

Capital Programme

1. This appendix lists all projects contained in the current Capital Programme and shows how the Programme is financed.
2. The Programme presented here lists projects that have been previously approved. In addition, for completeness, it has included the proposed 2006/07 Capital Projects recommended by Cabinet on 20th February 2006. The Programme is summarised in the tables overleaf.

Capital Programme 2005/06 - 2009/10 Programming Summary

Total Costs £'000	Scheme Descripto 31/3/2005 £'000	Payments*					2009/10 £'000
		2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	
	EPCS Programme						
2,748	Schemes in	1,645	1,103	0	0	0	0
2,306	Starts List	0	984	1,322	0	0	0
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5,054		1,645	2,087	1,322	0	0	0
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	Additional Funding						
2,027	Unallocated	0	527	0	500	500	500
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2,027		0	527	0	500	500	500
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7,081	Total EPC:	1,645	2,614	1,322	500	500	500
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				-----> £5,436,000 <-----			
	Housing Services Programme						
3,521	Housing Re	1,102	450	450	450	450	619
2,500	Unallocated	0	500	500	500	500	500
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6,021	Total Hou:	1,102	950	950	950	950	1,119
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				-----> £4,919,000 <-----			
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13,102	Total Prog	2,747	3,564	2,272	1,450	1,450	1,619
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				-----> £10,355,000 <-----			

* - Includes payments on these projects included in the Programme 2005/06 to 2009/10

**Capital Programme
Financing Schedule**

<i>Description</i>	<i>Notes</i>					
		<i>2005/06 £'000</i>	<i>2006/07 £'000</i>	<i>2007/08 £'000</i>	<i>2008/09 £'000</i>	<i>2009/10 £'000</i>
Capital Grants - Housing Renewal Assistance Grants	1	225	225	225	225	310
Capital Grants - IEG	2	150	0	0	0	0
Contributions from Third Parties/ Capital Receipts	3	1,548	1,022	0	0	0
Borrowing	4			1,000	1,000	1,000
Planning Delivery Grant / DEFRA	5	178	0	0	0	0
Use of Revenue Reserves	6	1,463	1,025	225	225	309
Total Programme		3,564	2,272	1,450	1,450	1,619

Notes :

1. Government grant averaging 50% on Housing Renewal Assistance grants.
2. Government grant in relation to Implementing Electronic Government (IEG), which may be used only for capital expenditure.
3. Capital contributions from partners.
4. Assuming approval, in principle, by Council on 9th March 2005, amounts borrowed will only be those necessary if other forms of finance are not reasonably available.
5. Capital part of the DEFRA grant (56% of total grant awarded) and capital element of Planning Delivery Grant (i.e. 25% of total grant awarded).
6. Financing from General Reserve.

Capital Programme 2005/06 - 2009/10

<i>Scheme Description</i>	<i>Total £'000</i>	<i>Pre 1/4/2005 £'000</i>	<i>2005/2006 £'000</i>	<i>2006/2007 £'000</i>	<i>2007/2008 £'000</i>	<i>2008/2009 £'000</i>	<i>2009/2010 £'000</i>
<i>EPCS</i>							
<i>Environment</i>							
Computerisation of Land Charges	91	0	91				
Purchase of new scanner/printer	25	0	25				
<i>Total Environment</i>	116	0	116	0	0	0	0
<i>Planning Policy</i>							
Double sided printer	1	0	1				
<i>Total Planning Policy</i>	1	0	1	0	0	0	0
<i>Leisure & Well Being</i>							
Replacement of Heating and Ventilation Controls - Kings Centre	32	0	32				
Inca Health & safety Club Equipment & associated works	52	52	0				
Replace Motors at Triangle	54	0	54				
Replace Motors At Dolphin	22	0	22				
Equipment replacement	100	0	100				
Rural Community Provision	200	85	115				
Capital Grant	221	136	85				
Corporate Grants / RCP & Capital Grants	100	0	0	100			
Triangle Flumes and Refurbishment	250	0	0	250			
<i>Total Leisure & Well Being</i>	1,031	273	408	350	0	0	0

Capital Programme 2005/06 - 2009/10

<i>Scheme Description</i>	<i>Total</i>	<i>Pre 1/4/2005</i>	<i>2005/2006</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2009/2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Outdoor Business							
West End Farm Phase 1 and 3	127	120	7				
Beech Hurst Building Phase I	36	25	11				
Sports pavilions: Demolition Mt Noddy	15	13	2				
Sports pavilions: Demolition Court Bushes	20	18	2				
Pavilion disabled access works - (Phase 1)	8	0	8				
Playgrounds - safety surfaces renewal programme	30	29	1				
Car Park Repairs - Martlets Car park Burgess Hill	360	275	85				
Oaklands Boiler	88	79	9				
Oaklands Roof Works/Repairs Council Chamber	65	63	2				
Oaklands Reception Changes	65	0	65				
Freeks lane remedial works	30	0	30				
London Road Pavilion Modifications	36	0	36				
Lindfield Play Area Refurbishment	73	0	0	73			
Leylands Park Car Park Limk Road	44	0	0	44			
Sidney West Site	tbd			tbd			
<i>Total - Outdoor Business</i>	997	622	258	117	0	0	0
Corporate Systems							
Infrastructure							
Network Upgrade	141	111	30				
Telephone Switch Upgrade	67	40	27				
Unix Server Replacement	40	0	40				
Windows Server Replacement	60	0	60				
Comms Links CENSUS Partnership	35	0	35				
Central Server Replacement	65	0	0	65			
Desktop Upgrade to Common Platform	170	0	0	170			

Capital Programme 2005/06 - 2009/10

<i>Scheme Description</i>	<i>Total</i>	<i>Pre 1/4/2005</i>	<i>2005/2006</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2009/2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Applications and Processes							
Uniform 7Upgrade	27	19	8				
E-forms Software	20	16	4				
NLPG Development	50	17	33				
Uniform Investment Programme	168	117	51				
Upgrade Leisure Booking System	120	49	71				
EDRM Software	179	144	35				
E-Payments Application	38	29	9				
PIP Payroll & Personnel Software	95	82	13				
E Procurement new FMS	135	0	135				
EDRM Software Partnership Project	168	0	168				
Customer Interfaces							
Counter Card Payments	14	10	4				
Automated Telephone Payments	13	11	2				
Benefit Public Direct	31	30	1				
Revenues Direct	0	0	0				
Total Computer	1,636	675	726	235	0	0	0
Joint Venture Partnership	740	0	440	300			
Total schemes	4,521	1,570	1,949	1,002	0	0	0

Capital Programme 2005/06 - 2009/10

<i>Scheme Description</i>	<i>Total</i> <i>£'000</i>	<i>Pre 1/4/2005</i> <i>£'000</i>	<i>2005/2006</i> <i>£'000</i>	<i>2006/2007</i> <i>£'000</i>	<i>2007/2008</i> <i>£'000</i>	<i>2008/2009</i> <i>£'000</i>	<i>2009/2010</i> <i>£'000</i>
Major Capital Renewals							
Ashurstwood Rec Ground	21	0	0	21			
Berryland Farm Pavilion	23	0	0	23			
Cuckfield Rec	10	0	0	10			
Whitemans Green	25	0	0	25			
East Court	15	0	0	15			
London Road	48	0	0	48			
Mount Noddy	18	0	0	18			
Trinity Road	18	0	0	18			
Dolphin Leisure Centre	32	0	0	32			
Kings Leisure Centre	10	0	0	10			
Martlets Hall	20	0	0	20			
Streams & Watercourses	10	0	0	10			
Tiangle Leisure Centre	70	0	0	70			
Major Capital Renewals Unallocated Funding	640	0	0	0	320	320	
Additional Funding	1,387	0	527	0	180	180	500
	<u>2,347</u>	<u>0</u>	<u>527</u>	<u>320</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total EPCS Programme	<u>6,868</u>	<u>1,570</u>	<u>2,476</u>	<u>1,322</u>	<u>500</u>	<u>500</u>	<u>500</u>
Section 106s							
Environment							
PPG17 Consultant Survey work	20	0	20				
	<u>20</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Environment S106s	<u>20</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Capital Programme 2005/06 - 2009/10

<i>Scheme Description</i>	<i>Total</i> £'000	<i>Pre 1/4/2005</i> £'000	<i>2005/2006</i> £'000	<i>2006/2007</i> £'000	<i>2007/2008</i> £'000	<i>2008/2009</i> £'000	<i>2009/2010</i> £'000
Outdoor Business							
Work to Bowls Green, Beech Hurst Gardens	25	0	25				
Skatepark - Victoria Park, Haywards Heath	35	33	2				
Informal youth facility, Lingfield Rd Recreation Ground, EG	30	0	30				
Youth shelters, King George's Field & Lingfield Rd, EG	10	0	10				
Creation of a combined play area at Balcombe Recreation ground	40	30	10				
Provision of motorbike & cycle racks in Haywards Heath	11	4	7				
Ashenground Woods	22	8	14	0			
East Court Pitch Drainage	20	0	20				
Total Outdoor Business S106s	193	75	118	0	0	0	0
Total Section 106s	213	75	138	0	0	0	0
Housing Services							
<i>SHG Programme</i>							
Housing Renewal Assistance Grant	3,521	1,102	450	450	450	450	619
Unallocated Funding	2,500	0	500	500	500	500	500
	6,021	1,102	950	950	950	950	1,119
Total Housing Services	6,021	1,102	950	950	950	950	1,119
Grand Total	13,102	2,747	3,564	2,272	1,450	1,450	1,619

Reserves and Other Balances

1. This part of the report considers the Council's reserves and other cash balances. These are amounts held for future revenue or capital expenditure and to ensure the Council has sufficient cash resources for any unforeseen demands.
2. Details are set out in table 1 overleaf which shows that overall balances held at 1st April 2005 were £8.236m and, with the estimated changes, the current expectation is that some £10.799m will be held at 31st March 2010. Brief notes explaining each item are given after table 1.
3. Estimated interest received on investing surplus balances is based on rates averaging 4.5% for the period 2006/10.
4. This Council classifies its reserves as follows:

Revenue reserves comprise:

- The **General reserve** which includes amounts earmarked for the Capital Programme and amounts provided by developers as s106 contributions and commuted sums in lieu of future maintenance. It also includes the non-earmarked element.
- The **Special Reserve** contains amounts which are directed to a service or a purpose but for which no decision has yet been taken as to how these amounts will be applied.
- The **Specific Reserve** which contains amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- **General Fund Balance** which is the amount considered appropriate as a working balance to aid cash flow and to provide for emergencies should they arise.

Capital reserves comprise:

- **Contributions from developers** which may be for capital expenditure purposes.
- **Capital receipts** from the sale of assets
- **Capital grants** which may only be spent on capital projects.

Notes:

1. Received from developers for which there are agreements defining the purpose for which the sums are to be applied e.g. public parking in vicinity of development; off-site play space.
2. Received from developers in respect of land adoptions in lieu of maintenance.
3. An amount set aside to lend to owners of historic building to assist in keeping properties in good repair.
4. This represents the amount of the General Reserve necessary to be earmarked to finance the Capital Programme (in addition to other sources approved).
5. Amounts previously "borrowed" from the General Reserve to finance one off redundancy and retirement costs, repaid from revenue budget.
6. Cabinet on 24th May 2004 agreed that, as there was no flexibility in the revenue budget, procurement costs associated with the selection of the Joint Venture partner should be met from the General Reserve. These relate to the tendering costs that were not met from reserves in 2004/05 in line with Cabinet decision outlined above.
7. Cabinet of 20th December 2004 agreed that the decommissioning and demolition costs of Public Conveniences should be met from the General Reserve.
8. Up front costs of Local Authority Parking Enforcement (LAPE). It is intended that these costs are repaid from the benefits of LAPE. (Cabinet 24th November 2004).
9. Financing of 2/3rds of salary of Head of Corporate Systems. It is intended that these costs are repaid from the benefits arising from the CENSUS partnership in future years.
10. Interest receivable on investment of surplus balances, and planned utilisation.
11. Interest on repayments to the General Reserve arising from the Dolphin Refurbishment Project, and interest on amounts previously "borrowed" from the General Reserve to finance one off redundancy and retirement costs, repaid from revenue budget.
12. Total available to provide additional finance for day-to-day services and/or capital expenditure.
13. Available to finance car loans in circumstances where the Council is unable to recover the outstanding balance.
14. Reserve to finance backlog maintenance and Asset Management Plan maintenance. It is intended mainly for revenue repairs but can be used for capital renewals.
15. Used to finance the excess on insurance claims. This reserve is sourced from a slightly higher recharge to services than necessary.
16. Available to match risk management and health and safety initiatives by services.
17. Sourced from the difference between interest earned from staff loans and interest earned from investment of cash balances on the market, this reserve is available for appropriate initiatives for the benefit of staff.
18. Available for arts initiatives.

Table 1: Reserves and other Balances

	Note	Balance 01/04/2005 £'000	Receipts 2005/2006 £'000	Utilisation 2005/2006 £'000	Balance 31/03/2006 £'000	Receipts 2006/2007 £'000	Utilisation 2006/2007 £'000	Balance 31/03/2007 £'000	Receipts 2007/2008 £'000	Utilisation 2007/2008 £'000	Balance 31/03/2008 £'000	Receipts 2008/2009 £'000	Utilisation 2008/2009 £'000	Balance 31/03/2009 £'000	Receipts 2009/2010 £'000	Utilisation 2009/2010 £'000	Balance 31/03/2010 £'000
Revenue																	
Section 106 Sums (excluding time limited)	1	268	500	20	748	500	0	1,248	500	0	1,748	500	0	2,248	500	0	2,748
Maintenance in Perpetuity/Commuted Sums	2	1,368	0	0	1,368	0	0	1,368	0	0	1,368	0	0	1,368	0	0	1,368
Historic Buildings Loan	3	24	0	0	24	0	0	24	0	0	24	0	0	24	0	0	24
Capital Programme:																	
-Earmarked for financing	4	1,334				1,025			225			225			310		
-Payments		0		1,334			1,025			225			225		310		310
Total Capital Programme		1,334	0	1,334	0	1,025	1,025	0	225	225	0	225	225	0	310	310	0
Non- earmarked																	
-Balance		580	1,008	74	1,514	0	705	809			809			809			809
-Repayment of redundancy /retirement pensions	5	(635)	197	230	(668)	286	7	(389)	188	7	(208)	185	0	(23)	53	0	30
-Town Centre Revitalisation Procurement costs	6	0	4	4	0	0	0	0	0	0	0	0	0	0	0	0	0
-Decommissioning / Demolition cost of PCs	7	0	158	158	0	165	165	0	0	0	0	0	0	0	0	0	0
-Local Authority Parking Enforcement (LAPE)	8	0	16	35	(19)	27	0	8	9	0	17	0	0	17	0	5	12
-CENSUS Partnership costs	9	0	0	35	(35)	0	0	(35)	0	0	(35)	0	0	(35)	0	0	(35)
-Interest & Investment Income	10	664	716	441	939	542	769	712	537	509	740	534	509	765	532	594	703
-Interest on repayments from Revenue Account	11	271	99	0	370	11	0	381	6	0	387	2	0	389	0	0	389
Non-Earmarked General Reserve	12	880	2,198	977	2,101	1,031	1,646	1,486	740	516	1,710	721	509	1,922	585	599	1,908
General Reserve Total		3,874	2,698	2,331	4,241	2,556	2,671	4,126	1,465	741	4,850	1,446	734	5,562	1,395	909	6,048
Special Reserve																	
Car Loans	13	3	0	0	3	0	0	3	0	0	3	0	0	3	0	0	3
Repairs and Renewals Reserve	14	103	304	280	127	304	280	151	304	280	175	304	280	199	304	280	223
Special Reserve Total		106	304	280	130	304	280	154	304	280	178	304	280	202	304	280	226
Specific Reserve :																	
Insurance Reserve	15	75	20	10	85	20	10	95	20	10	105	20	10	115	20	10	125
Risk Management Reserve	16	7	0	0	7	0	0	7	0	0	7	0	0	7	0	0	7
Employee Benefits Reserve	17	69	3	4	68	4	4	68	4	4	68	4	4	68	4	4	68
Arts Reserve	18	19	0	8	11	0	11	0	0	0	0	0	0	0	0	0	0
Dolphin Refurbishment	19	(1,313)	452	0	(861)	200	200	(861)	200	200	(861)	200	200	(861)	200	200	(861)
Dolphin New Equipment	20	(20)	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other one off Reserves	21	401	408	250	559	20	73	506	20	80	446	20	0	466	20	0	486
Pensions	22	1,318	0	573	745	200	573	372	200	573	(1)	200	173	26	200	173	53
Total		556	903	845	614	444	871	187	444	867	(236)	444	387	(179)	444	387	(122)
General Fund Balance	23	907	0	0	907												
Total Revenue Reserves		5,443	3,905	3,456	5,892	3,304	3,822	5,374	2,213	1,888	5,699	2,194	1,401	6,492	2,143	1,576	7,059
Capital																	
Capital Financing reserve																	
Section 106	24	42	0	0	42	0	0	42	0	0	42	0	0	42	0	0	42
I & CT Strategy -IEG4	25	2	150	150	2	0	0	2	0	0	2	0	0	2	0	0	2
Capital Receipts	26	1,308	714	1,548	474	870	1,014	330	2,061	0	2,391	0	0	2,391	0	0	2,391
Total Capital Reserves		1,352	864	1,698	518	870	1,014	374	2,061	0	2,435	0	0	2,435	0	0	2,435
Total Reserves exc. Time limited Section 106s		6,795	4,769	5,154	6,410	4,174	4,836	5,748	4,274	1,888	8,134	2,194	1,401	8,927	2,143	1,576	9,494
Time-limited Section 106s	27	1,441	0	128	1,313	0	8	1,305	0	0	1,305	0	0	1,305	0	0	1,305
Total Reserves inc. Time limited Section 106s		8,236	4,769	5,282	7,723	4,174	4,844	7,053	4,274	1,888	9,439	2,194	1,401	10,232	2,143	1,576	10,799

19. This shows repayments from revenue in relation to the Dolphin Refurbishment project and their subsequent reuse as per note 22 below.
20. A further amount being repaid from the revenue budget in relation to an advance to purchase new equipment at the Dolphin Leisure Centre.
21. Representing a number of balances held for specific purposes for which a decision has previously been taken of how to apply.
22. This amount is provided to meet certain pension contributions in respect of the fund deficit and added years payments.
23. This is the working balance to meet unforeseen commitments or for use in an emergency and is considered sufficient for the current budget.
24. Received from developers for which there are agreements defining the purpose for which the sums are to be applied, and which may only be used for capital expenditure.
25. Government grant for Implementing Electronic Government capital projects.
26. Accumulated proceeds from asset disposals and from the repayment of long term loans. This amount also includes the receipt from Thornfield.
27. **Time-limited S106 Contributions**
This represents a change in the accounting treatment of those S106 contributions which are time-limited. These have been transferred from reserves to sundry creditors. However, this amount can still be viewed as part of the Council's cash balances as it will be available to finance projects in the future within the framework of the Capital Programme.

Financial Strategy and Medium Term Financial Plan

Financial Strategy 2003/04 – 2007/08

Main Principles

1. The Council's spending priorities to be formulated after consultation with the community in line with the Council's consultation strategy.
2. All expenditure decisions to be led by the Council's priorities, in particular, the Corporate Plan.
3. The Financial Strategy will provide the framework for the Medium Term Financial Plan. The Medium Term Financial Plan will cover a rolling five year period and will include all commitments and the estimated effect of significant future changes for the Council.
4. Annual budget guidelines will be formulated to provide a framework for the annual budget to ensure it is prepared in accordance with the Financial Strategy.
5. The Financial Strategy may be reviewed at this time to ensure it maintains its relevance to the circumstances at the time.

Strategy for Revenue Spending

6. The Council will continue to adopt a prudent approach to financing the Budget Requirement which will, in the main be financed by the council tax and Formula Grant, but will be supported from other sources as necessary to maintain a level of council tax considered, at the time of setting, to be in the best interests of the community as a whole.
7. The annual payment from reserves as a contribution towards meeting the deficit on the Council's element of the pension fund should continue until 31/3/07.
8. In the longer term, consideration will need to be given to how the Council's pensions commitment will be financed.
9. The deficit on the Council's element of the pensions fund will be recovered over the maximum period the Actuary advises.
10. The budget will include an allowance for inflation that is considered realistic at the time it is estimated.
11. Income estimates which include volume increases must be the subject of detailed risk and sensitivity analysis in conjunction with the Head of Finance to ensure they are realistic and robust.

12. A fundamental and detailed examination of the Council's budget will be undertaken to ensure all aspects contribute to the Council's priorities. Savings that are identified as a result of this process will be used to further the Council's priorities and the decision on how to apply these savings will be taken corporately.
13. Income that arises which is unbudgeted will be made available for corporate use in achieving the Council's priorities.
14. The Council will aim to achieve **net expenditure reductions** by exploring alternative ways to deliver existing services.
15. Every effort will be made to explore sources of alternative financing with the aim of releasing existing resources to be applied to other priorities.
16. Opportunities for charging for services under powers provided by the Local Government Act 2003 will be maximised.
17. The Medium Term Financial Plan will show the difference between projected net spending and income from the council tax and government grant and Cabinet will recommend how this is to be managed in a way that is consistent with this Financial Strategy.

Strategy for Capital Spending

18. The Capital Projects will contribute to achieving the Corporate Plan and must further the Council's corporate priorities. This will be the means that objectively selects, ranks and recommends projects for inclusion in the Capital Programme, regardless of the source of the funding for the projects.
19. The affordability of capital projects must be determined in the context of the Strategy for Revenue Spending and the Strategy for reserves and cash balances and will be governed by the provisions of the Prudential Code.
20. The Capital Programme will be financed by the most appropriate mix of:
 - interest
 - contributions from the Revenue Budget
 - loan
 - contributions from stakeholders (including s106 agreements)
 - capital grants
 - other grants
 - proceeds from the sale of assets
 - external funding from partners in both the public and private sectors which is consistent with this Financial Strategy.
21. The use of borrowing as a means of financing capital expenditure will be consistent with the Prudential Code and with the Strategy for Revenue Spending.

22. An amount of additional funding will be provided each year equivalent to the estimated interest to be generated on reserves and cash balances.
23. The Council will continually review the financial and service benefits of existing assets and, in accordance with prudent asset management best practice, draw up a schedule of those which could be disposed of and the timescale for disposal in accordance with the Asset Management Plan.
24. The Council will make every effort to generate funding for capital projects from partners and other sources (including s106 agreements). Negotiations with the sources of funding must focus on the Council's priorities at the time.
25. The asset base will be continually reviewed to maximise financial benefits including income whilst ensuring the Council, as a local authority, does not compromise its fiduciary duty to the council taxpayers.
26. Projects that can be supported by a business case may be financed from reserves subject to a payback within an appropriate and specified period but subject to the Council's capacity to allow such a commitment.

Strategy for reserves and cash balances

27. The target for the total level of reserves will be a minimum of £1,500,000.
28. The General Fund Balance, currently at £907,000 will be maintained at this level.
29. The Treasury Management Policy Statement will determine the investment of cash balances. The Cabinet as a whole will plan and decide how interest from all sources is applied. The target for the generation of interest will be shown in the Medium Term Financial Plan.

Summary Medium Term Financial Plan

The Budget forecast summarises projected changes in the Council's finances over a five year timescale, the current period for which is 2005/06 to 2009/10. This is shown on the next two pages with explanatory comments and the key assumptions made in the projections below :

The expenditure and income projections in the Medium Term Financial Plan are based on likely commitments apparent at the present time. It is important to note that they do not dictate the estimate for any particular year. Their purpose is to provide a view of the Council's likely financial position for the period of the plan. The figures making up the plan will need to be analysed further and approved when the annual budget for each year is prepared.

Similarly the council tax figures are purely indications of increases in future years. They are not intended to show the amounts that will be approved. That will be for the Council to decide in relation to the circumstances and budget decisions for the particular year.

- a) Revenue Spending
 - Increases in net expenditure are based on commitments known at the present time.
 - Inflation on Head of Service Net Expenditure is 3.0% per year as an indication of the likely increases in costs for this Council.
- b) Council tax calculations
 - This section shows the effect on council tax at band D as a result of projected increases in Revenue Spending, but having regard to council tax capping.
 - Increases in Formula Grant (AEF) are based on a prudent view of likely increases.
 - Increases in council tax base are a prudent view to reflect the increase in properties in the district.
- c) Capital Spending
 - This section is a summary of the programme shown in detail in appendix 3.
- d) Receipts and contributions
 - The amount for Housing Renewal Assistance Grants is the average 50% grant from government on mandatory awards relating to the expenditure shown in the programme in the above section.
 - Capital receipts take account of asset disposals known at the present time, and include projected repayments of mortgage loans.
 - The level of contributions is a view of payments from developers.
- e) Interest
 - Projected interest rates used in estimating interest receipts are 4.63% for 2005/06 and 4.5% for 2006/07 onwards.
- f) Cash balances
 - The total of cash balances is detailed in appendix 4. The amount of cash balances is determined by the assumptions made in the rest of the forecast.

Medium Term Financial Plan as at Council 1st March 2006

Revenue Spending

	Year 1 2005/06 £'000	Year 2 2006/07 £'000	<i>Notes</i>	Year 3 2007/08 £'000	Year 4 2008/09 £'000	Year 5 2009/10 £'000
Net Expenditure	12,612	14,251		14,729	15,308	15,375
Benefits	(250)	(257)		(264)	(271)	(278)
Drainage levies	10	11		11	12	12
Base Revenue Spending	12,372	14,005		14,476	15,049	15,109
Efficiency savings to be identified		(460)		(460)	(460)	(460)
Balance Unallocated	-	102				
Council Net Expenditure	12,372	13,647		14,016	14,589	14,649
Net General inflation				422	875	1,343
Procurement savings		(100)		(100)	(100)	(100)
LABGI		(90)		(90)	(90)	(90)
Additional Planning Delivery Grant		(50)				
Better Mid Sussex Benefit	(200)	(300)				
Use of Special Reserve	(169)					
Revenue savings yet to be identified	(26)					
Revenue Spending	11,977	13,107		14,248	15,274	15,802
Payback to reserves (Re: Dolphin)	526	200		200	200	200
Contribution to Repairs and Renewals Reserve	280	280		280	280	280
Budget Requirement before use of interest	12,783	13,587		14,728	15,754	16,282
Use of interest to meet contribution to Repairs and Renewals Reserve	(280)	(280)		(280)	(280)	(280)
Budget Requirement after use of interest	12,503	13,307		14,448	15,474	16,002
Formula Grant	(5,538)	(6,147)		(6,274)	(6,443)	(6,617)
Council tax income @4.8% 06/07	(6,953)	(7,288)		(7,731)	(8,196)	(8,691)
Collection Fund deficit / (surplus)	(12)	128		-	-	-
Shortfall	-	(0)		443	835	694

Financing the Budget Requirement

	2004/05	Year 1 2005/06	Year 2 2006/07	Year 3 2007/08	Year 4 2008/09	Year 5 2009/10
Council Taxbase	54,756	55,658	55,658	56,215	56,777	57,345
Change in Taxbase		1.65%	0.00%	1.0%	1.0%	1.0%
		£'000	£'000	£'000	£'000	£'000
Budget Requirement (before use of interest)		12,783	13,587	14,728	15,754	16,282
% change in Formula Grant		3.1%	3.0%	2.7%	2.7%	2.7%
Formula Grant		(5,538)	(6,147)	(6,274)	(6,443)	(6,617)
Council Tax Income		(6,953)	(7,288)	(7,731)	(8,196)	(8,691)
Collection Fund deficit / (surplus)		(12)	128	-	-	-
Use of interest		(280)	(280)	(280)	(280)	(280)
Total Financing		(12,783)	(13,587)	(14,285)	(14,919)	(15,588)
Shortfall		-	0	(443)	(835)	(694)
		(12,783)	(13,587)	(14,728)	(15,754)	(16,282)
Council Tax at Band D		£ 124.92	£ 130.95	£ 137.52	£ 144.36	£ 151.56
Change from previous year		5.0%	4.80%	5.0%	5.0%	5.0%

Medium Term Financial Plan as at Council 1st March 2006

Capital Spending

	Total £'000	Year 1 2005/06 £'000	Year 2 2006/07 £'000	Year 3 2007/08 £'000	Year 4 2008/09 £'000	Year 5 2009/10 £'000
Environmental, Protective and Cultural Services						
Schemes in Progress	1,103	1,103	-	-	-	-
New Projects	1,986	984	1,002	-	-	-
	3,089	2,087	1,002	-	-	-
<i>Additional funding</i>						
Allocated for Major Capital Renewals	1,807	527	320	320	320	320
Other Unallocated funding	540			180	180	180
	5,436	2,614	1,322	500	500	500
Housing Services						
Housing Renewal Assistance	2,419	450	450	450	450	619
Unallocated Funding - Social Housing	2,500	500	500	500	500	500
	4,919	950	950	950	950	1,119
Total Programme	10,355	3,564	2,272	1,450	1,450	1,619

Receipts and Contributions

	Total £'000	Year 1 2005/06 £'000	Year 2 2006/07 £'000	Year 3 2007/08 £'000	Year 4 2008/09 £'000	Year 5 2009/10 £'000
Capital Grants (Renovation Grants)	1,210	225	225	225	225	310
Capital Receipts	3,645	714	870	2,061	tbd	tbd
Capital Grants -IEG	150	150	-	-	-	-
Contributions	2,500	500	500	500	500	500
Total	7,505	1,589	1,595	2,786	725	810

Interest

	Total £'000	Year 1 2005/06 £'000	Year 2 2006/07 £'000	Year 3 2007/08 £'000	Year 4 2008/09 £'000	Year 5 2009/10 £'000
Interest	2,861	716	542	537	534	532

Reserves & Other Balances

	Base 31.03.05 £'000	31.3.06 £'000	31.3.07 £'000	31.3.08 £'000	31.3.09 £'000	31.3.10 £'000
General Reserve	3,874	4,241	4,126	4,850	5,562	6,048
Special Reserve	106	130	154	178	202	226
Specific Reserve	556	614	187	(236)	(179)	(122)
GF Balance	907	907	907	907	907	907
Capital	1,352	518	374	2,435	2,435	2,435
Time-limited Section 106s	1,441	1,313	1,305	1,305	1,305	1,305
Total	8,236	7,723	7,053	9,439	10,232	10,799

Collection Fund

1. The latest Collection Fund estimates are shown below :

Collection Fund				
	<i>2005/06 Original Estimate £'000</i>	<i>2005/06 Revised Estimate £'000</i>	<i>2006/07 Original Estimate £'000</i>	<i>Note</i>
Income				
Council Taxpayers	(65,014)	(63,994)	(67,562)	
Council Tax Benefit	(4,074)	(4,085)	(4,901)	
	<hr/>	<hr/>	<hr/>	
Total Council Tax	(69,088)	(68,079)	(72,463)	<i>a</i>
Business Ratepayers	(31,459)	(31,459)	(33,960)	<i>b & c</i>
Contribution to estimated CF (deficit)/surplus for previous year	86	86	(931)	<i>Para 2</i>
	<hr/>	<hr/>	<hr/>	
	(100,461)	(99,452)	(107,354)	
Expenditure				
West Sussex County Council	53,108	53,108	55,733	
Sussex Police Authority	6,136	6,136	6,442	
Mid Sussex District Council	9,432	9,432	9,885	
	<hr/>	<hr/>	<hr/>	
Total "precepts"	68,676	68,676	72,060	
Contribution to NNDR Pool	31,282	31,282	33,786	<i>b</i>
Cost of collection (NNDR)	177	177	174	
Prov. for Bad & Doubtful Debts - Council Tax	412	336	403	
	<hr/>	<hr/>	<hr/>	
	100,547	100,471	106,423	
	<hr/>	<hr/>	<hr/>	
Movement on Fund Balance	86	1,019	(931)	
Collection Fund Balance				
At the beginning of the year	(86)	(88)	931	
Movement on Fund Balance	86	1,019	(931)	
	<hr/>	<hr/>	<hr/>	
Deficit/(Surplus) at Year End	0	931	0	
	<hr/>	<hr/>	<hr/>	

Notes :

- a. For 2006/07, total Council Tax, less provision for bad debts of 0.6%, totals £72,060m - the amount required to meet the "precepts" of WSCC, Sussex Police Authority, MSDC and the parish/town councils.
- b. The revised estimate includes changes in income due from ratepayers, resulting in a corresponding change in the amount of the contribution to be paid to the National Non-Domestic Rate Pool.

- c. For 2006/07, the amounts are taken from ODPM NNDR1 return. These are derived from the number of hereditaments 3,737, and the total rateable value of £94m as at 31st December 2005. An allowance of 0.5% for losses on collection has been specified by the ODPM.
2. In accordance with legislation, the estimated balance as at 31st March 2006 on the Collection Fund (*excluding* items relating to community charge) is £931,000 deficit and both the County Council and Police Authority have been notified. This deficit is deducted from the contribution from each of these principal authorities in proportion to their Council Tax for the current year.

	%	£
West Sussex CC	77.33	719,942
Sussex Police Authority	8.93	83,138
MSDC	13.74	127,920
	100.00	931,000

Council Tax Levels

1. The basic amount of Council Tax for this Council is calculated as shown below:

	£	£
Budget Requirement		
Mid Sussex District Council	13,307,466	
Parish/Town Council precepts	2,596,915	
		15,904,381
National Non-Domestic Rates	(5,152,344)	
Revenue Support Grant	(994,586)	
Collection Fund Deficit	127,920	
		(6,019,010)
Collection Fund Requirement		9,885,371
Divided by 55,658.3 (tax base)		177.61

This represents the *average* Council Tax for a dwelling in valuation band D in respect of District and Parish/Town Council requirements.

2. From the average council tax calculated in paragraph 1, Parish and Town Council precepts are removed to give a Council Tax at band D of £130.95 for this Council's Budget Requirement. For each parish area a sum is added to this amount being the relevant precept divided by the parish tax base. The results of these calculations for each parish area are set out in table 4 overleaf.
3. The method of calculation of the tax base is laid down in the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003.
4. The starting point is the actual number of properties within each tax band as shown on the Council's Valuation List as at 30th November 2005 (the "Relevant Day") less the actual number of exemptions and discounts at that time. The resulting figures are adjusted to take account of estimated movements within and between bands affecting 2006/07 (i.e. changes from 1st December 2005 to 31st March 2007) to arrive at the number of chargeable properties within each band for the year.

5. The numbers of chargeable properties within each tax band are expressed as band D equivalents. The aggregate of all bands is multiplied by the estimated collection rate to determine the tax base for the area. The collection rate represents the effect of losses on collection due to non payment. For 2006/07 the rate has been set at 99.4%.
6. The calculations referred to in the previous paragraphs are shown in table 2 below, together with tax base figures for each of the twenty-four parish areas which are shown in table 3 overleaf.

Table 2: Mid Sussex Tax Base 2006/07 - Analysed by chargeable dwellings

	<i>band A</i>	<i>band B</i>	<i>band C</i>	<i>band D</i>	<i>band E</i>	<i>band F</i>	<i>band G</i>	<i>band H</i>	<i>Total</i>
No of dwellings									
Property equivalents*	1,738.00	5,524.02	11,983.45	15,247.74	9,879.77	7,550.40	3,959.24	318.79	56,201.41
Exemptions (various classes)	-145.60	-229.12	-294.84	-274.00	-125.56	-86.64	-49.88	-8.64	-1,214.28
Disabled reductions	10.00	22.00	25.00	-5.00	-20.00	4.00	-21.00	-15.00	0.00
Chargeable	1,602.40	5,316.90	11,713.61	14,968.74	9,734.21	7,467.76	3,888.36	295.15	54,987.13
Single discounts	914.00	3,374.00	4,814.00	4,370.00	2,097.00	1,135.00	511.00	34.00	17,249.00
Two discounts	8.00	5.00	8.00	6.00	7.00	21.00	21.00	5.00	81.00
10% discounts	50.00	39.00	85.00	69.00	61.00	34.00	32.00	12.00	382.00
Net chargeable	1,364.90	4,467.00	10,497.61	13,866.34	9,200.36	7,170.11	3,746.91	282.95	50,596.18
<i>Ratio to Band D</i>	<i>6/9ths</i>	<i>7/9ths</i>	<i>8/9ths</i>	<i>9/9ths</i>	<i>11/9ths</i>	<i>13/9ths</i>	<i>15/9ths</i>	<i>18/9ths</i>	
Band D equivalent	909.93	3,474.33	9,331.21	13,866.34	11,244.88	10,356.83	6,244.85	565.90	55,994.3
Total multiplied by Collection Rate of 99.4%									55,658.3

* Includes estimates of full year equivalent effect of new dwellings, dwellings yet to be banded and other changes to the valuation list.

7. The 2006/07 tax base so calculated for the whole district is 55,658.3 which represents an increase of 0.2 (+0.00%) over the tax base for the current year. The effect at parish area level ranges from a decrease of 33.2 to an increase of 66.6 and in percentage terms from -3.12% to +2.98%.

Table 3: Mid Sussex Tax Base 2006/07 - Analysed by Parish Area

<i>Parish area</i>	<i>band A</i>	<i>band B</i>	<i>band C</i>	<i>band D</i>	<i>band E</i>	<i>band F</i>	<i>band G</i>	<i>band H</i>	<i>Total</i>
Albourne	2.9	9.5	29.9	77.1	24.0	36.6	90.1	9.9	280.0
Ardingly	13.3	33.2	76.8	187.7	137.5	162.5	85.9	19.4	716.3
Ashurst Wood	5.2	21.4	98.6	204.5	131.4	140.5	152.7	2.0	756.3
Balcombe	11.9	43.7	83.8	147.1	112.8	214.7	183.5	15.2	812.7
Bolney	11.6	19.1	24.1	85.7	77.3	146.2	200.0	42.0	606.0
Burgess Hill	140.8	702.5	2,679.1	3,474.6	2,390.7	1,409.8	534.4	16.9	11,348.8
Cuckfield	35.4	51.8	175.8	217.5	341.9	273.0	401.3	28.3	1,525.0
Cuckfield Rural	16.1	15.0	64.7	117.9	134.0	132.5	222.6	44.0	746.8
East Grinstead	180.6	573.4	1,851.5	2,405.6	2,360.6	2,278.3	851.5	41.9	10,543.4
Fulking	1.8	5.9	14.9	18.5	28.1	14.9	43.7	11.4	139.2
Hassocks	31.7	239.4	366.3	862.5	928.1	380.9	253.3	21.7	3,083.9
Haywards Heath	167.7	1,098.0	2,321.4	2,622.5	1,318.0	1,967.5	1,012.4	28.3	10,535.8
Horsted Keynes	3.7	23.5	88.1	123.9	109.8	152.9	178.2	26.3	706.4
Hurstpierpoint and Sayers Common	47.6	132.1	380.8	669.0	749.0	362.5	399.5	32.8	2,773.3
Lindfield	7.6	151.5	229.9	533.7	474.4	738.8	546.5	38.3	2,720.7
Lindfield Rural	13.0	36.1	86.4	217.4	223.3	381.2	182.1	42.8	1,182.3
Newtimber	0.7	6.2	13.5	3.0	4.9	1.4	9.9	2.0	41.6
Poynings	3.6	16.0	29.5	14.7	17.6	14.2	31.7	3.5	130.8
Pyecombe	1.8	4.5	8.2	21.6	17.9	19.4	26.1	0.0	99.5
Slaugham	26.2	107.6	178.0	216.0	145.4	124.1	113.3	44.7	955.3
Turners Hill	145.9	37.7	114.8	122.2	65.2	77.5	64.8	8.7	636.8
Twineham	2.2	2.6	10.4	28.8	20.8	15.4	38.0	13.2	131.4
West Hoathly	14.6	23.0	112.4	187.9	216.6	180.1	157.6	32.8	925.0
Worth	18.7	99.7	236.6	1,223.8	1,148.0	1,069.8	428.1	36.3	4,261.0
<i>Total</i>	904.6	3,453.4	9,275.5	13,783.2	11,177.3	10,294.7	6,207.2	562.4	55,658.3

Table 4: **Basic Tax**

<i>Parish area</i>	<i>Tax base</i>	<i>Precept</i>	<i>Precept band D</i>	<i>MSDC band D</i>	<i>Basic Tax</i>
		£	£	£	£
Albourne	280.0	14,000	50.00	130.95	180.95
Ardingly	716.3	62,106	86.70	130.95	217.65
Ashurst Wood	756.3	33,000	43.63	130.95	174.58
Balcombe	812.7	32,000	39.37	130.95	170.32
Bolney	606.0	13,800	22.77	130.95	153.72
Burgess Hill	11,348.8	658,783	58.05	130.95	189.00
Cuckfield	1,525.0	86,338	56.62	130.95	187.57
Cuckfield Rural	746.8	32,400	43.39	130.95	174.34
East Grinstead	10,543.4	583,800	55.37	130.95	186.32
Fulking	139.2	4,500	32.33	130.95	163.28
Hassocks	3,083.9	167,605	54.35	130.95	185.30
Haywards Heath	10,535.8	386,750	36.71	130.95	167.66
Horsted Keynes	706.4	24,795	35.10	130.95	166.05
Hurstpierpoint & Sayers Common	2,773.3	159,200	57.40	130.95	188.35
Lindfield	2,720.7	85,000	31.24	130.95	162.19
Lindfield Rural	1,182.3	37,375	31.61	130.95	162.56
Newtimber	41.6	235	5.65	130.95	136.60
Poynings	130.8	2,266	17.32	130.95	148.27
Pyecombe	99.5	3,942	39.62	130.95	170.57
Slaugham	955.3	33,000	34.54	130.95	165.49
Turners Hill	636.8	42,505	66.75	130.95	197.70
Twineham	131.4	2,460	18.72	130.95	149.67
West Hoathly	925.0	16,055	17.36	130.95	148.31
Worth	4,261.0	115,000	26.99	130.95	157.94
	55,658.3	2,596,915	46.66	130.95	177.61

8. The above amounts represent the level of Council Tax to be set for a dwelling within band D in respect of the requirements of this Council and the appropriate Parish/Town Council. These amounts are used to determine the Council Tax for each valuation band in the area by applying the following proportions

band A	6/9ths
band B	7/9ths
band C	8/9ths
band D	9/9ths
band E	11/9ths
band F	13/9ths
band G	15/9ths
band H	18/9ths

The amounts so calculated are set out in recommendation 8(i).

9. The Council Tax amounts to be set for 2006/07 are determined by adding to the amounts calculated for District, Parish and Town Council requirements, the amounts calculated by West Sussex County Council and Sussex Police Authority in respect of their precepts for the year.
10. For illustrative purposes *average* Council Tax figures for each valuation band are shown below :

	WSCC	SPA	MSDC	Parish/ Town Councils	Total
	£	£	£	£	£
band A	667.56	77.16	87.30	31.11	863.13
band B	778.82	90.02	101.85	36.29	1006.98
band C	890.08	102.88	116.40	41.48	1150.84
band D	1001.34	115.74	130.95	46.66	1294.69
band E	1223.86	141.46	160.05	57.03	1582.40
band F	1446.38	167.18	189.15	67.40	1870.11
band G	1668.90	192.90	218.25	77.77	2157.82
band H	2002.68	231.48	261.90	93.32	2589.38

An analysis of the actual amounts of tax for each parish area is shown on the following pages.

11. The actual band D Council Tax within each parish area of Mid Sussex ranges from:

Parish	Council Tax £
Newtimber (minimum)	1,253.68
Ardingly (maximum)	1,334.73

12. The percentage increase in the actual band D Council Tax within each parish area of Mid Sussex ranges from:

Parish	Increase on 2005/06 %
West Hoathly (minimum)	4.5
Ardingly (maximum)	6.4

Appendix 7

Analysis of Council Tax set for 2006/07 in each parish area (bands A to D)

Parish area	band A			band B			band C			band D		
	£	£	£	£	£	£	£	£	£	£	£	
Albourne	parish	33.33		38.89		44.44		50.00		55.56		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	865.25	865.84	1,009.58	992.97	1,133.80	1,117.04	1,258.03			
Ardingly	parish	57.80		67.44		77.07		86.70		96.33		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	889.82	865.84	1,038.13	992.97	1,186.43	1,117.04	1,334.73			
Ashurst Wood	parish	29.05		38.79		48.53		58.27		68.00		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	861.11	865.84	1,004.63	992.97	1,148.15	1,117.04	1,291.66			
Balcombe	parish	26.55		35.52		44.49		53.46		62.43		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	858.27	865.84	1,001.31	992.97	1,144.35	1,117.04	1,287.40			
Bolney	parish	15.18		17.71		20.24		22.77		25.30		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	847.20	865.84	988.40	992.97	1,129.60	1,117.04	1,270.80			
Burgess Hill	town	38.75		45.15		51.55		57.95		64.35		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	870.23	865.84	1,015.84	992.97	1,160.95	1,117.04	1,306.08			
Cuckfield	parish	37.74		44.03		50.32		56.62		62.91		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	869.26	865.84	1,014.72	992.97	1,169.68	1,117.04	1,304.63			
Cuckfield Rural	parish	28.52		33.74		38.96		44.18		49.40		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	860.84	865.84	1,004.43	992.97	1,147.92	1,117.04	1,291.42			
East Grinstead	town	36.91		43.07		49.22		55.37		61.52		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	868.53	865.84	1,013.70	992.97	1,158.58	1,117.04	1,303.40			
Fulking	parish	21.55		25.14		28.74		32.33		35.92		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	853.57	865.84	995.83	992.97	1,138.10	1,117.04	1,280.30			
Hassocks	parish	36.23		42.27		48.31		54.35		60.39		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	868.25	865.84	1,012.96	992.97	1,157.67	1,117.04	1,302.38			
Haywards Heath	town	24.47		28.55		32.63		36.71		40.79		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	856.40	865.84	999.24	992.97	1,141.99	1,117.04	1,284.74			
Horsted Keynes	parish	23.40		27.30		31.20		35.10		39.00		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	855.42	865.84	997.90	992.97	1,140.55	1,117.04	1,283.13			
Hurstpierpoint & Sayers Common	parish	38.27		44.65		51.03		57.40		63.78		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	870.23	865.84	1,015.34	992.97	1,160.39	1,117.04	1,305.43			
Lindfield	parish	20.83		24.30		27.77		31.24		34.71		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	852.83	865.84	994.99	992.97	1,137.13	1,117.04	1,279.27			
Lindfield Rural	parish	21.07		24.59		28.10		31.61		35.12		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	853.09	865.84	995.28	992.97	1,137.46	1,117.04	1,279.64			
Newtimber	parish	3.77		4.39		5.02		5.65		6.28		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	835.79	865.84	975.08	992.97	1,114.38	1,117.04	1,253.68			
Poyning	parish	11.55		13.47		15.40		17.32		19.24		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	843.57	865.84	984.16	992.97	1,124.76	1,117.04	1,265.35			
Pyecombe	parish	26.41		30.81		35.22		39.62		44.03		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	858.43	865.84	1,001.90	992.97	1,144.98	1,117.04	1,287.65			
Slaughton	parish	23.03		26.87		30.71		34.54		38.38		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	855.05	865.84	997.95	992.97	1,140.07	1,117.04	1,282.57			
Turners Hill	parish	44.50		51.92		59.33		66.75		74.16		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	876.52	865.84	1,022.61	992.97	1,168.69	1,117.04	1,314.78			
Twineham	parish	12.48		14.56		16.64		18.72		20.80		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	844.50	865.84	985.25	992.97	1,126.00	1,117.04	1,266.75			
West Hoathly	parish	11.57		13.50		15.43		17.36		19.29		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	843.50	865.84	984.19	992.97	1,124.79	1,117.04	1,265.39			
Worth	parish	17.99		20.99		23.99		26.99		29.99		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	850.01	865.84	991.68	992.97	1,133.30	1,117.04	1,275.02			

Appendix 7

Analysis of Council Tax set for 2006/07 in each parish area (bands E to H)

Parish area	band E			band F			band G			band H		
	£	£	£	£	£	£	£	£	£	£	£	
Albourne	parish	61.11		72.22		83.33		94.44		105.56		
	district	160.00		188.00		216.00		244.00		272.00		
	wsocspa	1,365.30	1,586.48	1,613.56	1,874.93	1,861.80	2,163.39	2,234.16	2,596.00			
Ardingly	parish	57.80		67.44		77.07		86.70		96.33		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	889.82	865.84	1,038.13	992.97	1,186.43	1,117.04	1,334.73			
Ashurst Wood	parish	29.05		38.79		48.53		58.27		68.00		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	861.11	865.84	1,004.63	992.97	1,148.15	1,117.04	1,291.66			
Balcombe	parish	26.55		35.52		44.49		53.46		62.43		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	858.27	865.84	1,001.31	992.97	1,144.35	1,117.04	1,287.40			
Bolney	parish	15.18		17.71		20.24		22.77		25.30		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	847.20	865.84	988.40	992.97	1,129.60	1,117.04	1,270.80			
Burgess Hill	town	38.75		45.15		51.55		57.95		64.35		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	870.23	865.84	1,015.84	992.97	1,160.95	1,117.04	1,306.08			
Cuckfield	parish	37.74		44.03		50.32		56.62		62.91		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	869.26	865.84	1,014.72	992.97	1,169.68	1,117.04	1,304.63			
Cuckfield Rural	parish	28.52		33.74		38.96		44.18		49.40		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	860.84	865.84	1,004.43	992.97	1,147.92	1,117.04	1,291.42			
East Grinstead	town	36.91		43.07		49.22		55.37		61.52		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	868.53	865.84	1,013.70	992.97	1,158.58	1,117.04	1,303.40			
Fulking	parish	21.55		25.14		28.74		32.33		35.92		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	853.57	865.84	995.83	992.97	1,138.10	1,117.04	1,280.30			
Hassocks	parish	36.23		42.27		48.31		54.35		60.39		
	district	87.30		101.85		116.40		130.95		145.50		
	wsocspa	744.72	868.25	865.84	1,012.96	992.97	1,157.67	1,117.04	1,302.38			
Haywards Heath	town	24.47		28.55		32.63		36.71				

Treasury Management

1. Introduction

This section of the report deals with the management of the Council's daily cash balances and the borrowing limits required to be set by law.

2. Treasury Management for the Year 2006/07

2.1 Members will recall that the current Treasury Management Policy Document incorporates the Code of Practice for Treasury Management in the Public Services, issued by CIPFA.

2.2 Within the Code is a requirement for the Chief Finance Officer to report to Members before the start of the coming financial year on the strategy proposed to be adopted during the year.

2.3 Accordingly it is proposed that the following strategy be adopted for 2006/07:

- a. To ensure a sufficient cash flow from revenue income, capital receipts and maturing deposits to cover all known capital and revenue payments.
- b. All funds moving into and out of the Council's bank accounts are monitored on a daily basis, and either placed in or withdrawn from the investment portfolio to produce a small overnight credit balance at the bank.
- c. Cash flows are prepared for 5 years forward, the first year on a month-by-month basis, thereafter annually. Details are taken from known income and expenditure, e.g. precept, council tax, contract payments, Government funding, and projected forward.
- d. To ensure adequate liquidity to cover any temporary cash flow shortage, at least £1 million will be invested at call or notice whenever possible.
- e. Investments are to be by cash deposits with permitted counterparties.
- f. Whilst the Council is empowered to lend for periods up to 5 years, the longest current deposit is one of £1.0m maturing in October 2006. The review of how the Council finances capital expenditure in the future, however, may dictate the optimum period for medium term investments.
- g. Investments are spread between banks, building societies, money market funds and local authorities, such that there is no undue concentration in any one sector. Likewise maturity dates are spread to avoid bunching on any one date and where possible coincide with known expenditure.
- h. All dealings are through either the London Money Market or directly with a permitted counterparty at the best possible rates of interest. Investment and borrowing periods are to be commensurate with the cash flow forecast.

- i. In the position of a positive yield curve the opportunity may be taken to lengthen investment periods in order to maximise returns, or if a reverse curve prevails investments may be placed short term.
- j. The average rate of interest projected to be achieved over this period is 4.5%, with accrued interest in the region of £0.542 million. This reflects known interest on existing deposits and projected interest on new lending.
- k. All transactions are to be in accordance with the Treasury Management Policy Document approved by Cabinet.
- l. Under the new Prudential Indicators - see Appendix 9 - deposits for more than one year should not exceed 20% of the average outstanding investments.

3. **Borrowing limits**

3.1 Before the beginning of each financial year, **full Council** must determine for that year an overall borrowing limit together with a limit at variable interest rates. Full Council can amend the limits at any time.

3.2 The borrowing limits approved by the Council for the 2005/06 financial year are shown below:

Overall borrowing limit	£5m.
Short term borrowing limit	£5m.
Borrowing at variable rates	£5m.

3.3 Although no specific external borrowing has been undertaken since October 1991, when the Council repaid the last of its long-term debt, temporary borrowing may be necessary at any time in order to meet revenue expenditure pending the receipt of income. Members are recommended to **keep these limits at £5m** and approve them for the 2006/07 financial year.

3.4 For 2006/07, the maximum borrowing at fixed rates is set at 95%; the maximum at variable interest rates 25%. (See Appendix 9)

Prudential Code Indicators

	Actual 2004/05 £000	Estimate 2005/06 £000	Estimate 2006/07 £000	Estimate 2007/08 £000	Estimate 2008/09 £000
Capital Expenditure	944	1,468	2,272	1,450	1,450
Capital Financing Requirement	0	0	0	0	0
Effect on council tax band D	0	0	0	0	0
Ratio of Financing Costs to Revenue Stream	N/a	N/a	N/a	N/a	N/a
Authorised Borrowing limit	5,000	5,000	5,000	5,000	5,000
Maximum % Lending at Fixed Rates	95%	95%	95%	95%	95%
Maximum % Lending at Variable Rates	25%	25%	25%	25%	25%
Maximum Invested for a year or longer	20%	20%	20%	20%	20%
Compliance with CIPFA Code of Practice	YES	YES	YES	YES	YES

Local authorities are required by Regulation to have regard to the Prudential Code under Part 1 of the Local Government Act 2003. The key objectives of the code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The above table shows the indicators relating to Mid Sussex District Council.

Glossary of Terms

Aggregate External Finance (AEF) - the total of support for local authorities' revenue spending from government grants and business rates. It includes revenue support grant and certain specific grants. The total is fixed as part of the revenue support grant settlement.

Area Cost Adjustment (ACA) - the scaling factor applied to Formula Grant to reflect higher costs – mostly pay – in some council areas.

Asset Management Revenue Account - this account enables the annual cost of depreciation to be charged in the year (i.e. the real cost of holding and using assets) replacing the capital charges that have been made to Services (i.e. the notional costs) thus ensuring capital charges do not affect the amounts to be met from Government Grants and Local Taxpayers. This account is for accounting purposes only and is in no way a trading account reflecting the Council's performance in property management.

Assumed National Council Tax (ANCT) – the difference between Total Assumed Spending and Aggregate External Finance is approximately the amount that would be raised in Council Tax if local authorities as a whole spent at the level of their Formula Spending Shares. Dividing this total amount by the total Council Tax base produces an assumed national tax rate. This then gives the standard level of Council Tax for a band D property if all authorities spent at the level of their Formula Spending Share. This amount is used to work out how the Revenue Support Grant should be shared between authorities. Formerly known as '*Council Tax for Standard Spending*'.

Balances - in general, the surplus or deficit on any account at the end of the year. A General Fund balance is required to meet unexpected expenditure or a shortfall in income and to finance expenditure pending receipt of income. An authority may also use its revenue balances to reduce the requirement from the Council Tax.

Balance Unallocated - The term used by MSDC to denote a part of the budget for Net Expenditure which is not allocated to a service at the time the budget is prepared. It has been practice in recent years to use this facility to accrue budget reductions and to meet budget increases (other than new proposals) as a result of revenue budget management during the year. A Balance Unallocated can, however, be earmarked for a purpose but subject to further consideration before being applied.

Band D Equivalent - the weighted number of properties subject to council tax in a local authority's area, calculated on the basis of prescribed proportions in relation to Band D.

Benefits - Council Tax Benefit plus Housing Benefit (see Housing Benefit).

Billing Authority - the local authority responsible for the billing and collection of the council tax from all properties in their area. In shire areas the district councils are the billing authorities.

Budget - a statement defining the Council's policies over a specified period of time in terms of finance. Budgets usually include statements about the use of other resources (e.g. numbers of staff) and provide some information on performance measures.

Budget Guideline - the term used by MSDC to describe the framework within which future years' budgets should be prepared. Budget Guidelines would be set by the Cabinet.

Budget Requirement - sum of money including parish and town council precepts required to be met from local taxpayers, revenue support grant, redistributed NNDR and any share of the estimated collection fund balance.

Business Rates – see National Non-Domestic Rates.

Capital - see Capital Expenditure.

Capital Accounting - the recording in local authority balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

Capital Charges - charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure (see also Capital Spending) - spending on the acquisition of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Section 40 of the Local Government and Housing Act 1989 defines "expenditure for capital purposes". Expenditure which does not fall within the definition must be charged to a revenue account.

Capital Expenditure Charged To Revenue Account - the financing of capital expenditure from revenue.

Capital Programme - an authority's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

Capital Receipts - income received from the sale of land or assets, which is available to finance other items of capital (but not revenue) spending, or to repay debt on assets originally financed from loan.

Capital Spending - the acquisition of assets which have a long-term value to the authority in the provision of its services (e.g. land) purchasing existing buildings or erecting new ones, purchasing furniture, equipment, etc.

Central Support (or Administration Charges) - the cost of central administrative departments, e.g. Finance and Legal Divisions apportioned to services.

CERA - Capital Expenditure Charged To Revenue Account.

Certificate of Deposit - is a certificate evidencing title to the placing of a sum of money with a fixed maturity date and rate of interest.

CIPFA - The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accounting Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

Collection Fund - a fund administered by each billing authority (the District Council in shire areas). The council tax, business rate income and the community charge are paid into the fund whilst the net revenue spending of the county, district and parishes are met from the fund.

Commuted Sum - a one-off payment to the Council as a settlement intended for a specific purpose such as the continued maintenance of an open space.

Comprehensive Performance Assessment (CPA) – a process of inspection carried out by the Audit Commission which brings together evidence from a range of sources to assess the quality of councils' performance.

Consolidated Revenue Account - a financial statement that summarises the revenue income and expenditure relating to the financial year (i.e. 1st April to 31st March). It also shows the extent to which moneys have been transferred to or from reserves. It is "consolidated" because it includes all revenue transactions - General Fund and trading undertakings.

Contingencies - money set aside in the estimates to pay for inflation (and sometimes unforeseen events).

Contributions / Commuted Sums - sums received from individuals and developers in lieu of future maintenance costs on land adoptions and contributions under Section 106 Agreements whereby Developers make payments to the Council in lieu of provision of e.g. recreational facilities, playspaces, car parking spaces. The Council will utilise these moneys to maintain assets adopted and provide the facilities subject to S106 agreements within certain time limits.

Council Tax - the local tax payable on most residential properties in a local authority's area. Properties are valued within eight valuation bands (A-H).

Council Tax Benefit - an allowance to persons on low income (or none) to meet in whole or part their Council Tax. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities.

Damping – This is a method of ensuring that Councils get a reasonable grant increase every year. Each year the Government sets a minimum increase, this is known as the "floor". Authorities are grouped with regard to the services they provide, and grant "floors" are calculated for each grouping.

Debt Charges - the annual revenue charges resulting from the repayments of advances to the loans and capital funds. These comprise the annual repayment of a specified proportion of the advance (the principal) together with interest at the average fund rate on the balance outstanding during the year. Sometimes referred to as loan charges.

Debt Free - this indicates that all external loan debt has been repaid to borrowers. The advantage of being debt free is the ability to use all capital receipts to finance new capital spending. The exception is the use of receipts from SHG payments which may not be reused for the same purpose. (Temporary borrowing for revenue cash flow purposes does not negate debt free status.)

Depreciation - the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

Distributable Amount - this is the estimated total amount in the business rate pool that is available to be distributed to local authorities. The business rates are collected by local authorities and paid into a national pool and then redistributed to all authorities.

EPCS - Environmental, Protective and Cultural Services. This terminology is derived from the expenditure blocks used in the Formula Spending Share calculation that relates to district council services.

Fees and Charges - income arising from the provision of services, e.g. leisure facilities, car parks.

Financial Regulations - a formal code of procedures to be followed in the financial management of the Council. Within this Council's constitution these are the Financial Procedure Rules.

Floors and ceilings - a method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a fixed level of increase in grant and a ceiling results in no authority getting more than a certain level of increase. The grant increases of authorities who are neither at the floor or the ceiling are scaled back by a fixed proportion to help pay for the floor.

Forecast Budget - created by adding variations to existing budgets in order to predict what a budget may be a number of years from now.

Formula Grant – comprises Revenue Support Grant and redistributed business rates.

General Fund - the main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

General Grant – a grant to local authorities which has no restrictions on how it may be spent. It is divided into formula grants such as Revenue Support Grant, and targeted grant such as the Neighbourhood Renewal Fund.

General Reserve - referred to under Provisions and Reserves and further described in the Accounts Report and Statement of Accounts. It is this Council's reserve that is not earmarked for any specific purpose.

Gross Expenditure - the cost of providing the Council's services before deduction of government grants or other income.

Growth - increases in expenditure from one year to another, excluding the effects of inflation.

Guideline - see Budget Guideline

Housing Benefit - an allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities. Benefit paid to the authority's own tenants is known as "rent rebate" and that paid to private sector tenants as "rent allowance".

IEG – Implementing electronic government – a government initiative backed by grant-funding.

I & CT – Information and Communication Technology

Interest on Revenue Balances (or Interest receipts) - the day-to-day cash flow of the authority is invested when it is in surplus, and borrowing is required when it is in deficit. The interest earned on any net surplus over the year is given one or other of these names.

LIBID - is the rate at which the London Reference Banks will *bid for* funds from the London Money Market

LIBOR - is the rate at which the London Reference Banks will *offer* funds to the London Money Market.

Local Government Finance Settlement - the Local Government Finance Settlement is the annual determination of formula grant distribution as made by the Government and debated by Parliament. It includes:

- the totals of formula grant;
- how that grant will be distributed between local authorities; and
- the support given to certain other local government bodies.

National Non-Domestic Rates (NNDR) - nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the Chancellor of the Exchequer. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

Net Expenditure (gross expenditure less income) - the term used by MSDC to describe net revenue expenditure for all Services less Capital Charges and Specific Items and excluding Benefits and revenue projects in the Programme of Revenue and Capital Projects.

NNDR - see National Non-Domestic Rates.

ODPM – Office of the Deputy Prime Minister

Out-turn prices - the actual price levels at the time the money is spent.

Overspending/Underspending - extent to which the actual net expenditure for the year varies from the latest budget for the same period.

Pension Fund - an employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

Positive Yield Curve - exists where various quoted interest rates show a continuous increase.

Precept - the levy made by the county, police authority, parish and town councils on the Collection Fund for their net expenditure requirements.

Precepting Authorities - those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. County councils and joint authorities are "major precepting authorities" and parish, community and town councils are "local precepting authorities".

Provision for Bad and Doubtful Debts - the amount set aside in the Council's accounts to cover debts which may be uncollectable and written off.

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 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") which every authority must maintain as a matter of prudence.

Prudential Code - The Prudential Code, which comes into force on 1st April 2004, replaces the complex regulatory frameworks that have governed local authority capital expenditure. The new system will be based largely on self regulation by local authorities themselves. The basic principles of the code are that authorities are free to invest so long as their capital spending plans are affordable, prudent and sustainable.

Reserves - these are created for specific or general purposes to meet future expenditure.

Revenue Budget - the estimate of annual income and expenditure requirements for all services, which sets out the financial implications of the Council's policies and provides the basis of the calculation of the annual requirement from the Collection Fund.

Revenue Expenditure - this is expenditure on day to day running costs and consists principally of salaries and wages and general running expenses.

Revenue Projects - see Programme of Revenue and Capital Projects.

Revenue Spending - term used by MSDC to refer to Net Expenditure plus expenditure on benefits.

Revenue Support Grant (RSG) - a grant paid by central government in aid of local authority services in general as opposed to specific grants, which may only be used for a specific purpose.

Reverse Yield Curve - exists where there is a higher rate of interest for short periods as opposed to long term (i.e. the reverse of a positive yield curve).

RSG – see Revenue Support Grant

Section 137 Expenditure - under Section 137 of the Local Government and Housing Act 1972 local authorities were allowed to spend a limited amount to do things they were not otherwise empowered to do, but which they considered to be in the interests of their area or its inhabitants, and which would produce a benefit commensurate with the expenditure involved. However, the power of a local authority to incur expenditure given by Section 137 of the Local Government Act 1972 has now been repealed. This has been replaced by Part 1, Section 2 of the Local Government Act 2000 which came into force on 18th October 2000. The Act creates a new discretionary power for local authorities in England and Wales allowing them to incur expenditure which in their opinion, is in the interests of, and will bring direct benefit to, their area or any part of it or to all or some of its inhabitants without limit.

Service Support - the cost of administration sections in the Service Departments apportioned to the services of that department.

Settlement – see Local Government Finance Settlement.

Slippage - where a revenue or, more typically, a capital scheme, does not progress at the rate of physical progress or spending originally forecast.

Special Reserve - a reserve maintained by MSDC to hold specified sums pending a decision on their application.

Specific Grants - government grants to local authorities in aid of particular project or services, e.g. housing benefits.

Specific Item - the term used by MSDC to denote an item of expenditure to be financed from the Specific Reserve.

Specific Reserve - a reserve maintained by MSDC containing sums which are mostly identified for specific purposes.

Specified Capital Grants - certain government grants towards capital spending e.g. house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

Taxbase -The tax base is the divisor used to convert the total net amount required for local authority spending in the area to a level of council tax due for a band D property.

Unallocated Funding - The term used by MSDC to denote a part of the Programme of Revenue and Capital Projects which is not identified to specific projects.

Underspending/Overspending - see Overspending/Underspending.

Virement - the permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. a switch of resources between budget heads.