

**BUDGET AND MEDIUM TERM PLAN 2010-2015
DRAFT PROPOSALS**

(Report by the Head of Financial Services)

1 PURPOSE

- 1.1 This report allows the Cabinet to review the draft 2010/11 budget, the Medium Term Financial Plan (MTP) to 2014/15 and the longer term financial forecast to 2023/24. It will also be considered by Overview and Scrutiny on the 12 November and their comments will be available at the Cabinet meeting.
- 1.2 Once these drafts have been approved by Council in December, they will be used to produce the final budget and MTP for the following 4 years for formal consideration and approval by Council in February.

2. BACKGROUND

- 2.1 For a number of years it has been forecast that there is a need to find additional sources of income or make budget savings. During the summer our financial forecast was revised and this was considered by Cabinet in September. The Forecast confirmed that the previously forecast gap between income and expenditure is becoming a reality. Our accounts for last year showed that we needed to draw £1.2m from our reserves. This was a slightly lower deficit than planned and left revenue reserves of £19m. Over the next few years these reserves will fall rapidly. For 2009/10 we forecast that we will have to draw £3.3m from our revenue reserves while collecting £7m in Council Tax and £12.6m in central government funding.
- 2.2 Our financial plan approved by Council in February 2009 set a target for the Council to identify £500k of savings in order to 'balance' the budget for 2010/11. This target is in addition to the impact of the recession and the worsening outlook for central government funding. In order to address this target, officers and Executive Members have been reviewing their current budgets, existing MTP schemes and plans for the coming 5 years. This has resulted in a number of proposals to reduce expenditure.
- 2.3 However, as usual, a number of issues have arisen which have generated a need to provide for additional expenditure.

These have been reviewed by the Chief Officers' Management Team and, where necessary, included in this report.

- 2.4 Details of the main items of savings, re-phasing and additional expenditure are set out in annex A.

3. SUMMARY

- 3.1 The key points in this paper are:

This draft budget will be reviewed and adjusted as necessary prior to submission to Cabinet and then Council for formal approval in February 2010.

Prospects for generating income from central government grant, Council Tax and charges to users are all substantially reduced from that expected in February 2009. The forecast increase in Council Tax is reduced from 4.99% to 2.49%. In total the Council Tax and Revenue Support Grant income available to the Council in 2011/12 (the first year of the new Government Spending Review) is expected to be £567k lower than in the approved MTP (before the adjustment on Concessionary fares referred to below).

The draft budget includes substantially reduced provision for price and wage rises in recognition of reduced inflation and funding pressures.

The draft budget for 2010/11 recognises substantial efficiencies that have been made in waste recycling £235k and leisure centres £591k. It also proposes: making some of the existing free car parks subject to a charge, transferring responsibility for public conveniences to town councils and modest reductions in a number of other service budgets.

The Council will continue to ensure that any staff vacancies are properly reviewed before they are filled in order to ensure value for money. This has led to decisions to delay the filling of posts, filling them on a temporary basis or restructuring in order to reduce costs.

The forecast for later years is substantially affected by two significant events. The three yearly revaluation of the Local Government Pension scheme is expected to identify a reduced level of funding. This shortfall will result in the Council having to make additional payments into the scheme. These additional payments are forecast at £180k in 2011/2 and £800k per year by 2014/15.

We now expect responsibility for the Concessionary Bus Fares scheme to be transferred to the County Council in April 2011. Whilst this will reduce our net expenditure by £0.9m we forecast that a £1.4m reduction will be applied to our revenue support grant based on recent Government exemplifications (Annex B).

Additional spending restrictions are anticipated in future years. Whilst £2m of grants to fund the construction of new affordable homes is provided over the next four years; this is a lower level than had previously been included in the Forecast. Expenditure on the Arts Service will be substantially reduced by 2012/13. Whilst some grant funding will be retained the Council will no longer provide summer concerts, arts diaries or administer any events.

Whilst the budget does not require additional spending cuts for 2010/11, the forecast for later years sets a target to identify further savings of £1M, £2.5M and £5.7M in the following 3 years.

In 2010/11 we expect to draw £4.9m from our revenue reserves – slightly less than included in the plan approved in February. Revenue reserves will drop to a minimum acceptable level in 2013/14.

As ever these forecasts are an attempt to see into an uncertain future. We cannot predict all future events and therefore some significant risks to the Council are highlighted in Paragraph 6.

4. MTP VARIATIONS

4.1 The following table summarises the variations from the Budget/MTP approved in February:

	REVENUE						NET CAPITAL					
	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2009/ 2010 £000	2010 2011 £000	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000
	APPROVED (February 2009)	23,378	25,286	25,687	25,306	23,149	24,001	17,796	6,056	4,957	6,666	6,374
Proposed variations:												
Rephasing	264	567	85	-57	-142	-181	-1,685	-1,309	530	350	514	214
Saving	-954	-776	-1,389	-1,560	-1,631	-1,672	-1,553	3,446	-709	-2,830	-606	231
Extra Cost	456	1,028	-50	132	-72	-39	-395	1,360	3,070	-466	-1,150	3,870
Capital to Revenue	351	332	226	216	216	162	-346	-282	-181	-186	-171	-117
Revenue to Capital	-292	-322	-332	-302	-302	-302	292	322	332	302	302	302
Technical	-148	-185	129	180	248	263		-77	-50	-29	-38	-5,302
Total Variations	-323	644	-1,331	-1,391	-1,683	-1,769	-3,687	3,460	2,992	-2,859	-1,149	-802
Proposed New Plan	23,221	26,100	24,526	24,085	21,636	22,402	14,109	9,516	7,949	3,807	5,225	4,461

4.2 “Savings” items are significant ranging from £954k to £1,672k per year by the end of the MTP period. Some have initial periods with a net cost before overall surplus is achieved after taking account of the costs of financing any capital investment

4.3 Some rephasing schemes result in additional costs where income generation is delayed.

4.4 The following table summarises the capital schemes by service area. The difference from the totals in table 4.1 is due to adjustments to the capital inflation provision.

CAPITAL	2009	2010	2011	2012	2013	2014
	2010	2011	2012	2013	2014	2015
	£000	£000	£000	£000	£000	£000
Public Conveniences		100				
Environmental Health		20	30			
Economic Development	821	618	762	398		
Community Initiatives		11				
Parks and Open Spaces	205	131	62	73	67	60
Leisure Centres	3,205	4,185	918	375	625	691
Community Facilities	12	55	69	69	69	69
Community Safety	144	105	104	105	100	107
Housing Services		-168				
Private Housing Support (including Social Housing Grant)	1,351	1,690	1,490	1,490	1,490	1,490
Housing Benefits	31					
Transportation Strategy	414	1,296	346	296	288	214
Public Transport	58	957	-109	-108	42	
Car Parks	24	460	3,000	36	120	31
Environmental Improvements	344	-1,597	242	635	739	222
Environmental Strategy	271	90	-365	84	94	94
Operations Division	825	218	768	1,249	857	1,009
Customer Service Centre and Offices	5,031	-115	2	-1,810		
IT related	1,029	793	460	492	412	432
Other	142	307	60	43	73	69
Technical	202	283	206	643	245	515
TOTAL	14,109	9,439	8,045	4,070	5,221	5,003

4.5 Annex A outlines the significant elements included in these revenue and capital variations and a detailed schedule showing all variations is available on the Council’s website under “Council Finance” in the A-Z list and then pick the “2009 MTP Review”. Annex B shows the assumptions retained from the Financial Forecast Report and the additional adjustments now allowed for including pension contribution rates and concessionary fares. Annex C shows the draft MTP with all of the proposed variations integrated.

4.6 The relevant appraisal forms can also be found on the Council’s website and on the intranet via a link on the

Members' page. The final budget report in January will highlight those schemes that will require further approval from COMT or Cabinet before proceeding.

5 OVERALL POSITION

5.1 The table below sets out revised net revenue expenditure and funding forecasts. Annex D provides further detail of the variations and is projected for the whole forecast period.

REVENUE SUMMARY	FORECAST	BUDGET	MTP			
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000
2009/10 BUDGET/MTP	23,378	25,286	25,687	25,306	23,149	24,001
Total variations	-506	-247	-2,023	-1,947	-2,463	-3,640
NEW FORECAST	22,873	25,039	23,664	23,359	20,686	20,361
FUNDING						
Use of revenue reserves	-3,251	-4,863	-4,145	-3,618	-716	0
<i>Reserves remaining EOY</i>	<i>16,342</i>	<i>11,479</i>	<i>7,334</i>	<i>3,716</i>	<i>3,000</i>	<i>3,000</i>
Government Support	-12,572	-12,958	-12,077	-12,045	-12,011	-12,154
Collection Fund Deficit	-27	0	0	0	0	0
Council Tax	-7,022	-7,218	-7,443	-7,697	-7,959	-8,207
COUNCIL TAX LEVEL	£121.15	£124.17	£127.26	£130.43	£133.68	£137.01
£ increase		£3.02	£3.09	£3.17	£3.25	£3.33

Use of Revenue Reserves	3,251	4,863	4,145	3,618	716	0
Unidentified spending adjustments still required	0	0	1,000	2,500	5,689	6,772
Total Budget Deficit	3,251	4,863	5,145	6,118	6,405	6,772

6 RISKS

6.1 The Financial Forecast, by its very nature, takes a long-term view and, within that time frame, many of its assumptions will turn out to be imprecise. We will regularly review the latest information.

6.2 Some significant uncertainties and the dates when they may be clarified by are set out below:

Risks and Unknowns	Timescale
Impact of St Ives Guided Bus	By Spring 2010
Government capping decision	May each year
Length and depth of recession – impact on interest rates, pay inflation, house building, Council income and expenditure.	ongoing
Government grant totals for 2011/12 to 2013/14 (may be delayed by election)	November 2010
Grant formula changes (may be delayed by election)	November 2010
Changes regarding responsibility for Concessionary Fares	November 2010
Pension Scheme revaluation	December 2010

6.3 Other risks include:

- interest rates or inflation may turn out to be significantly different to the assumptions in this report.
- the possibility of further VAT refunds and receiving compound rather than simple interest on these and the refunds already agreed.
- the potential for costs relating to “orphan” contaminated land sites.
- changes in employer’s pension contributions from April 2011 being different to those assumed
- changes in Government Grant being different to those assumed due to the economic situation and changes in the formula from April 2011.
- the recession becoming more severe and prolonged.
- difficulty in delivering the savings already identified or the spending targets inherent in this plan.
- further high priority service developments or unavoidable spending requirements emerging.
- the potential for the statutory Disabled Facilities Grants budget to be exceeded if occupational therapists reduce the backlog.
- recycling gate fees changing as a result of movement in economic indices.
- additional costs if Civil Parking Enforcement introduced
- insufficient provision for the costs of replacing wheelie bins at the end of their useful life.
- occupational therapists carrying out a higher value of Disabled Facilities Grants than provided in the capital programme.
- turnover of staff remaining low and hence the turnover allowance in the staffing budget not being achieved.

6.4 All risks will be reviewed again before the final budget report and adjustments made where possible.

7. CONCLUSIONS

7.1 As usual we cannot be certain of all the issues and opportunities that the Council will face in the coming years. However the scale of the financial challenge that the Council faces is increasingly clear and immediate. Action is proposed in this draft budget. Substantial further action will be required in coming years.

7.2 The savings identified in this report provide a good contribution towards our eventual target and discussions will be continuing with Executive Councillors to agree proposals for future years.

7.3 The Council will need to be comfortable with the level of risk inherent in the MTP (including the achievement of the spending adjustments) when it considers its prudential borrowing limits in February.

7.4 The current volatility in the economy means that the impact on services and interest rates and will need to be monitored over the coming weeks and may result in amendments being proposed to this draft plan before it is formally adopted in February.

8. RECOMMENDATIONS

8.1 Cabinet are asked to:

- Recommend this draft Medium Term Financial Plan to Council as the basis for the production of the 2010/11 budget, the revised MTP for 2011/12 to 2014/15 and the financial plan to 2023/24.

Annexs

- A** Explanation of main MTP variations
- B** Assumptions: Additional and from the Forecast Report
- C** Draft MTP
- D** Overall Financial Summary

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Working papers in Financial Services
2. 2009/10 Revenue Budget
3. Financial Forecast Report
4. Summary and Forms on <http://www.huntsdc.gov.uk/> - look for Council Finance in the A-Z list and then choose "2009 MTP Review"

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SUMMARY OF SIGNIFICANT BUDGET VARIATIONS

Refuse and Recycling

Following a shared procurement exercise undertaken jointly with Fenland and Cambridge City Councils significant savings are expected in the recycling of dry waste. These savings amount to £259k next year and £235k p.a. thereafter. The sum payable is dependant on changes in an index of recycled materials.

Public Conveniences

The contract for cleaning the District's 9 public conveniences will come to an end at the end of March 2010. From 1st April 2010 the District plans to transfer responsibility for cleaning and maintaining these toilets to Town Councils. Discussions with the five town Councils affected are at an early stage. Should the Town Councils decide that they do not want to assume responsibility for these conveniences they will be closed and alternative uses will be investigated. Transferring responsibility will save the District Council £156k of revenue costs per year from next year. The capital programme includes provision for new public conveniences at the new Huntingdon Bus Station (£75k) and Ramsey Library (£25k).

Planning Policy and Conservation

Provision for Local Development Framework examinations (£500k spread over three years), preparations for the introduction of the Community Infrastructure Levy (£60k) and a reduction in Conservation Grants from £57k to £37k per year.

Economic Development

A reduction of £2M in the Housing Growth Funding available for Huntingdon West. Although the number of enquiries and letting of smaller units have increased in the last three months, the recession has had an impact on income from rents for commercial properties. The potential reduction of £80k over two years is based on an analysis of the current portfolio which shows three of the larger premises vacant at the same time and a "churn" of small business as a result of liquidations/closures and new start-ups.

£25k for St Neots Sustainable Urban Extension - Supplementary Plan and £30k for Huntingdon Town Centre - Retail Strategy Support are also included on the basis that most of the cost will be saved in later years. Significant capital schemes previously approved include Huntingdon Town Centre Development and the construction of new starter units in St Ives.

Parks and Open Spaces

Reductions in provision for the Huntingdon Riverside scheme of £550k, Year 5 provision for Play Equipment & Safety Surface Renewal £60k. Extra Housing Growth Fund money for St Neots Green Corridor £210k. Extra maintenance funds for Pavilions £8 per year.

Leisure Policy and Development

Substantial reduction in the Arts Development Service producing a £135k saving by 2012/13.

Leisure Centres

Significant extra capital investment in St Neots (£1.949M) and St Ives (£1.955M) is included but these redevelopments are expected to generate a revenue return more than sufficient to cover the cost of the capital investment and the extra running costs to make a positive contribution to the Leisure Centre Savings Target.

Provision is made for the receipt of a County Council contribution to capital maintenance costs which has been delayed and continuation of the capital maintenance provision to 2014/15.

Adjustments have been made to the savings target to reflect the MTP variations but also a delay in their achievement resulting in extra costs of £300k this year and £392k next year which is redeemed in later years

Community Safety

A recent staffing restructuring will generate savings of £72k per year from next year.

Housing Services

The negative figure in 2010/11 is the capital receipt from the sale of the mobile homes which were purchased to minimise the relocation costs while the contaminated land was dealt with on the site.

Private Housing Support

Social Housing Grant investment has been adjusted to £500k per year for remainder of MTP period. £25k per year from 2011/12 to continue to fund Safer Homes Scheme following end of grant support. One-off capital saving of £92k relating to Decent Homes scheme. Capital provision for Disabled Facilities Grants and Repairs Assistance is retained and extended to include 2014/15.

Transportation Strategy

The Capital programme retains a range of programmes, a number providing joint funding with the County Council, which have been extended to 2014/15. £537k is included in 2010/11 as a contribution to the St Neots Pedestrian Bridge.

Public Transport

The Council faces increased costs resulting from the usage of the concessionary bus fare scheme. These additional costs of £365k per year rising to an estimated £400k next year as a result of St Ives Guided Bus. Capital provision mainly relates to the Huntingdon Bus Station redevelopment.

Car Parks

Capital funding for car park repairs (£237k) over 3 years from 2012/13. Additional funding (£1.5M) included to provide a total of £3.3M for extra car parking in Huntingdon Town Centre to allow redevelopment to take place. This results in additional revenue costs initially but converting to a scheme surplus when parking demand has risen sufficiently. £40k per year assumed loss of car parking income at St Ives due to Guided Bus car park being free.

Provision for introducing charging at car parks which are not currently charged for is assumed to commence in June 2010 with the net increase in income rising from £100k to £125k in a full year. The Car Park Working Party is to consider which car parks and relevant charges.

Environmental Improvements

Capital contribution from County Council towards Heart of Oxmoor delayed to 2010/11 due to market conditions delaying sale of the related housing land.

Environmental Strategy

Various projects resulting in additional revenue spending of £335 and capital spending of £150k over the MTP period.

A Building Efficiency Improvements scheme is also included which is partly grant funded and forecast to create eventual savings of £40k per year after allowing for financing costs. Part of this scheme is likely to be undertaken in Leisure Centres and so the saving has been discounted by 50% to avoid double counting with the Leisure Centres saving target.

Administrative Services

The impact of the recession and continuing competition from the private sector has resulted in a reduction in income from property searches. This has been offset recently by an increase in the number of searches received, which is likely to continue as the property market recovers and Government announcements on changes to statutory charges for personal searches. Land Charges income is anticipated to fall by up to £50k on this year's approved budget.

Democratic Representation

An adjustment is needed to reflect the Council's decision to maintain the existing system of election by thirds as opposed to the proposal for all-out elections included in the approved MTP.

Offices

Savings of £489k capital leading to a revenue saving due to accommodating staff in new buildings so that Castle Hill House can be sold. This sale, together with that of the site fronting St. Mary's Street, results in the large negative capital value (-£1,810k) in 2012/13.

IMD related

Considerable efforts are being made to generate economies in the IMD budget. This has already resulted in savings of £52K on the approved 2009/10 budget and further significant ongoing savings are currently under investigation. These will be included in the final budget report in January and should cover the shortfall in web based advertising and contribute towards the Council's 'unidentified savings target'.

Funding future PC replacements from capital rather than revenue will switch £252k pa of costs from revenue to capital.

Other

A restructuring of Central Services staff has realized a saving of £105k. Further capital expenditure savings are expected on Document Centre equipment replacements (£67k) but extra provision is made for Multi-functional Devices (£43k) and Scanning Equipment (£51k).

Technical

Transfer of staff overheads from capital to revenue as a result of a change to the accounting rules is partly offset by extra staff time on capital schemes. Some of these adjustments are on individual schemes under individual services. A total refund of VAT in 2009/10 of £780k is expected and there is potential for a higher sum.

Provision is included for capital inflation as the MTP is produced at a 20010/11 price base. VAT partial exemption was reintroduced this year after a two year break and some adjustment has been made to the previously forecast cost.

Investment interest, inflation, cost of borrowing and the outstanding spending adjustments target are all included within this section

ASSUMPTIONS

Starting point for this year's review:

APPROVED BUDGET / MTP	09/10 £M	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M	17/18 £M	18/19 £M
Net Spending	23.4	25.8	27.2	28.5	29.6	30.8	32.4	33.7	35.0	36.5
Less unidentified reductions		-0.5	-1.5	-3.2	-6.5	-6.8	-7.5	-7.9	-8.2	-8.7
Net Funding required	23.4	25.3	25.7	25.3	23.1	24.0	24.9	25.8	26.8	27.8
Funding										
Government support	-12.6	-12.9	-13.5	-14.0	-14.4	-14.7	-15.1	-15.5	-15.9	-16.3
Council Tax	-7.0	-7.4	-7.8	-8.3	-8.8	-9.3	-9.8	-10.3	-10.9	-11.5
Deficit met from Reserves	-3.8	-5.0	-4.4	-3.0						

Revised Assumptions

Pensions

Employer's pension contributions are based on the valuation made by the independent actuary and the next one is due in late 2010 and will provide the new rates for 2011/12 onwards. It will be significantly affected by the market value of equities when the valuation is carried out but it is becoming clear that increases must be allowed for. In deciding the phasing of these the actuary will balance the need for the Fund to be 100% funded as soon as possible with the need to spread this payment so that it is affordable in the current economic circumstances.

It has therefore been assumed that the contribution rate will rise by 1% per year for 6 years starting in 2011/12. There is a risk that the actuary will determine a different amount and his decision should be available next November.

Concessionary Fares

It is likely that Concessionary Fares will be transferred to the County Council from April 2011. Whilst we will save the amounts we are currently spending (including the estimated increase in the MTP) our Grant will be reduced and the County's increased so they can afford to provide the service. Unfortunately this will not be based on what we spend but a generalised formula. The impact based on the latest exemplification from the DCLG Grant Working Party would be as follows:

Concessionary Fares	11/12 £000	12/13 £000	13/14 £000	14/15 £000	15/16 on £000
Saved Spending					
Base (net of special grant)	457	457	457	457	457
MTP Variation	400	400	400	400	400
Saved Spending	-857	-857	-857	-857	-857
Estimated Lost Grant (phased)	1,414	1,564	1,714	1,864	2,011
Total Impact	+557	+707	+857	+1,007	+1,154

Because of the size of the grant loss the impact will be phased due to the “floors and ceilings” which have previously disadvantaged the Council.

Service Variations

Provision for capital spending has been reduced from 2015/16 onwards to £5.125M per year (cash prices) to reflect the proposed bid levels for 2014/15. This represents a reduction of £270k.

Assumptions unchanged from the forecast report.

Government General Grant

It is expected that the amount to be distributed will be a real terms cut for District Councils because of the economic situation and the perceived priorities of Education and Social Services. The forecast assumes just a 1% cash increase per year over the next review period (2011/12 to 2013/14) and that this will then increase to a 2½% cash increase per year.

The formula changes are too complex and uncertain to model so no assumed change has been made but the risk is most certainly on the downside.

The Government has a system of protections still in place for those authorities which they have calculated should be receiving less grant. Unfortunately this is funded by those authorities that are due to receive increases in grant like Huntingdonshire and so this Council has now lost over £6M, including interest. The table below shows the change in assumptions on the level of grant:

GRANT* FUNDING	09/10 £M	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M	17/18 £M	18/19 £M
Current Approved Plan										
True grant forecast	13.2	13.4	13.7	14.0	14.4	14.7	15.1	15.5	15.9	16.3
Less withheld to protect others	-0.6	-0.4	-0.2							
Total	12.6	12.9	13.5	14.0	14.4	14.7	15.1	15.5	15.9	16.3
Proposed Plan										
True grant forecast	13.2	13.4	13.5	13.6	13.8	14.1	14.5	14.8	15.2	15.6
Less withheld to protect others	-0.6	-0.4	-0.2							
Total	12.6	13.0	13.3	13.6	13.8	14.1	14.5	14.8	15.2	15.6
LOSS (-)		+0.1	-0.2	-0.4	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7

*Grant includes Revenue Support Grant and NNDR which are *in aggregate* distributed in line with the grant formula.

Tax Base

TAX BASE	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
	£	£	£	£	£	£	£	£	£	£
Band D Properties										
Number	57,960	58,134	58,483	59,009	59,540	59,897	60,257	60,618	60,982	61,348
% increase		0.3%	0.6%	0.9%	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%

Council Tax Level

The forecast has been based on only raising Council Tax levels by 2.49% per year. This will be reviewed in the light of the latest information when the tax is formally set next February for 2009/10.

The impact on the Council's income is shown below:

COUNCIL TAX	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Current Approved Plan										
Council Tax level	£121.15	£127.20	£133.55	£140.21	£147.21	£154.55	£162.26	£170.36	£178.86	£187.79
Council Tax Income	£7.0M	£7.4M	£7.8M	£8.3M	£8.8M	£9.3M	£9.8M	£10.3M	£10.9M	£11.5M
Proposed Plan										
Council Tax level	£121.15	£124.17	£127.26	£130.43	£133.68	£137.01	£140.42	£143.92	£147.50	£151.17
Council Tax Income	£7.0M	£7.2M	£7.4M	£7.7M	£8.0M	£8.2M	£8.5M	£8.7M	£9.0M	£9.3M
Reduction in income		-£0.2M	-£0.4M	-£0.6M	-£0.8M	-£1.1M	-£1.3M	-£1.6M	-£1.9M	-£2.2M

Use of Revenue Reserves

£16.6M is available to cover the current and forecast funding deficits on a temporary basis and thus give the Council time to phase in the necessary spending adjustments over the next few years.

Inflation

The biggest item will always be pay inflation and this forecast is based on 1% for April 2010, 2% for 2011 and 2.5% thereafter. This should not be taken as an assumption that the actual award will be at or even around these levels but simply a current estimation that general pay rises may be at these sorts of level. This change has a significant impact on spending levels.

Inflation on some other areas has also been adjusted and the table below highlights the differences over the next three years:

	From To	09/10 10/11	010/11 011/12	11/12 12/13
pay prices		1% from 3%	2% from 3%	2.5% from 3%
expenditure		2% from 3%	2% from 2.5%	2% from 2.5%
fees & charges		2% from 3%	2% from 2.5%	2% from 2.5%
electricity		5% from 38%	5% no change	5% no change
gas		5% from 40%	10.0% no change	10.0% no change
fuel		5% from 10%	7.5% from 10%	10% no change

Interest Rates

The Council has been largely protected from the fall in interest rates through having a number of investments locked into higher rates. As these come to an end over the coming year our returns will fall but will initially be offset, in part, by low borrowing rates. It has been assumed for the purpose of the forecast that borrowing will be for a mix of periods and current long period borrowing rates are significantly higher than short ones as the market is assuming generally higher rates within the next two years. In practice, there will be some opportunity to achieve lower investment rates by borrowing short until long term rates dip.

The table below shows the assumed interest rates used in the forecast:

Average Rates	2009/10	2010/11	2011/12	2012/13
Investment	3.8%	2.0%	4.5%	4.5%
Borrowing	0.7%	1.7%	4.2%	4.6%

DRAFT MTP INTEGRATING PROPOSED VARIATIONS

ANNEX C

Bid No.	Scheme	REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
874	Huntingdon Transport Strategy							63	80										
362	St Ives Transport Strategy							80	140										
363	Ramsey Transport Strategy							43	45	45									
875	A14 Inquiry	51	149																
Public Transport																			
818	Railway Stations - Improvements							20	26										
899	Bus Shelters - extra provision	18	25	28	28	28	28	6	41	41	42	42							
625	Huntingdon Bus Station							32	890	-150	-150					150	150		
912	Concessionary Fares	365	400	400	400	400	400												
912	Concessionary Fares (T/F to County)			-857	-857	-857	-857												
	Transportation Grants		-10	-10	-10	-10	-10												
Highways Services																			
844	Street naming and numbering	10	5	5															
Car Parks																			
166	St Neots - Cambridge Road Car Park							9	80										
461	Car Park Repairs							15			86	120	31						
480	Implementation of car park strategy	-441	-456	-480	-514	-548	-582												
	St Ives Guided Bus impact on car park income	10	40	40	40	40	40												
923	Additional Car Parking, Huntingdon Town Centre				168	129	38		380	3,000	-50						250		
	Additional Car Park Charges (net)		-100	-125	-125	-125	-125												
Environmental Improvements																			
52	St Ives Town Centre 2 - Completion							3	10	20	425	509							
876	Small Scale - District Wide Partnership							58	79	79	79	80	60	10	10	10	10	10	10
877	AJC Small scale improvements							86	86	86	86	90	86						
878	Village Residential Areas							20	57	57	60	60	76				10	10	10
703	Heart of Oxmoor							87	-1,829						1,829				
489	St Neots and Eynesbury							90											
920	East of Sapley - Preliminary Costs	10	5								-15								
Environmental Strategy																			
879	Environment Strategy Funding	55	55	55	55	55	55	69	50	55	55	55	55						
880	Sustainable Homes Retrofit	15	15	10				202	40	-470				75		470			
881	Climate Change Adaptation Study	15	15																

DRAFT MTP INTEGRATING PROPOSED VARIATIONS

ANNEX C

Bid No.	Scheme	REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS						
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
917	Energy and Water Efficiency Study	25	20	20	20															
883	Decentralised and Renewable Energy - District Appraisal	25																		
909	Great Fen Project - Governance arrangements	10	20	20	20	20														
915	St Neots ESCO Study		50																	
918	Building Efficiency Improvements (Salix Grant)			-25	-58	-77	-103			100	58	77	78		75					
918	Building Effic. Imps (Potential LC prportion)			12	29	38	51			-50	-29	-38	-39							
	Administrative Services																			
824	Land Charges - Extra net cost	291	260	241	241	241	241													
	Democratic Representation																			
885	District Council Elections	-67					-80													
825	Members Allowances Review		5				6													
826	Electoral Administration Act	8	16	8	8	8	16													
	Operations Division																			
886	Vehicle fleet replacements.							825	218	768	1,249	857	1,009							
	Offices																			
889	Eastfield House	-1	3	3	3	3	3													
890	Headquarters	-116	25	95	95	95	95	5,031	-115	2	-1,810			345	184		1,810			
	IT related																			
494	Voice and data infrastructure							50												
902	VOIP Data Switches	-18						20												
495	Corporate EDM	36	46	10	10	10	10	93	25											
600	Network and ICT Services	207	176	170	170	170	170													
891	Business Systems	74	77	132	122	122	20	195	270	208	240	160	180							
634	Customer First	30	34					50	16											
842	Resourcelink - Recruitment Module								10											
830	ICT for new accommodation							48												
898	Server Virtualisation and Network Storage		-33	-33	-33	-33	-33	160	55											
900	Working Smarter	42	41					113	120											
892	Government Connect			22	22	22	22	23												
893	VoIP Telephony for Leisure Centres	4	8	8	8	8	8	25	45											
913	Web Advertising income shortfall	-6	25	28	25	25	25													
	Desktop Replacements (T/F to Capital)	-252	-252	-252	-252	-252	-252	252	252	252	252	252	252							

DRAFT MTP INTEGRATING PROPOSED VARIATIONS

ANNEX C

Bid No.	Scheme	REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS						
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Other																			
831	Technical Services Restructuring	18	19	-23	-62	-62	-62													
	Central Services Staff Saving	-105	-105	-105	-105	-105	-105													
380	Replacement Printing Equip.							85	230											
894	Replacement Equipment Document Centre							5	29	17	5	53	17							
895	Multi-functional Devices	-12	-12	-12	-12	-12	-12	38	15	43	38	20	43							
916	Replacement Scanning Eqpt. - Customer Services							9	33				9							
919	E-Marketplace	13	12	-13	-31	-34	-34	20												
	Mobile Communications Van		-4	-4	-4	-4	-4	-15						15						
	IMD Savings		-50																	
	Technical																			
	Capital Inflation	0	0	0	0	0	0			138	220	276								
	Revenue staff charged to capital	-140	-100	-50	-50	-50	-50	140	100	50	50	50	50							
	Commutation Adjustment	-18						18												
	Rule change re Capital Overheads	188	162	162	162	162	162	-143	-117	-117	-117	-117	-117							
	Interest	-1,099	-722	-664	-484	-355	-359													
	Borrowing early	-54	-54	-54	-52	-34														
	Cost of borrowing	618	1,448	1,809	2,173	2,584	2,964													
	Revenue Inflation	1,029	2,912	3,953	5,057	5,765	6,620													
	Spending Adjustments still to be identified		-500	-1,500	-3,237	-6,501	-6,815													
	Temporary Spending Adjustment (Contingency)	22	28	28	28	28	28													
	Temporary Spending Adjustment (Recharges)	74	64	67	67	67	67													
	Pensions Increase Savings (Corporate Management)			-18	-18	-18	-18													
	VAT Partial Exemption	45	46	55	55	55	55	187	377	39	27	40	40							
	Need to accrue untaken leave in accounts	150																		
	VAT reclaim	-780																		
	Schemes brought forward	250	250	250	250	250	250	700	700	700	700	500	500							
	Schemes carried forward	-250	-250	-250	-250	-250	-250	-700	-700	-700	-500	-500	-500							
	Roundings	-6	-1	-3	-6	-3	-4													
	REVISED TOTAL	23,055	25,930	24,356	23,915	21,466	22,232	14,109	9,516	7,949	3,807	5,225	4,461	3,584	7,699	1,118	2,767	558	558	

ANNEX D

FINANCIAL SUMMARY	F'CAST	BUDGET	MTP				FORECAST									
	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	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
2009/10 BUDGET/MTP	23,378	25,286	25,687	25,306	23,149	24,001	24,890	25,817	26,785	27,796	28,650	29,752	30,901	32,103	33,358	34,869
Variations																
Forecast	336															
MTP	-323	644	-1,331	-1,391	-1,683	-1,769	-2,083	-2,119	-2,249	-2,205	-2,399	-2,219	-2,349	-2,255	-2,399	-2,269
Interest	57	273	-119	-222	-225	-201	-202	-203	-204	-205	-206	-206	-205	-205	-205	-205
Cost of Borrowing	-576	-861	-209	-29	-205	-235	-229	-217	-198	-172	-140	-100	-53	3	67	141
Inflation	0	-803	-864	-1,043	-1,163	-1,479	-1,867	-2,256	-2,614	-3,181	-3,667	-4,163	-4,769	-5,279	-5,784	-6,577
Spending Adjustments	0	500	500	738	812	43	256	312	401	491	704	516	708	538	558	547
Total Variations	-506	-247	-2,023	-1,947	-2,463	-3,640	-4,125	-4,482	-4,863	-5,272	-5,708	-6,172	-6,668	-7,198	-7,762	-8,362
NEW FORECAST	22,873	25,039	23,664	23,359	20,686	20,361	20,765	21,335	21,922	22,524	22,942	23,580	24,234	24,905	25,597	26,507
FUNDING																
Use of revenue reserves	-3,251	-4,863	-4,145	-3,618	-716	0	0	0	0	0	200	200	200	200	200	0
<i>Remaining revenue reserves EOY</i>	16,342	11,479	7,334	3,716	3,000	3,000	3,000	3,000	3,000	3,000	3,200	3,400	3,600	3,800	4,000	4,000
Government Support	-12,572	-12,958	-12,077	-12,045	-12,011	-12,154	-12,304	-12,611	-12,927	-13,250	-13,581	-13,921	-14,269	-14,625	-14,991	-15,366
Collection Fund Deficit	-27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,022	-7,218	-7,443	-7,697	-7,959	-8,207	-8,461	-8,724	-8,995	-9,274	-9,562	-9,859	-10,165	-10,480	-10,805	-11,141
COUNCIL TAX LEVEL	£121.15	£124.17	£127.26	£130.43	£133.68	£137.01	£140.42	£143.92	£147.50	£151.17	£154.93	£158.79	£162.74	£166.79	£170.94	£175.20
£ increase		£3.02	£3.09	£3.17	£3.25	£3.33	£3.41	£3.50	£3.58	£3.67	£3.76	£3.86	£3.95	£4.05	£4.15	£4.26
Forecast Capital Spending	14,109	9,439	8,045	4,070	5,221	5,003	5,125	5,253	5,383	5,524	5,669	5,818	5,970	6,127	6,287	6,452
Accumulated Borrowing EOY	14,124	22,916	30,122	33,177	37,274	41,019	44,746	48,452	52,128	55,775	59,383	62,945	66,449	69,887	73,246	76,515
Net Interest & Borrowing Costs																
- total	-1,054	85	764	1,387	1,766	2,168	2,501	2,842	3,192	3,551	3,919	4,289	4,669	5,061	5,464	5,881
- as % of total net spending	-5%	0%	3%	6%	9%	11%	12%	13%	15%	16%	17%	18%	19%	20%	21%	22%
Unidentified Spending Adjustments still required	0	0	-1,000	-2,500	-5,689	-6,772	-7,231	-7,623	-7,810	-8,238	-8,736	-9,063	-9,328	-9,940	-10,184	-10,442