

Dear Councillor

CABINET - THURSDAY, 14 FEBRUARY 2013

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

**3. BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018
(Pages 1 - 2)**

With the assistance of a report by the Head of Financial Services to consider the 2013/14 Budget and Medium Term Plan.

A copy of Annex E – Controllable Budgets by Budget Holder has been circulated separately to the Agenda.

This page is intentionally left blank

Agenda Item 3

BUDGET/MTP 2nd UPDATE - FINAL SETTLEMENT

This week the Government has confirmed the data for this year's finance settlement.

The following items have **not** changed:

- The level of Revenue Support Grant
- The level of retained Business Rates
- The calculation that restricts the maximum Council Tax increase to £4.67p

What has changed is the details of some Special and Specific Grants including two new ones.

The table below shows these Grants:

Grants	2013/14	2014/15 Provisional
	£000	£000
Community Right to Bid	7.9	7.9
Community Right to Challenge	8.5	8.5
New Burdens	68.0	83.1
Efficiency Support in Sparse Areas NEW	7.9	
New Homes Bonus Adjustment NEW to reflect that the initial reduction of RSG to fund NHB was too high	33.9	
TOTAL	126.2	99.5

It is unlikely that any of these Grants will be made permanent.

None of these have been assumed in the budget but, as Heads of Service have bid for any funding they expect to need, the grants will be added to reserves. If additional pressures emerge during the year Cabinet can be asked for a supplementary estimate.

Given the stage we have reached in the Budget process I have revised Annex D (copy below) to the Budget/MTP Report on the basis that Revenue Reserves will now be maintained at £5,226k rather than the £5,000k previously assumed.

Any decision to reduce back to £5M (or some other amount) can be taken in next year's Budget/MTP once we have had the time and experience to judge whether there will be any additional extra costs emerging from Government changes that need temporary funding.

Steve Couper
Head of Financial Services
7 December 2013

ANNEX D (REVISED VERSION 2)

PROPOSED BUDGET/MTP	FORECAST 2012/13 £000	BUDGET 2013/14 £000	MTP			
			2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
2012/13 BUDGET/MTP	21,722	22,299	22,842	23,611	24,365	25,363
Proposed variations	306	465	-644	-856	-1,319	-1,136
NEW FORECAST	22,028	22,764	22,198	22,755	23,046	24,227
FUNDING						
REVISED Use of revenue reserves	-2,853	-2,128	-1,984	-1,458	0	0
Remaining revenue reserves EOY	10,796	8,668	6,684	5,226	5,226	5,226
Special and Specific Grants		-126	-100			
New Homes Grant	-1,913	-2,905	-3,505	-4,489	-5,964	-6,832
Special Council Tax Grant 2011/12	-184					
Formula Grant (RSG)	-9,288	-6,019	-4,600	-4,255	-3,936	-3,641
Retained Business Rates	0	-4,004	-4,127	-4,230	-4,336	-4,444
Collection Fund Deficit	-63	-76				
Council Tax	-7,727	-7,506	-7,882	-8,323	-8,810	-9,311
COUNCIL TAX LEVEL	£128.51	£133.18	£137.85	£142.67	£147.67	£152.84
% increase	3.50%	3.63%	3.51%	3.50%	3.50%	3.50%
£ increase	£4.34	£4.67	£4.67	£4.82	£4.99	£5.17

Unidentified Spending Adjustments still required	0	0	-1,500	-1,856	-2,687	-2,637
---	----------	----------	---------------	---------------	---------------	---------------

Forecast Capital Spending	7,278	8,863	2,789	3,647	3,866	3,967
Permitted capital borrowing EOY net of MRP	28,056	35,514	36,550	38,077	39,564	40,761
Average net borrowing in year	12,821	22,361	28,777	31,830	34,066	35,407
Net Interest and Borrowing Costs						
- total	827	1,536	2,103	2,483	2,846	3,358
- as % of total net spending	4%	7%	9%	11%	12%	14%