financial resources from the Government and it is clear that this is going to continue for several years. Other Government changes (for example the localisation of Council Tax Benefit and of Business Rates) have transferred significant risks to local authorities.

6.4 For both the Housing Revenue Account and the General Fund, the Council needs sufficient funds to be able to sustain services. In the case of the Housing Revenue Account the reserves are sufficient and no changes are proposed.

6.5 It is proposed to increase the General Fund balance from just under £7m to £8.5m million. The prime reason for the proposed increase is to accommodate additional risks associated with the new financing arrangements and business rates retention. In part these risks arise from the accounting arrangements that the Government have legislated for.

6.6 The consequence of the legislation is counter intuitive. The income collected from business rates goes into the collection fund. The amount distributed to the Government, West Sussex County Council and the Council in the year is the amount that is budgeted. There will be variances and the collection fund will have a surplus or deficit. That surplus or deficit will be distributed in the following year.

6.7 Therefore, the Council's General Fund will receive the amount budgeted from the Collection Fund in the year. However, the amount it receives from the Government in safety net payments or pays to it in a levy will not be based on the budget but on the actual outturn. Taking Crawley BC's projected position of receiving a safety net, this would mean that if the Council's collection was higher than budgeted, the safety net payment would be less and there would be an additional charge to the General Fund.

6.8 With the volatility of business rates income and the difficulties of making accurate forecasts, it is possible that there could be an unbudgeted charge to the General Fund in the order of £1.5 million. There would be a compensating gain the following year so the overall impact of this would be nil. It is also possible that the Council could collect less than budgeted and the Council's reserves would increase; this time with a compensating loss the following year.

6.9 The other prime factor is the probability of a significant increase in pension contributions referred to in section 4.7**.** It is important that the Council retains options for dealing with this increase, and having sufficient reserves is part of retaining those options.

6.10 As is made clear elsewhere in the report, the Council needs to make significant savings over the coming years in order to achieve a balanced budget. This will inevitably mean reductions in staffing. Where possible staffing reductions will be achieved through vacancy management and redeployment but is likely that there will also be a need to make redundancies. It is proposed to make financial provision for future costs of organisational change by increasing the Restructuring Impact Reserve to £2m. The current balance on the fund is £370,000. The figure of £2m is a provision for potential costs in coming years and the actual costs will depend on the number of redundancies. .

6.11 In order to increase the General Fund Balance to £8.5m and the Restructuring Impact Reserve to £2 m, it is proposed to reduce the Capital Programme Reserve by £3.148m*.* Together with Useable Capital Receipts and the reserve for facilities for young people, this would leave sufficient sums put aside to fund the current capital programme and to sustain a further significant programme thereafter.

6.12 The recommendation in paragraph 2.2 (d) to transfer £3.148m of reserves therefore comprises:

- £1.519m transfer from the capital programme reserve to the General Fund balance
- £1.629m transfer from the capital programme reserve to the restructuring impact reserve

6.13 It is intended to create a Welfare Reform Reserve by consolidating existing balances held in the Local Housing Allowance, ATLAS/Local Housing Allowance/temporary accommodation and Discretionary Hardship Payment earmarked reserves which currently total just under £50,000. This money has tended to come in small amounts relating to different changes and whilst the Council has used the money to meet some of the additional costs, it has not charged existing staffing costs against them. Rather than hold these sums in different reserves, it would be more manageable to hold one reserve. Any further money provided by the Government would be added to the fund until such time as it is spent.

7 Investment Acquistions

7.1 One of the main reasons why Crawley B.C. has been able to maintain relatively high levels of service provision over the years is that unlike many local authorities it owns an estate of commercial properties such as neighbourhood shops, light industrial units and workshops and others. Many of these were originally owned by the Commission for the New Towns which took an entrepreneurial approach to building and then managing commercial properties in a way that most local authorities had not done so.

7.2 The benefits of this approach can be seen that in 2013/14 the Council expects to collect £3.9m from its non-operational estate the bulk of which comes from commercial properties. Whilst the difficult economic conditions of the last few years have had an impact with many rent reviews resulting in below inflation or even zero increases, in overall terms the commercial estate continues to provide a reliable and resilient source of income.

7.3 With interest rates forecast to remain low it may be possible to generate a higher level of income by acquiring an additional property or properties. It is not envisaged that the Council would purchase more than a small number of properties and it may be that no suitable properties become available. No income target is being proposed as part of the Budget strategy but instead each potential purchase that comes to officers' attention will be considered on its merits and a recommendation made on professional judgment rather than to meet a target figure.

7.4 The nature of the property market means that the most attractive properties can attract offers not long after being put on the market. A decision making process that involved a full committee cycle might make it impossible for the Council to acquire such properties and potentially deter sellers from wishing to transact with the Council. Member approval is therefore sought on three issues:

a) Funding

7.5 It is proposed that £5m of capital reserves is transferred to an earmarked investment acquisition reserve. It must be emphasised that by allocating money the Council is not committed to acquiring any properties and a purchase would only be made when there is a sound business case and no undue risk. Council could in the future decide to return unused money back to general capital reserves.

b) Guideline Criteria

7.6 Officers would use to the following criteria to assess potential purchases. It is expected that proposals should meet all of these criteria unless there are sound reasons not to.

i purchase price of less than £5m.
ii preferably freehold, but if leasehold then at least 125 years left on lease, or the ability to purchase an extension to the lease length.
iii an income flow of at least 8 years duration, before either a lease renewal or tenant's option to break.
iv a covenant check of the tenant confirms the ability to perform the conditions of the lease, including payment of rent.
v the investment should be in such a condition that any further short term capital investment would be limited.

vi whilst Crawley may be a preferable location, other locations within East and West Sussex and Surrey will be considered.

c) Decision making

7.7 As well as having agreement to the principle, funding and criteria the final element of being in the position to acquire a property is to have the formal delegation in place. The recommendation in this report is designed to ensure transparent decision making without hindering the Council's ability to purchase a property.

8. Capital Funding

8.1 The Council has an extensive capital programme which has in recent years funded a range of projects and services across the town. This has included neighbourhood improvement schemes and community facilities in Bewbush, Langley Green, Ifield, Furnace Green and Maidenbower. Other schemes include residential environmental improvements, disabled facilities grants, aids and adaptations, affordable housing schemes, flood alleviation & water management and more. The Housing Revenue Account capital programme has of course funded the Decent Homes programme.

8.2 The Capital Strategy approved by Cabinet in March 2009 identified that an annual provision of £1 million would be available for the non-Housing Revenue Account capital programme from 2011/12 onwards. This was subsequently increased to £5m per year until 2015/16.

8.3 It is recommended that £2.5m is made available for investment in capital schemes for 2016/17 (in addition to the purchase of refuse & recycling vehicles) and proposals will be presented to the Budget Advisory Group later this year.

9. Housing Revenue Account

9.1 Council on 22 February 2012 approved the payment of £260.325m to the Department for Communities and Local Government as part of the Government's abolition of the previous housing subsidy regime. The money was borrowed via a series of loans from the Public Works Loan Board. The repayment dates vary between 2022/23 and 2037/38.

9.2 The net effect of these changes is that the HRA has a significant surplus over the coming years. This will enable the Council to make capital investments that will help it achieve its corporate housing objectives, investments already approved include the provision of housing at Breezehurst Drive and Brunel Place. Further proposals for that investment are currently being worked on, and will be presented to Members at a later date, initially through the Crawley Homes Advisory Group.

9.3 As a 'ring fenced' account savings that have been or will be achieved in the current year are reinvested in the service. It is anticipated that the savings will continue to come primarily from systems thinking interventions. This would be reported through the normal budget process.

10. Budget Process

10.1 The Budget Advisory Group met on 12 June 2013 to consider the financial forecasts and some of the options available to the Council. Subsequent meetings will assess the policy implications of savings measures, business cases put forward to support proposals for capital investment and any growth proposals. The report of the Chair of the Budget Advisory Group will be considered by the Cabinet in the New Year.

10.2 The Budget and Council Tax report will be considered by the Cabinet on 12 February 2014. The 2014/15 Budget will be set by Council on 26 February 2014.

11. Ward Members Views

11.1 Not applicable

12. Staffing, Financial & Legal Implications/Powers

12.1 The financial aspects are addressed throughout this report. All staffing changes will be made in accordance with the Council's agreed polices and delegations. The staffing implications of policy changes will be reported to the Budget Advisory Group as will any equalities implications.

12.2 The power of the Council to acquire land by agreement for purposes in connection with any of the Council's statutory functions or for the benefit improvement or development of the area is set out in Section 120 of the Local Government Act 1972 and in section 121 in the case of Compulsory acquisition. The Council is able to purchase land both within and outside of its boundary. Whilst there is no general duty to purchase land at the "best consideration" the Council must be able to demonstrate that it has exercised those powers in a manner consistent with its fiduciary duty to the council tax payer i.e. by ensuring that the purchase price paid is reasonable in the light of the particular facts and circumstances.

13. Risk Management

13.1 The major risk to the Strategy is that the assumptions that support it prove to be incorrect. The key assumptions will be kept under constant review during the coming months and, if necessary, proposals changed to reflect improved information.

14. Reasons for the Recommendations

14.1 To approve the budget projections and assumptions for 2014/15 to 2018/19.

14.2 To set a Strategy for savings and Council Tax.

14.3 To determine the level of funding for the 2016/17 capital programme.

16. Background Papers

2013/14 Budget and Council Tax (FIN/293) Cabinet 13 February 2013 and Council 27 February 2013.