

**FINANCIAL STRATEGY, MEDIUM TERM PLAN 2009-2013 AND BUDGET
2008/09**

(Report by the Head of Financial Services)

1 PURPOSE

- 1.1** The purpose of this report is to allow Cabinet to determine its recommendations to Council on 20 February in relation to the Council's Budget and Council Tax for 2008/09, Medium Term Plan for 2009/13 and associated matters.

2 BACKGROUND

- 2.1** This year's process started with consideration of a financial strategy by Overview & Scrutiny, Cabinet and Council in September which highlighted the major uncertainty created by the Government's decision to announce grant settlements for three years at a time. In one sense the change to 3 year settlements is beneficial because of the added certainty during the three year period but it also leads to significant volatility every 3 years when changes to the formula are considered. This year's consultation included proposals which could have led to a £500k per year reduction in the Council's grant.
- 2.2** This was followed by the draft MTP and Budget report, again considered by Overview & Scrutiny and Cabinet before being considered by Council on the 5 December. The major uncertainty on grant remained because the draft settlement was not announced until 6 December. Council made the following resolutions:
- (a) that the implications of receiving a low level of revenue support grant in terms of future Council Tax increases be noted and that Officers be requested to report to a future meeting on other options which would involve increases of between 4.99% and 7.5%
 - (b) that a policy of limiting increases in the budget requirement to 4.99% be supported but Officers be invited to consider models requiring a lower requirement approximately to circa 4%;
 - (c) that the content of the draft Medium Term Financial Plan, appended to the report submitted, be approved to assist in the production of the budget for 2008/09, revised Medium Term Plan for 2009/2013 and the financial plan to 2018/2019; and
 - (d) that officers be requested to critically review all budgets and Medium Term Plan schemes (revenue and capital).

3 PROPOSED CHANGES TO THE DRAFT PLAN

3.1 The following adjustments have been made to figures reported in December.

3.2 Revenue Support Grant

The Council has received the proposed grant settlement for 2008/09, 2009/10 and 2011/12. Whilst it is better than feared, due to the Government using revised, higher, population figures and not removing the area cost adjustment, the LGA consider it to be the worst settlement for a decade. Any advantage from the population revision is also minimised by a major deduction to protect those Councils who are receiving more than the Government consider appropriate. The table below summarises the position:

Government Support	2007/08	2008/09	2009/10	2010/11
	£000	£000	£000	£000
Assumption in approved MTP Provisional settlement		12,162	12,684	13,033
True Grant	12,014	12,961	13,162	13,358
Withheld to protect other authorities	-364	-804	-589	-418
Receivable	11,650	12,157	12,572	12,939
Shortfall from MTP assumption		5	111	93

3.3 The Government's figures show the Council will be the 3rd most under-funded, in cash terms, District Council in England. Next year's deduction will be £804k or 6.2% and is the equivalent of increasing Council Tax by almost £14 or 12.7%.

3.4 Although we now have certainty for the next three years (subject to the final settlement in January which has not historically resulted in significant change) the position for 2011/12 onwards is difficult to estimate given the likelihood of formula changes. For the purpose of the forecast it has been assumed that increases will be 3.5% per year, thereafter based on a 2.5% for inflation and 1.0% for population increase.

3.5 Unless the final announcement results in a material change it will be covered by adjusting the use of revenue reserves.

3.6 Interest Rates.

The December report was based on investment rates of 5.5% in 2008/09, 5.25% in 2009/10 and 5% thereafter while long term borrowing to finance the capital programme was assumed at 4.6%. In the light of current fixed investments and recent international liquidity problems it has been necessary to revise investment rates to 5.7% in 2008/09, 5.0% in 2009/10 and 4.75% thereafter and borrowing rates to 4.5%.

3.7 The **taxbase** has been marginally increased from 57,721 to 57,785 in 2008/09 together with a small extra growth increase in subsequent years. This results in a slight increase in income for a given level of Council Tax.

- 3.8** The position on the **Collection Fund** has now been forecast for the current year and will result in a small deficit (£28k) next year.
- 3.9** Council requested that officers critically review all budgets and Medium Term Plan schemes (revenue and capital). This is an ongoing exercise which has already commenced but will take some time to conclude. This review will form part of the search for spending adjustments which is dealt with later in this report. In order to streamline the process whilst preventing any MTP schemes with obvious potential for adjustment going ahead a list of schemes that require COMT or Cabinet approval before being committed are attached as Annex A. It is proposed that any scheme not covered by the annex be allowed to commence once the budget for next year is formally approved by Council.
- 3.10** Any remaining variations are shown in Annex E2.
- 3.11** There are also some items for which no adjustment has been made at this stage. They include:

Whilst the grant allocation for **Concessionary Fares** is towards the top end of the consultation range it is still assumed that there will be no surplus as the actual cost cannot be forecast until some way into the new financial year.

4 STRATEGY OPTIONS

- 4.1** Huntingdonshire's Council Tax is one of the lowest in England and public surveys indicated that many local people consider that increases in Council Tax are preferable to service reductions. The current approved plan (February 2007) was therefore based on increasing Council Tax by between 5.7% and 8.2% over the next ten years until it was in line with the national average. The increase for 2008/09 was planned to be 5.7% but Council, at its December meeting, requested alternative financial strategies to be exemplified in this report. The table below shows three options compared with the figures shown in the December report:

	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
December Report based on an annual increase in Budget Requirement of 4.99%											
Increase in Budget Requirement	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Increase in Council Tax	5.7%	5.7%	8.4%	8.2%	8.0%	7.8%	7.6%	7.5%	7.3%	7.2%	7.1%
Income from Council Tax £'000	6,704	7,124	7,763	8,442	9,163	9,928	10,741	11,602	12,516	13,484	14,510
January Report based on an annual increase in Budget Requirement of 4.99% - OPTION A											
Increase in Budget Requirement	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Increase in Council Tax	6.0%	6.8%	7.9%	6.8%	6.7%	6.6%	6.5%	6.5%	6.4%	6.3%	6.3%
Income from Council Tax £'000	6,733	7,236	7,857	8,442	9,063	9,722	10,420	11,162	11,948	12,781	13,664
January Report based on an annual increase in Council Tax of 4.99% - OPTION B											
Increase in Budget Requirement	4.6%	4.4%	3.9%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Increase in Council Tax	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Income from Council Tax £'000	6,668	7,043	7,439	7,857	8,298	8,765	9,257	9,777	10,327	10,907	11,520
January Report based on an annual increase in Budget Requirement of 4% - OPTION C											
Increase in Budget Requirement	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Increase in Council Tax	3.2%	4.1%	5.3%	4.3%	4.3%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Income from Council Tax £'000	6,555	6,864	7,274	7,629	8,002	8,391	8,798	9,224	9,670	10,136	10,624

- 4.2 This section considers the position regarding capping so that Cabinet can recommend an appropriate strategy to Council.
- 4.3 John Healey, the Minister for Local Government, wrote to Council leaders on 17 December with the following comments on capping:

“The Government expects the average council tax increase in England to be substantially below 5% in 2008/09. I made it clear to the House that we will not hesitate to use our capping powers as necessary to protect council taxpayers from excessive increases. This applies to all authorities - including police and fire authorities.

No decisions have been taken on capping principles for 2008/09. It would, however, be unwise for any authority to assume that capping principles set in previous years will be repeated. We intend to take decisions on principles after authorities have set their budgets, but we are prepared to announce the principles in advance if the circumstances suggest this is necessary.

The onus now is on all authorities to demonstrate leadership and to deliver top quality, efficient services for their citizens. Authorities should be capable of innovating, managing change and improving efficiency without having a disproportionate impact on their council taxpayers.

As I said in the House, this is a tight settlement but a fair and affordable one. It delivers the certainty, flexibility, equity and stability that local government told us it wanted. With the additional funding, efficiency gains and flexibilities we have provided local government, there can be no excuse for excessive council tax increases.

In previous years Ministers have written a reminder about the risks of capping to individual authorities which, on the basis of public information, appear to be heading for high council tax increases. I do not intend to do that this year. The decisions are yours and the Government has set out very clearly the context in which you must make those decisions.”

- 4.4 It should be remembered that although the Government constantly refers to Council Tax increases, the legislation requires any capping decision to be framed around increases in budget requirement.
- 4.5 Whilst there was no capping in 2007/08 the figures used in 2005/06 and 2006/07 capping were as follows:

	Increase in budget requirement of	AND	Increase in Council Tax of
2005/06	6%		5.5%
2006/07	6%		5%
2007/08	No Authorities capped		

- 4.6** In both years with capping there were standard criteria for all authorities although the regulations allow the Government to set different criteria for different classes of authorities.
- 4.7** In 2004/05 14 Councils were capped, in 2005/06 this fell to 9 Councils and in 2006/07 two Councils (York and Medway) were **designated** i.e. they were not actually capped but were told that for 2007/08 any capping decision would be based on the figures for 2006/07 as if they had been capped.
- 4.8** The fact that whilst the increase in Council Tax fell the increase in budget requirement stayed at 6% is particularly relevant as the Council's Financial Strategy has been based around the increase in budget requirement before capping applies not falling below 5%.
- 4.9** Huntingdonshire's Council Tax this year (£109.91) compares to that of other Districts as follows. It is:
- in the lowest 8% of Council Tax levels for all Shire Districts in England. Range £62 to £290, average £155.
 - 8.4% of the total Council Tax bill* for Huntingdonshire residents.

**This includes the amounts set by the County Council, the Fire and Police Authorities and Town or Parish Councils.*

- 4.10** Obviously there will always be some risk linked to increases in Council Tax and/or Budget Requirement that are above the norm – experience has shown that the Government only caps those authorities clearly above the norm. The key figures from the options above relating to 2008/09 are as follows:

	2008/2009	
OPTION	Increase in Budget Requirement	Increase in Council Tax
A	4.99%	6.0%
B	4.6%	4.99%
C	4.00%	3.2%

- 4.11** The Chief Officers' Management Team considers that Option B gives the best balance between minimising the level of spending adjustments required and avoiding capping next year. The tables in the remainder of this report are therefore based on Option B.
- 4.12** **The intentions of other authorities, on a national basis, needs to be kept under review as this may change the level of risk related to particular levels of Council Tax increase.**

5. SPENDING ADJUSTMENTS

5.1 The table below shows the position on Spending adjustments based on Option B

SPENDING ADJUSTMENTS	FORECAST	BUDGET	MTP			
	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
TARGETS						
Last Year's Target (net of items previously identified)	137	643	1,369	2,195	2,809	3,579
Additional Adjustments Identified in December	0	0	0	0	0	1,492
Additional Adjustments to allow designated MTP schemes to	0	152	189	148	142	137
Additional Adjustments Identified now	0	-1	186	13	313	-60
LESS						
<i>Now identified</i>						
<i>Budget reductions</i>		-206	-94	-106	-64	-64
<i>Additional Grants (e.g. Housing & Planning Delivery)</i>		-250	-250	-250	-250	-250
<i>Leisure Centres</i>		-160	-750	-900	-900	-900
<i>Assumed level of general underspendings</i>	-1,248	-178	-150	-100	-50	-50
Provisional Shortfall (+) or Surplus (-)	-1,111	0	+500	+1,000	+2,000	+3,884

Figures for subsequent years are shown in Annex B

5.2 The following actions are underway to identify how these adjustments will be achieved, particularly to identify the requirement for 2008/09:

- Existing budgets have been reviewed in the light of historic underspendings to determine whether further spending proposals can be met from existing resources. This has identified £206k of adjustments for 2008/09.
- New and potential sources of income, including Government specific grants, will continue to be investigated to ensure opportunities for funding existing spending plans or enhancing services at no additional cost are maximised. It is estimated that this will generate at least £250k per year.
- A way to provide leisure centres in a more efficient way is being investigated.
- In the medium and longer term efficiencies may be introduced by considering our range of activities and whether there are smarter ways of addressing social issues. No specific targets have been set for this exercise but it is anticipated that such an exercise will contribute towards the savings required in future years.

6. 2008/09 BUDGET

6.1 As far as next year's budget is concerned the table below shows the breakdown and funding of the revenue and capital budgets for which approval is required. Annexes C and D gives further details of next years revenue and capital budgets respectively whilst Annex E gives the summary over the Forecast period and Annex F shows the consolidated MTP.

REVENUE BUDGET	2007/08	2007/08	2008/09
	Original Budget**	Forecast	Budget
Service Spending	£000	£000	£000
Environmental Services	8,384	8,140	8,830
Planning	2,704	2,008	2,615
Community Services	7,179	7,251	7,360
Community Safety	924	943	1,014
Housing Services	5,893	4,430	5,749
Highways and Transportation	2,103	1,824	1,764
Corporate Services	4,929	4,776	5,167
Other Expenditure			
Contingencies	-686	32	-1,061
Other Expenditure (mainly reversal of Capital Charges)	-9,308	-7,649	-8,854
Investment Interest	-2,587	-2,768	-2,162
LABGI		-700	
Council Total	19,534	18,286	20,420
Funding			
Government Support (RSG & NNDR)	-11,650	-11,650	-12,157
Collection Fund Deficit	-7	-7	28
Council Tax	-6,313	-6,313	-6,668
Deficit – from Reserves	-1,565	-317	-1,622
	-19,534	-18,286	-20,420

** Where service elements have moved between the above headings since the 2007/08 budget was approved the budget has been restated to reflect this.

CAPITAL SPENDING	2007/08 Forecast			2008/09 Budget		
	Net £000	Con't ^① £000	Gross £000	Net £000	Con't ^① £000	Gross £000
Refuse and Recycling	6	72	78			
Drainage and Sewers	133	60	193			
Public Conveniences	403		403	166		166
Planning Policy and Conservation				20		20
Economic Development	406	1,157	1,563	797		797
Community Facilities	117		117	162		162
Joint Leisure Centres	2,804		2,804	1,134	340	1,474
Leisure Policy and Development	20		20			
Community Initiatives	12		12			
Parks and Open Spaces	406	324	730	466		466
Housing Services ^②	-172	507	335			
Private Housing Support	578	672	1,250	1,149	413	1,562
Homelessness	1,380	540	1,920	1,834		1,834
Housing Benefits	40	70	110			
Community Safety	24	100	124	214	60	274
Transportation	671	15	686	954		954
Public Transport	153		153	363	150	513
Car Parks	419		419	156		156
Environmental Improvements ^③	-615	1,390	775	55	520	575
Technical	-996		-996	-487		-487
Operations Division	221		221	303		303
Offices	5,845		5,845	6,693		6,693
IT related	1,065		1,065	1,063		1,063
Other	150		150	430		430
Proposed Plan	13,070	4,907	17,977	15,472	1,483	16,955
Notes						
① contributions and grants from other organisations						
② includes the re-sale of mobile homes bought to house tenants during the remediation work at the Mobile Home site.						
③ includes contributions from sales of land to fund past expenditure on the Oxmoor.						

7 CONSULTATION AND COMMENTS

7.1 This report will be considered at a meeting of the Overview and Scrutiny (Corporate and Strategic Framework) Panel on the 29 January and a consultation meeting with members of the business community is taking place on 30 January. Comments from both meetings will be reported to Cabinet.

8 PRUDENTIAL CODE

- 8.1** The Prudential Code sets various limits relating to the budget and this has been included as an annex to the Treasury Management Strategy elsewhere on the Cabinet's agenda.

9 RISK ASSESSMENT

9.1 2008/09 BUDGET

The Local Government Act 2003 requires the Director of Commerce and Technology (as the Council's Chief Financial Officer) to report to the Council on the robustness of the estimates and the adequacy of reserves when it considers its budget and the consequent Council Tax. His comments are contained in Annex G and confirm that the budget is adequately robust and that the level of revenue reserves is currently significantly above the minimum level required.

9.2 FORECAST

Annex H considers the sensitivity of the plan in the longer term to variations in inflation, pay awards and interest rates and highlights other significant risks to the Council's financial position. Some of these issues are clearly outside the Council's control and there is little alternative to simply keeping them under review and reacting appropriately if they occur. Others are more clearly within the Council's own control and so can be programmed and dealt with at the appropriate time. This annex also explains the need for revenue reserves to be retained at a minimum of £3M in the longer term.

10 CONCLUSIONS

- 10.1** The Council approved the draft Budget, MTP and Financial Strategy figures in December but noted the potential for significant reductions in Revenue Support Grant.
- 10.2** RSG for the next three years has been announced. The LGA consider the settlement the worst for a decade. Whilst the Council gains benefit from population increases the Government is withholding the equivalent of a 12.7% Council Tax increase next year so that Councils who have too much grant only have to give it up slowly.
- 10.3** The December figures have been amended for the items highlighted in section 3 of this report.
- 10.4** As requested by December Council, Section 4 considers three potential financial strategies with direct trade-offs between increased spending adjustments and lower Council Tax rises.
- 10.5** The Government have, as usual, signalled their intention to use capping to keep Council Tax levels down for 2008/09 and have referred to an expectation that average increases should be substantially below 5%. There can be no guarantee of the actual level at which capping will apply because the Government refuse to give this figure as a matter of principle.

10.6 Given the differing Council Tax increases necessary for each option the Chief Officers' Management Team considers that Option B – limiting Council Tax rises to 4.99% - gives the best balance between minimising the level of spending adjustments required and avoiding capping next year. The intentions of other authorities, on a national basis, need to be kept under review as this may change the level of risk related to particular levels of Council Tax increase.

10.7 The Council previously determined that revenue reserves should be reduced to £4.358M by March 2013 in order to allow spending adjustments to be identified and managed effectively. It is not considered prudent to use further reserves within this timeframe.

10.8 Net spending therefore needs to be capped at the following levels:

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
20.4	22.2	24.3	25.1	25.0	24.5	24.1	25.1	26.2	27.4	28.6

10.9 The challenge for the future is to identify £3.9M of further spending adjustments by 2012/13. Those required for 2008/09 have been identified and work is underway to identify specific proposals for subsequent years. It will obviously be necessary for any new additional spending pressures to be matched corporately by corresponding savings.

10.10 The resulting proposed Council Tax increase of £5.48 for 2008/09 or 4.99% is less than 11p per week for a band D property.

10.11 The combination of sound budget practices, the success so far in identifying savings and significant revenue reserves means that the proposed 2008/09 budget is robust and that the Council is well-placed, for the time being, to deal with any unforeseen expenditure.

12. RECOMMENDATION

The Cabinet is asked to recommend to February Council:

- **Approval of the proposed budget, MTP and Financial Plan (Annexs C, D, and E)**
- **Approval of a Council Tax (Band D) increase of £5.48 (4.99%) for 2008/09.**

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services

Working Papers - Files in Financial Services

Project Appraisals

2007/08 Revenue Budget and the 2008/012 MTP

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ANNEXES

- A MTP Schemes requiring approval before commencement**
- B Spending Adjustments**
- C 2008/09 Revenue Budget**
- D Budget and MTP – Capital Spending**
- E Forecast Summary to 2018/19**
- F Budget and MTP – Revenue elements**
- G Reserves and the Robustness of the 2008/09 Budget**
- H Financial Plan - Sensitivity and Risks & Future level of Reserves**

ACTIONS/SCHEMES REQUIRING APPROVAL BEFORE COMMENCEMENT

The proposed approach is that:

- Routine things that just happen to be Capital should be treated the same as base revenue budget i.e. no further approval required.
- Small or unavoidable items do not require approval.
- Significant schemes require approval from Cabinet.
- Items reliant on ensuring the “trading” position stacks up (e.g. leisure and industrial estate) would require Director plus Executive Councillor agreement.

The colour coding on Annexes D and F show this as follows:

Approval by
COMT and then Cabinet
Service Director following consultation with Director of C&T and Executive Councillor
COMT
Head of Service

Note: Some schemes appear in both annexs but the highlighting is shown on Annex D for capital schemes and only in Annex F for purely revenue schemes.

SPENDING ADJUSTMENTS	FORECAST	BUDGET	MTP				FORECAST					
	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
TARGETS												
Last Year's Target	-1,673	-2,443	-3,213	-3,983	-4,753	-5,523	-6,293	-6,568	-6,568	-6,568	-6,568	-6,563
Additional Adjustments Identified in December	0	0	0	0	0	-1,492	-2,476	-2,856	-3,911	-4,397	-4,587	-5,074
Additional Adjustments to allow designated MTP schemes to progress		-152	-189	-148	-142	-137	-137	-137	-137	-137	-137	-137
Additional Adjustments Identified now	0	1	-186	-13	-313	60	-375	-1,670	-1,332	-1,565	-1,826	-2,102
LESS												
Included in 2006/07 Budget	-450	-448	-446	-444	-459	-459	-459	-459	-459	-459	-459	-459
Included in 2007/08 budget	-1,086	-1,352	-1,398	-1,344	-1,485	-1,485	-1,485	-1,344	-1,485	-1,485	-1,485	-1,344
Now identified												
<i>Budget reductions</i>		-206	-94	-106	-64	-64	-64	-64	-64	-64	-64	-64
<i>Additional Grants (e.g. Housing & Planning Delivery)</i>		-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250
<i>Leisure Centres</i>		-160	-750	-900	-900	-900	-900	-900	-900	-900	-900	-900
<i>Assumed level of general underspendings</i>	-1,248	-178	-150	-100	-50	-50	-50	-50	-50	-50	-50	-50
Provisional Shortfall (+) or Surplus (-)	-1,111	0	+500	+1,000	+2,000	+3,884	+6,073	+8,164	+8,740	+9,459	+9,910	+10,809

BUDGET SUMMARY	2007/08		2008/09
	Original	Forecast	Budget
	£000	£000	£000
Environmental Services			
Refuse Collection	3,595	3,551	3,674
Recycling	595	451	642
Drainage & Sewers	595	500	584
Public Conveniences	306	272	293
Environmental Health	1,930	1,888	2,149
Closed Churchyards	22	11	17
Street Cleaning & Litter	1,339	1,467	1,471
	8,384	8,140	8,830
Planning			
Development Control	1,227	1,467	1,437
Building Control	291	181	212
Planning Policy & Conservation	1,310	1,196	1,336
Markets	-68	-41	-64
Economic Development	-503	-533	-565
Tourism	441	167	194
Planning Delivery Grant	7	-428	65
	2,704	2,008	2,615
Community Services			
Countryside	559	577	594
Community Initiatives	782	739	764
Parks	1,559	1,607	1,708
Leisure Policy	427	436	458
Leisure Centres	3,637	3,699	3,622
Community Facilities	213	194	214
	7,179	7,251	7,360
Community Safety			
Community Safety	924	943	1,014
	924	943	1,014
Housing Services			
Housing Services	672	623	680
Private Housing Support	3,607	2,430	3,538
Homelessness	679	598	625
Housing Benefits	935	780	905
	5,893	4,430	5,749
Highways & Transportation			
Transportation Strategy	987	656	1,071
Public Transport	824	856	709
Highways Services	90	90	102
Car Parks	-185	-166	-525
Environmental Improvements	386	388	406
	2,103	1,824	1,764
Corporate Services			
Local Taxation & Benefits	1,107	1,313	1,435
Corporate Management	2,238	1,848	2,059
Democratic Representation	1,141	1,108	1,182
Central Services	442	507	489
	4,929	4,776	5,167
Other Expenditure			
Contingency	-686	32	-1,061
Other Expenditure	-9,308	-7,649	-8,854
Investment Interest	-2,587	-2,768	-2,162
Business Grant (LABGI)	0	-700	0
	-12,582	-11,085	-12,077
Council Total	19,534	18,286	20,420

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Environmental Services				
Refuse Collection	Abandoned Vehicles	74	58	66
	Brew Project	0	-22	26
	Domestic Refuse	3,498	3,516	3,571
	Refuse Policy	14	11	12
	Trade Refuse	10	-11	0
		3,595	3,551	3,674
Recycling	Green Waste	82	-10	84
	Recycling Kerbside Collections	536	498	539
	Recycling Policy	6	-49	22
	Recycling Sites	-28	12	-3
		595	451	642
Drainage & Sewers	Environmental Emergencies	0	0	0
	Internal Drainage Boards	332	310	339
	Nightsoil Collection	10	10	10
	Watercourses	254	180	234
		595	500	584
Public Conveniences	Public Conveniences	306	272	293
		306	272	293
Environmental Health	Air Quality	103	116	124
	Animal Welfare	141	147	162
	Burials Under Health Acts	0	0	0
	Caravans And Camping	6	6	6
	Contaminated Land	179	146	183
	Eh Health & Safety	215	175	252
	Energy Efficiency	96	117	178
	Environmental Health General	13	7	7
	Food Safety	487	476	489
	Health Promotion	41	39	43
	Nuisances	311	318	324
	Pest Control	106	137	153
	Private Sector Housing	214	191	215
	Travellers	18	13	14
		1,930	1,888	2,149
Closed Churchyards	Closed Churchyards	22	11	17
		22	11	17
Street Cleaning & Litter	Chewing Gum Removal	17	17	17
	Fly Poster/Graffiti Removal	66	51	53
	Litter Control	89	73	71
	Street Cleansing Operations	1,132	1,297	1,298
	Street Cleansing Policy	13	10	11
	Weed Control	23	18	21
		1,339	1,467	1,471
Environmental Services		8,384	8,140	8,830
Planning				
Development Control	Dc Advice	444	474	509
	Dc Application Processing	509	653	567
	Dc Enforcement	219	266	282
	Dev Control Panel	54	74	79
		1,227	1,467	1,437

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Planning (continued)				
Building Control	Bc Best Value Review	0	0	0
	Bc Promotion & Enforcement	244	279	329
	B Regs Applications	38	-103	-153
	Defence Estates	8	4	36
		291	181	212
Planning Policy & Conservation	Biodiversity Action Plan	2	6	6
	Conservation & Listed Build	205	267	269
	Local Plan	617	449	564
	Planning Projects/Implement	228	235	244
	Strategic & Regional Planning	57	61	67
	Suppl Planning Guidance	23	17	18
	Trees	178	161	167
			1,310	1,196
Markets	Farmers Markets	3	-5	0
	Huntingdon Market	-27	-21	-23
	Markets Management	59	71	60
	Ramsey Market	-1	0	0
	St Ives Bank Holiday Market	-41	-26	-37
	St Ives Market	-62	-61	-64
	St Neots Market	0	0	0
			-68	-41
Economic Development	Business & Enterprise Support	253	279	289
	Commercial Properties	-151	-160	-157
	Estates Management	46	50	44
	Industrial Properties	-353	-319	-348
	Miscellaneous Properties	-611	-629	-636
	N N D R Discretionary Relief	40	40	42
	Town Centre Management	126	136	140
	Town Cetnre Development	146	69	61
		-503	-533	-565
Tourism	District Information	51	8	9
	District Promotion	71	117	120
	Tourism Information Centres	45	42	43
	Tourism Mgt Budgets	273	-1	23
		441	167	194
Planning Delivery Grant	Planning Delivery Grant	-211	-428	0
	Planning Grant Unallocated	219	0	65
		7	-428	65
	Planning	2,704	2,008	2,615
Community Services				
Countryside	Barford Road Pocket Park	6	7	8
	Coneygear Park	4	4	5
	Countryside Management	160	161	164
	Hinchingbrooke Country Park	249	263	271
	Holt Island	2	2	2
	Ouse Valley Way	2	2	2
	Paxton Pits	105	108	112
	Paxton Pits R&R Fund	2	0	0
	Spring Common	29	29	30
			559	577

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Community Services (cont.)				
Community Initiatives	Com Initiatives - Housing	87	5	5
	Com Initiatives - Leisure	80	5	5
	Equal Opportunities	44	47	50
	Health For Huntingdonshire	34	63	67
	Health For Hunt Yaxley	1	19	19
	Local Agenda 21	103	46	47
	Miscellaneous Grants	281	339	348
	Oxmoor Action Plan	0	0	0
	Policy Services Community	38	93	97
	Public Access To Internet	13	11	11
	St Barnabus Ict Project	0	0	0
	Yaxley Community Project	102	111	114
		782	739	764
Parks	Highways Amenities	46	19	35
	Parks Contracts	-31	-63	-53
	Parks Management	1,484	1,598	1,662
	Pavillions	54	53	58
	Unallocated Land Survey	7	0	6
		1,559	1,607	1,708
Leisure Policy	Arts Development	209	196	199
	Leisure Development	204	235	253
	Policy And Strategic Mgt	14	5	5
		427	436	458
Leisure Centres	Huntingdon Leisure Centre	742	756	672
	Leisure Centres Overall	39	40	44
	Ramsey Leisure Centre	540	555	570
	Sawtry Leisure Centre	505	518	541
	St Ivo Leisure Centre	935	994	958
	St Neots Leisure Centre	877	836	837
		3,637	3,699	3,622
Community Facilities	Community Facilities Grants	194	168	194
	Priory Centre	19	25	20
		213	194	214
	Community Services	7,179	7,251	7,360
Community Safety				
Community Safety	C C T V	743	719	776
	Community Safety	182	224	238
		924	943	1,014
	Community Safety	924	943	1,014
Housing Services				
Housing Services	Choice Based Lettings (Ex Chr)	20	18	44
	Contributions To H R A	21	18	20
	Housing Advances	10	11	12
	Housing Advice	146	195	209
	Housing Developments	11	9	9
	Housing Strategy	136	102	108
	Mobile Home Park	39	21	-2
	Publicising Housing Services	6	6	6
	Waiting List	282	242	274
		672	623	680

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Housing Services (continued)				
Private Housing Support	Home Improvement Agency	80	82	91
	Housing Associations	2,225	1,591	2,112
	Housing Surveys	25	22	23
	Renovation/Improvement Grants	1,277	735	1,313
		3,607	2,430	3,538
Homelessness	Homelessness Management	404	299	316
	Homeless Young Persons Advisor	1	0	0
	Hostel Support	97	97	99
	Invest To Save Schemes	10	10	10
	Priority Needs Scheme	67	26	28
	Rental Deposit Scheme	56	90	94
	Temp Accommodation - B&B	43	76	78
		679	598	625
Housing Benefits	Housing Benefits Admin	579	536	640
	Rent Allowance Local Scheme	22	5	22
	Rent Allowance National Scheme	169	122	124
	Temporary Accommodation Support	166	116	119
		935	780	905
Housing Services		5,893	4,430	5,749
Highways & Transportation				
Transportation Strategy	Accessibility Improvements	25	22	27
	Cycle Routes	23	18	26
	Cycle Shelters	11	11	8
	Environmental Management	37	83	74
	Transportation Developments	731	376	790
	Transportation Grants	88	88	90
	Transportation Strategy	72	58	57
			987	656
Public Transport	Bus Shelters	50	35	41
	Bus Shelters R&R	0	8	8
	Concessionary Fares	686	714	540
	Concessionary Fares Database	0	3	0
	Huntingdon Bus Station	57	59	79
	Rail Passes	5	12	14
	St Ives Bus Station	26	25	27
		824	856	709
Highways Services	Highways Cyclic Mtce	0	0	-1
	Highways Management	90	90	102
		90	90	102
Car Parks	Car Park Management	-355	-310	-351
	Car Park Policy	170	144	-174
		-185	-166	-525

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Highways & Transport' (cont)				
Environmental Improvements	Env Imps Feasibility Studies	16	5	18
	Env Imps Management	53	67	55
	Environmental Imps Renewals	17	17	18
	Gazebo R&R	1	0	0
	Godmanchester Env Improvements	3	3	3
	Huntingdon Env Improvements	87	86	87
	Other Schemes	2	2	2
	Ramsey Env Improvements	10	9	10
	Small Scale Env Improvements	124	125	137
	Somersham Env Improvements	2	2	2
	St Ives Env Improvements	27	26	26
	St Neots Caps Town	0	0	0
	St Neots Env Improvements	45	45	48
		386	388	406
Highways & Transportation		2,103	1,824	1,764
Corporate Services				
Local Taxation & Benefits	Council Tax	926	1,102	1,189
	Council Tax Benefits	158	158	192
	N N D R Administration	24	54	54
		1,107	1,313	1,435
Corporate Management	Bank Charges	56	48	49
	C C T	9	1	1
	Chief Executive & C O M T	640	666	696
	External Audit	119	119	123
	Information & Promotion	502	504	520
	Local Council Support	23	17	23
	Pensions	245	232	255
	Performance Management	228	90	232
	Policy And Strategy	44	52	51
	Public Accountability	45	38	43
	Registers Of Interests	3	3	3
	Stmnt Of Accounts	0	6	0
	Treasury Management	56	60	63
	Unallocated Central Overheads	-8	-8	0
	Unused Capacity Call Centre	241	0	0
	Unused Capacity Of At Depots	36	19	0
		2,238	1,848	2,059
Democratic Representation	Civic & Ceremonial	14	14	15
	Corporate Committees	288	264	298
	Corporate Subscriptions	30	27	31
	Member Allowances & Support	794	788	823
	Twinning	15	15	15
		1,141	1,108	1,182
Central Services	Elections	373	431	426
	Emergency Planning	106	72	78
	Land Charges	-188	-77	-184
	Licences	151	81	169
		442	507	489
Corporate Services		4,929	4,776	5,167

SERVICE BUDGET		2007/08		2008/09
		Original	Forecast	Budget
		£000	£000	£000
Other Expenditure				
Contingency	Efficiency Savings Contingency	-136	0	-420
	General Contingency	140	0	144
	Other Contingencies	-690	32	-785
		-686	32	-1,061
Other Expenditure	Capital Charges Reversed	-8,268	-6,554	-8,352
	Commutation Transfer	-97	-97	-59
	Pensions Liabilities Reversed	-1,148	-1,148	-547
	V A T Partial Exemption	204	150	105
		-9,308	-7,649	-8,854
Investment Interest	Interest Paid	84	84	84
	Interest Received	-2,671	-2,852	-2,246
		-2,587	-2,768	-2,162
Business Grant	LABGI	0	-700	0
		0	-700	0
	Other Expenditure	-12,582	-11,085	-12,077
COUNCIL TOTAL		19,534	18,286	20,420

CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						GRANTS & CONTRIBUTIONS					
Bid No.	Scheme	2007/	2008/	2009/	2010	2011	2012	2007/	2008/	2009/	2010	2011	2012
		2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Refuse and Recycling													
801	Waste Performance and Efficiency Grant	-72						72					
	Wheeled Bin Purchase	78											
Drainage and Sewers													
651	Herne Road STW Replacement	31											
701	Woodwalton Sewage Treatment Works	42											
802	Hemingford Culvert	60						60					
Public Conveniences													
302/B	New Public Conveniences	403	166										
Planning Policy and Conservation													
655	Electronic Document Imaging		20										
Economic Development													
401	Huntingdon Town Centre Development	13	13	311	312	326							
224	Town Centre Developments		21	205	62								
239	New Industrial Units	295	296										
657	Creative Industries Centre, St Neots	12	381					1,157					
358	Ramsey Rural Renewal	55	27										
509	Industrial Estate Repairs		59										
643	Health Centre Sapley Square	31											
Community Facilities													
658	Community Facilities Grants	117	162	162	127								
803	Community Facilities Grants					127	127						

CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						GRANTS & CONTRIBUTIONS					
Bid No.	Scheme	2007/	2008/	2009/	2010	2011	2012	2007/	2008/	2009/	2010	2011	2012
		2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
365	Huntingdon Marina Improvements	15	51										
740	Play Equipment & Safety Surface Renewal	84	80	80	67	60							
838	Play Equipment and Safety Surface Renewal						71						
446	Football Improvements	205						324					
807	Hinchingbrooke Park - Café extension		130										
808	Huntingdon Riverside		205	405									
Housing Services													
702	Mobile Home Park, Eynesbury	-172						507					
Private Housing Support													
664	Disabled Facilities Grants	378	949	949	949	949		422	335	335	335	335	
717	Disabled Facilities Grant						778						422
728	Repairs Assistance	200	200	200	200	200							
837	Repairs Assistance Loans/Grants						200						
809	Decent homes - Insulation Works							250	78				
Homelessness													
443	Common Housing Register/ Choice Based Lettings	45											
729	Social Housing Grant	1,335	1,834	967	1,103	1,103		540					
811	Social Housing Grant						1,050						
Housing Benefits													
626	Wireless Working	40						40					
812	Local Housing Allowance							30					

CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						GRANTS & CONTRIBUTIONS					
Bid No.	Scheme	2007/	2008/	2009/	2010	2011	2012	2007/	2008/	2009/	2010	2011	2012
		2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community Safety													
727	Crime and Disorder - Lighting improvements	24	24	22		22							
814	Crime and Disorder Lighting Improvements				23		23						
618	CCTV - Camera replacements		117	86									
384	CCTV Extension of coverage		53										
815	Huntingdon Skateboard Park		20					100	60				
Transportation													
389	Local Transport Plan	80	91	91	81								
816	Local Transport Plan					89	89						
37	Safe Cycle Storage Racks							15					
474	Safe Cycle Routes - New Routes to Schools etc	304	91	91	91								
817	Safe Cycle Routes					91	91						
472	Accessibility Improvement Signs footpaths/car parks	39	33										
351	St Neots Pedestrian Bridges		537										
361	Huntingdon Transport Strategy	185	78										
362	St Ives Transport Strategy	63	80	80									
363	Ramsey Transport Strategy		44	44	44								
Public Transport													
132	Railway Stations - Improvements	46											
818	Railway Station Improvements			25	25								
400	Bus Shelters - extra provision	76	38										
819	Bus Shelters			40	40	40							
625	Huntingdon Bus Station	31	325	157				150	150				

CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						GRANTS & CONTRIBUTIONS					
Bid No.	Scheme	2007/	2008/	2009/	2010	2011	2012	2007/	2008/	2009/	2010	2011	2012
		2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operations Division													
731	Vehicle fleet replacements.	221	303	654	798	1,074							
827	Vehicle fleet replacements.						1,127						
Offices													
300A	Eastfield House	2,720	218										
300B	Headquarters	3,125	6,475	4,566	802	-238							
IT related													
494	Voice and data infrastructure	98	170	70									
495	Corporate EDM	188	199										
600	Network and ICT Services	108	-108										
716	Business Systems	164	175	199	189	158							
828	Business Systems						158						
634	Customer First	374	348	196									
733	Flexible Working (Roll out of Broadband for Members and Feasibility)	20											
841	Building Control - Public Access System		45										
842	Resourcelink - Recruitment Module		12										
830	ICT for new accommodation	113	222										
Other													
380/B	Replacement Printing Equip.		308										
832	Replacement Equipment Document Centre		35	26	28	28	131						
714	Multi-functional Devices	10	67	32	16	65							
834	Multi-functional Devices						32						
450	Photocopier Replacement	10											
457	Replacement Plan Printer		20										
713	Postal Dispatch Arrangements	131											
	Roundings	-1											
Proposed Plan		13,070	15,472	14,334	7,497	7,264	5,009	4,907	1,483	755	495	485	442

FINANCIAL SUMMARY	FORECAST	BUDGET	MTP				FORECAST					
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2007/08 BUDGET/MTP	19,534	20,820	22,462	23,716	24,052	24,456	24,900	25,750	26,985	28,252	29,429	30,734
December Report												
MTP Variations	-616	295	435	955	1,373	1,841	2,257	2,665	3,183	3,718	4,097	4,703
Other Variations	-134	-297	-257	-87	63	170	204	247	271	279	303	339
Additional Spending Adjustments						-1,492	-2,476	-2,856	-3,911	-4,397	-4,587	-5,074
This Report												
Interest and Borrowing Variations	-51	-178	-56	-80	-98	-100	-73	-64	-85	-87	-88	-89
Other Variations (Annex E2)	-447	-69	5	-46	154	161	169	170	172	170	178	185
Additional Spending Adjustments	0	-151	-375	-161	-455	-77	-512	-1,807	-1,469	-1,702	-1,963	-2,239
NEW FORECAST	18,286	20,420	22,214	24,297	25,089	24,959	24,469	24,105	25,146	26,233	27,369	28,559
Use of revenue reserves	317	1,622	2,599	3,919	3,840	2,800	1,358	0	0	0	0	0
<i>Remaining revenue reserves EOY</i>	<i>19,138</i>	<i>17,516</i>	<i>14,917</i>	<i>10,998</i>	<i>7,158</i>	<i>4,358</i>	<i>3,000</i>	<i>3,000</i>	<i>3,000</i>	<i>3,000</i>	<i>3,000</i>	<i>3,000</i>
Budget Requirement	17,969	18,798	19,615	20,378	21,249	22,159	23,111	24,105	25,146	26,233	27,369	28,559
% increase		4.61%	4.35%	3.89%	4.27%	4.28%	4.29%	4.30%	4.31%	4.32%	4.33%	4.34%
FUNDING												
Government Support	-11,650	-12,157	-12,572	-12,939	-13,392	-13,861	-14,346	-14,848	-15,368	-15,906	-16,463	-17,039
Collection Fund Deficit	-7	28	0	0	0	0	0	0	0	0	0	0
Council Tax	-6,313	-6,668	-7,043	-7,439	-7,857	-8,298	-8,765	-9,257	-9,777	-10,327	-10,907	-11,520
COUNCIL TAX LEVEL	£109.91	£115.39	£121.15	£127.20	£133.55	£140.21	£147.21	£154.55	£162.26	£170.36	£178.86	£187.79
% increase	5.0%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Forecast Capital Spending	13,070	15,472	14,334	7,497	7,264	5,009	5,133	5,263	5,396	5,532	5,671	5,812
Remaining capital reserves EOY	17,272	3,400	0	0	0	0	0	0	0	0	0	0
Accumulated Borrowing EOY	0	0	9,834	16,231	22,396	26,305	30,337	34,500	38,796	43,228	47,799	52,511
Net Interest and Borrowing Costs	-2,768	-2,162	-842	154	844	1,402	1,806	2,146	2,441	2,740	3,040	3,345

OTHER VARIATIONS	REVENUE											
		BUDGET	MTP				FORECAST					
	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Refinement of Financial Plan model Updated 2007/08 Forecast (excl. interest) ❶	-319	-46	-184	-194	12	24	32	33	35	33	41	48
Carry Forward of revenue projects	-128	-175										
MTP schemes to be funded from additional spending adjustments		152	189	148	142	137	137	137	137	137	137	137
	-447	-69	5	-46	154	161	169	170	172	170	178	185

	CAPITAL ❷											
		BUDGET	MTP				FORECAST					
	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Capital item deleted in error	68	24										
Adjustment to provision for capital rephasing	-1,300	800	500									
County Council Contribution to Leisure Centre Capital Schemes		-340	-250	-140	-130							
MTP schemes to be funded from additional spending adjustments		-51										
	-1,232	433	250	-140	-130							

❶ Includes £300k assumed LABGI for 2007/08.

❷ The revenue impact of capital variations is included within the adjustment for interest and borrowing variations shown in Annex E1.

MEDIUM TERM PLAN (REVENUE ITEMS)		NET REVENUE EXPENDITURE					
		APPROVED	BUDGET	MTP			
Bid No.	Scheme	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000
	BASE	17,989	17,989	17,988	17,988	17,989	17,989
	Provision for Inflation	5,019	6,317	7,910	9,576	10,662	12,005
	Adjusted Base	23,008	24,306	25,898	27,564	28,651	29,994
	Refuse and Recycling						
650 Part	Recycling Gate Fees		9	17	26	35	35
	Recycling Credits		-19	-38	-55	-72	-72
	Waste Performance and Efficiency Grant	-72	0	0	0	0	0
800	BREW Funding		24				
	Public Conveniences						
504	Removal of APCs	-89	-121	-153	-153	-153	-153
	Environmental Health						
839	Pollution Prevention and Control Fees		13	13	13	13	13
847	Animal Welfare Officer (PT to FT)		6	6	6	6	6
	Street Cleaning & Litter						
846	Ramsey Street Cleansing - Loss of funding		15	15	15	15	15
	Planning Policy and Conservation						
465	Local development framework inquiry	160	97	56	-5	-5	-5
440	Contribution to Cambridgeshire Horizons		18	18	18	18	18
505 & 653	Planning Grant	-200					
505	Proposed use of Grant	210	326	172	72	31	
655	Electronic Document Imaging					17	21
656	Planning Enforcement Monitoring Officer					22	26
	Economic Development						
239	New Industrial Units		-15	-30	-30	-30	-30
657	Creative Industries Centre, St Neots		-5	-15	-16	-17	-17
358	Ramsey Rural Renewal	25	25	0	0	0	0
	Leisure Policy						
845	Physical Activity Initiatives for Adults		12	12	7	7	7
	Joint Leisure Centres						
608	Future maintenance	185	64	89	61	41	0
262/B	Sawtry Impressions	-40	-47	-47	-47	-47	-47
333	St Neots Bar/Kitchen/Creche Extension		-1	-8	-30	-30	-30
335	St Neots Impressions Expansion			-7	-28	-28	-28
336&661	Huntingdon Impressions expansion	-34	-143	-152	-161	-171	-181
635 & 642	Fitness Eqpt Financing SILC and HLC	-77	-73	-70	-84	-81	-81
636	RLC Fitness Equipment	-21	-21	-22	-26	-26	-26
723	Fitness Equipment St Neots LC			-10	-15	-15	-15
724	Fitness Equipment Sawtry LC					-10	-15
737	Energy Saving Huntingdon LC	-5	-10	-10	-10	-10	-10
22	CCTV Improvements		2	2	2	2	2

MEDIUM TERM PLAN (REVENUE ITEMS)		NET REVENUE EXPENDITURE					
		APPROVED	BUDGET	MTP			
Bid No.	Scheme	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000
718	Additional Holiday Pay	15	31	31	31	31	31
805	St Ivo LC - Rifle Range	-38		-38	-100	-100	-100
806	Additional Holiday Pay			35	35	35	35
Community Initiatives							
423	Grant Aid to Voluntary Organisations		51	51	51	51	51
Parks and Open Spaces							
4/B	Activity Parks	17	18	18	18	18	18
807	Hinchingbrooke Park - Café extension			-16	-33	-50	-50
808	Huntingdon Riverside Park			5	5	5	5
Housing Services							
702	Mobile Home Park, Eynesbury	4	0	0	0	0	0
Private Housing Support							
70	Housing Needs Survey	5	5	5	5		
730	Housing Need Study					55	
Homelessness							
666	Invest to Save Scheme	-5	-5	-7	-7	-7	-7
Housing Benefits							
812	Local Housing Allowance		23				
813	Reduction in Benefits Admin Grant		45	91	136	182	228
668	Automated Forms Processing in Benefits	-2					
Community Safety							
460&618	CCTV - Camera replacements	-21	-8	-1	-1	-1	-1
815	Huntingdon Skateboard Park		11	10	10	15	10
670	Emergency Planning Contribution	24	24	24	24	24	24
Public Transport							
400	Bus Shelters - extra provision	15	15	18	25	28	28
719	Concessionary Fares	185					
Highways Services							
844	Street naming and numbering		10	10	5	5	
Car Parks							
166/B	St Neots - Cambridge Road Car Park			4	4	4	4
480	Implementation of car park strategy	-212	-429	-508	-509	-509	-508
673	Riverside Car Par St Neots - Barriers		1	1	1	1	1

MEDIUM TERM PLAN (REVENUE ITEMS)		NET REVENUE EXPENDITURE					
		APPROVED	BUDGET	MTP			
Bid No.	Scheme	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000
	Environmental Improvements						
823	Environment Strategy Funding		50	50	50		
	Administrative Services						
325	Home Sellers Pack		-8	-8	-8	-8	-8
676	Taxi Survey			20			
824	Land Charges - Extra net cost		32	32	32	32	32
	Democratic Representation						
449 Part	Members Allowances Review	5					
675	District Council Elections		-10	-67			-10
825	Members Allowances Review				5		
826	Electoral Administration Act		8	8	16	8	8
	Technical						
	Cost of Borrowing			418	1,099	1,608	2,003
	Revenue staff charged to capital	-200	-154	-102	-51		
	Commutation Adjustment	-98	-59	-11			
	Interest	-2,587	-2,162	-1,260	-945	-766	-601
	Spending Adjustments Achieved	-1,536	-2,594	-3,088	-3,144	-3,208	-3,208
	Spending adjustments still to be permanently identified	-136		-500	-1,000	-2,000	-3,884
	Reconciliation adjustment	38	100	100	100	100	100
	Schemes brought forward		-175				
	Operations Division						
840	Transport Legislation - Drivers Hours		14	11	11	11	11
738	Driver Operating Scheme			10	10	10	10
	Offices						
300A	Eastfield House		3	-1	3	3	3
300B	Headquarters	6	-101	-136	55	140	140
	IT related						
494	Voice and data infrastructure	25	40	60	60	60	60
600	Network and ICT Services	145	167	207	176	170	170
843	Business Continuity (Application Servers)		30	30	30	30	30
841	Building Control - Public Access System		6	6	6	6	6
601&678	Business Systems	41	41	41	41	58	58
634	Customer First	686	702	702	702	702	702
733	Flexible Working (Roll out of Broadband for Members and Feasibility)	66	51	51	51	51	51
736	Corporate ICT Systems Officer	25	33	33	33	33	33
829	Business Transformation		43	43	43	43	43
830	ICT for new accommodation		38	47	47	47	47

MEDIUM TERM PLAN (REVENUE ITEMS)		NET REVENUE EXPENDITURE					
		APPROVED	BUDGET	MTP			
Bid No.	Scheme	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000
	Other						
831	Technical Services Restructuring		17	18	19	-23	-62
714	Multi-functional Devices	17	-4	-18	-18	-18	-18
450	Photocopier Replacement	1	1	1	1	1	1
455	Replacement Colour Plotter		8				
457	Replacement Plan Printer		-4				
835	Additional Training Provision		20	20	20	20	20
836	New Post of HR adviser		30	30	30	30	30
	Roundings	-1	2	-5	-2	-3	-6
	Proposed Plan	19,534	20,420	22,214	24,297	25,089	24,959
<p>This annex shows the revenue impact of:</p> <ul style="list-style-type: none"> - interest and borrowing needed for the capital expenditure shown in Annex D - the other revenue implications of revenue and capital proposals - any other adjustments included in the proposed Budget and MTP 							

RESERVES AND THE ROBUSTNESS OF THE 2008/09 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2008/09 budget and the adequacy of reserves when you consider it and the consequent Council Tax.

Robustness

The Council has tended in recent years to underspend its budget. This demonstrates that it has budgeted prudently and that managers have taken a mature approach to budgetary control rather than to simply spend any spare sums on low priority items. There is consistent and effective application of financial controls and thus a sound base for setting future budgets. The process for compiling this budget included an efficiency savings/budget reductions exercise involving all Heads of Service and I believe this has resulted in a tighter but realistic budget proposal for each service grouping.

The 2008/09 budget has been prepared using the budget for 2007/08 as a base, and amending it for known changes, particularly:

- Inflation, including pension contributions and fuel costs which are in excess of general inflation
- Potential pay rises
- The impact of MTP schemes
- Forecast interest rates, which have a significant impact on our investment income

There will always be some items that emerge after the budget has been prepared. These are normally met by compensating savings elsewhere in the budget, the use of the contingency (£140k) or, if necessary, the use of revenue reserves.

The most significant potential risks to the budget are:

- higher inflation than anticipated
- lower interest rates
- an emergency (e.g. flooding)

A ½% increase in general and pay inflation, **assuming no compensating increase in fees and charges was possible**, would result in a net cost of approximately £160k.

A ½% reduction in interest rates would result in lost income of approximately £170k but this might also lead to lower borrowing rates in due course.

Certain types of eventuality are mitigated in other ways. Many significant risks are insured against, so losses are limited to the excesses payable. The Government's Bellwin Scheme meets a large proportion, over a threshold, of the costs of any significant peacetime emergencies (e.g. severe flooding).

Revenue Reserves

These are estimated to be £19.1m at April 2008 and £17.5m at March 2009. This is very significantly above what would be considered a safe minimum level, which would be around £3m.

I believe the drawdown of £2m of revenue reserves during the year is reasonable particularly as all necessary savings have been identified to achieve the budget for 2008/09.

The medium term financial plan sets out how revenue reserves are expected to fall to £3m by 2013/14, at which point I consider it prudent not to plan for further draw down. In order to balance income with expenditure the net revenue budget for 2012/13 will need to be reduced by £3.9m.

Conclusion

Considering all these factors, I believe that the combination of a robust budget process and significant reserves should give Members no concerns over the Council's budget and financial position for 2008/09.

Terry Parker
Director of Commerce and Technology

FINANCIAL PLAN - SENSITIVITY AND RISKS

The financial forecast model has been used to demonstrate the impact that variations in investment rates, borrowing rates and increases in pay will have in specific years.

	Extra cost in year:	
	2012/13 £000	2018/19 £000
0.5% extra pay award cumulative from 2008/09	+635	+1,862
0.5% increase in staff efficiency cumulative from 2008/09 assuming this can be translated into reduced staffing levels.	-635	-1,862
0.5% higher investment returns in year	-35	-21
0.5% higher borrowing costs in year	+114	+202

Inflation, other than pay, is fairly neutral as long as fees and charges are increased in line with it. If pay awards increase by more than forecast then further efficiency improvements would be needed to reduce the impact.

The impact of investment rates has significantly diminished by 2012/13 as reserves will have been significantly reduced to meet revenue deficits and to fund capital projects.

The impact of higher borrowing rates is less significant than pay but is growing.

Other Risks

The next triennial revaluation of the Pension Fund is imminent. Significant funding pressures identified in the last revaluation resulted in increases spread over a 6-year period to 2010/11. Preliminary informal comments suggest that any further increases will not be significant and would not be applied before 2011/12.

The Plan assumes that the extra specific grant awarded for Concessionary Fares for the three years starting in April 2008 will, together with the base budget provision be sufficient to meet the Council's costs. This will not become clear until late in 2008/09. It is also possible that responsibility for the scheme may become a County or national responsibility in three year's time. Resulting Grant adjustments, because they will be formula based, may not be equitable.

The Government's next Comprehensive Spending Review will be published in the summer of 2010 (and every three years thereafter) and will create, as this year, significant uncertainty and potential volatility. This could have a significant impact.

It has been assumed that capping will continue to allow 4.99% increases in Council Tax. If this limit were to be reduced significant additional spending adjustments would be required. Relaxation of capping would provide potential to reduce the level of spending adjustments required by increasing Council Tax levels.

Inflation on Capital Schemes of 2.5% per year has been included in total within the plan. There have been examples of high tender prices on specific schemes but there is little objective data on which to base a higher inflation allocation or even to estimate a suitable contingency sum so no additional provision has been included. The Pathfinder House figures are predominantly fixed prices.

There is no provision for any demographic growth in services. Pressures will emerge due to additional housing and increased longevity over the plan period.

Most budgets are based on 97.5% of salary due to the expectation of savings from staff turnover. If turnover falls financial pressures will emerge and vice versa.

Leisure Centre income is approaching £5M per year and certain facilities are in direct competition with the private sector. If income was lost it would be difficult to reduce expenditure by an equivalent sum in the short term. In addition the financial plan incorporates a substantial challenge for leisure centres to reduce their net cost by £1M per year. This may not be achieved.

Spending Adjustments of a further £3.9M by 2012/13 and £10.8M by 2018/19 are included in the financial plan and achievement of these will require detailed identification and delivery plans.

FUTURE LEVEL OF RESERVES

The Plan is based on net spending rising to £31M by 2018/19 and revenue reserves falling to £3M. Assuming the same proportions as currently this would imply expenditure of £100M including £42M of benefits payments and income of £69M including £42M of government reimbursement of benefits.

In order to identify a reasonable level for reserves there is a need to consider the circumstances that could occur that would require immediate extra funding pending reductions in expenditure or obtaining additional income.

These fall into various categories:

Inflation

If pay awards and inflation were 1% more than expected in 2018/19, and fees and charges were not increased to mitigate it, the cost would be about £520k

Interest Rates

Limited impact in the longer run but 1% increase in borrowing rates would amount to £400k per year by 2018/19.

Cash Flow

Changes to the profile of when the Government pays the Council its Government Grant and other payments (e.g. housing and Council Tax benefit)

Major failure of the computer systems for billing and recovering Council Tax, NNDR or other income. Impact is exaggerated because this Council takes the risk of late collection for the whole sum on Council Tax and NNDR for the area which amounts to £110M at present and would grow to, say, £180M by 2018/19. One month's loss of interest on £180M is £750k.

Non achievement of Spending Adjustments

Spending adjustments of £10.8M are still to be identified.

Emergency/Disasters

The impact of a disaster to the public (e.g. flooding or a plane crash) is restricted by the Government paying 85% of any cost in excess of £36k but the Council would still need to fund the total cost pending reimbursement. A Council disaster (e.g. the Council's computers or offices catching fire), would

not receive government funding but certain aspects are insured such as alternative accommodation and lost income at Leisure Centres. There would still be a need to fund the costs “up front” and there is no cover for the cost of lost cash flow.

Unplanned Spending loss of income

This would include items like planning inquiries. Whilst unlikely to recur the cost of the Alconbury Inquiry was in excess of £2M.

Loss of income

Changes in economic activity can have a significant impact on development control fees, building control fees and land charges.

Leisure Centre income could suffer if a new private Fitness Centre aggressively entered the market.

Invest to Save

In order to meet the spending adjustments and to manage the authority effectively there will be a number of opportunities that require investment in order to increase service provision for no additional long term cost or to maintain provision but at a lower long term cost. Reserves are therefore required to allow this to happen.

Capping

If capping continues there is a need for higher reserves to allow any mitigating action to be undertaken in a planned and controlled way so that the service impact on the public is minimised whilst replenishing reserves to an adequate level. Thus it should be assumed that any significant financial shortfall may take 3 to 4 years to resolve.

Conclusion

It is difficult to arrive at a scientific calculation of a minimum figure for reserves. Whilst the unexpected items are unlikely to all occur in the same year and may be reduced by compensating favourable changes the remaining level of unidentified spending adjustments and the manner in which capping tends to force immediate rather than best solutions means there is a need to hold significant reserves to cover the period until compensating adjustments are achieved or capping relaxed.

Our current reserves (£19M) are clearly well above the necessary levels to cover these risks but it is considered that £3M is the minimum that should be retained, based on the information currently available.

Whilst the statistics need to be treated with some caution, £3M would result in 75% of District Councils having higher reserves per £1M of net expenditure than Huntingdonshire.