

**DRAFT BUDGET 2012/13 AND MTP
(Report by the Head of Financial Services)**

1 PURPOSE

- 1.1 This report updates the approved budget and MTP for all of the currently known changes and proposals so that Members can approve a draft 2012/13 budget and MTP. Inevitably there are still uncertainties but approval of the draft allows detailed disaggregation of costs to manager and service level, ready for the final report in February.

2 BACKGROUND

- 2.1 This report is the second stage of the process leading up to the formal approval of the 2012/13 budget and Medium Term Plan (MTP) next February.
- 2.2 The September Forecast report set the scene by considering the impact of last year's actual spending and other variations on the approved MTP. It highlighted the nature and degree of a range of uncertainties and concluded by providing a range of savings that might still need to be found.
- 2.3 This report now includes all the variations proposed to the existing MTP schemes, latest assumptions on inflation and interest rates, forecasts of what will be achieved from the identified savings proposals and highlights the continuing areas of uncertainty.

3 SUMMARY

Key Points

Strong action and a positive strategy towards growth have resulted in:

- **Higher than anticipated revenue reserves due to underspending last year and forecast for this year.**
- **Savings and efficiency improvements being higher than targeted.**
- **New Homes Bonus being significantly higher than previously forecast.**
- **The gap in our 2012/13 budget being closed with no increase in the use of reserves.**
- **Increase in minimum level of general reserves from £3M to £4M.**

Current Savings Targets

- The target for Reorganisation savings should be exceeded in 2012/13 and it is expected that future years' targets will be met.
- The Pay and Allowances target would be exceeded by the current consultation proposals.
- Leisure continues to deliver its efficiency targets.
- This report is based on CCTV being operated on a part-time basis rather than being mothballed.
- Discussion continues on the level of savings that can be achieved from Voluntary Sector Grants. The risk assumptions are based on some funding still being made available.

Further Savings Required

Last year's approved plan estimated that a further £0.8m of savings would be required in 2012/3. This draft budget shows that, due to the savings and additional income already identified, no further savings are required for 2012/3 in order to meet the plan. This is based on taking no extra funds from reserves and after providing extra funding in a limited number of areas that members have indicated as priorities.

However there is more uncertainty in later years and the Council will still need to make further savings. For example, in 2014/15 a range of £0.8M to £2.6M is forecast but this is significantly lower than the £1.2M to £4.1M range included in the September Forecast report.

Issues for Members:

The Draft Budget assumes Council Tax rises of 2.5% per year. Members will need to consider the implications of the latest Council Tax freeze grant proposal and whether 2.5% is still appropriate. Decisions will need to be made in February.

Uncertainty is likely to prevail for some years and so it continues to be important that Members resolve any outstanding uncertainties on existing proposals and agree a process for identifying further savings which can be "called off" as information emerges that confirms the need.

4 2010/11 OUTTURN

- 4.1 The Council was successful in keeping spending £1M below forecast last year, due mainly to one-off savings partially offset by lower planning fees. £1.6M was used from the Special Reserve to fund redundancies leaving a balance of £0.3M. £1.9M was taken from general reserves to fund the spending deficit leaving Revenue Reserves (including the £0.6M delayed spending reserve) of £14.2M at 1st April 2011.

5. SPENDING VARIATIONS

5.1 The following table summarises the spending variations that have been included:

SPENDING VARIATIONS	REVENUE						NET CAPITAL					
	F'Cast	Budget	MTP				F'Cast	Budget	MTP			
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
VARIATIONS												
Rephasing	-0.1	-0.1	0.1				-4.4	2.7	2.6	0.1	1.1	-0.7
Savings	-0.2	-0.4	-0.7	-0.9	-0.6	-0.7	-2.5	4.1	0.1	-0.2	-0.2	0.4
Extra Cost	0.3	0.5	0.7	0.7	0.7	0.7	1.6	2.0	-1.8	0.4	0.1	2.6
Capital/Revenue							0.1					
Technical	-1.3	-0.5	-0.1	-0.1	0.1	0.1	-1.1	0.1	0.1	0.1		-3.7
Low Risk Assumption		0.1	0.8	0.9	1.1	1.4						
Total Variations	-1.2	-0.4	0.8	0.6	1.3	1.4	-6.4	8.9	1.1	0.4	1.0	-1.4

5.2 Annex A1 shows a more detailed summary, Annex A2 gives the individual items in each category and is followed by cross referenced brief notes for each significant item.

5.3 There is limited opportunity for reducing extra cost items as the majority are unavoidable, required to maintain or replace assets or reflect forecasts to cover potential (contingent) costs that are likely to flow from Government proposals to change the way certain services are delivered.

5.4 One of the variations relates to the Huntingdon multi-storey car park for which the agreements need to be signed in December. Annex A3 therefore details the change and seeks formal approval.

6. FUNDING

6.1 The table below shows the funding now included in the approved MTP and the succeeding paragraphs provide details of the changes:

FUNDING	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Funding in Approved MTP	-18,626	-19,394	-19,717	-20,649	-21,793
New Homes Bonus	-1,876	-2,837	-3,685	-4,826	-6,076
Formula Grant (RSG)	-9,288	-9,235	-8,630	-8,846	-9,067
Council Tax Freeze Grant 2011/12	-184	-184	-184	0	0
Council Tax					
Proceeds	-7,627	-7,878	-8,137	-8,404	-8,679
Level	£127.27	£130.46	£133.72	£137.06	£140.49
TOTAL FUNDING	-18,975	-20,135	-20,636	-22,076	-23,822
Increase	-349	-741	-919	-1,427	-2,029

6.2 New Homes Bonus

NEW HOMES BONUS	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Approved MTP	-1,527	-2,129	-2,745	-3,377	-4,025
Draft Budget	-1,876	-2,837	-3,685	-4,826	-6,076
VARIATION (- = better)	-349	-708	-940	-1,449	-2,051

A clear indication of the New Homes Bonus for 2012/13 is now available and £1,876k should be received. Succeeding years are based on the planning profile but there are two risks to these sums being achieved. Firstly that growth is slower than forecast and secondly that the Government will have to reduce Formula Grant to fully fund the New Homes Bonus. The total cost of New Homes Bonus is forecast to be in the region of £1,500M but only £185M new money has been provided and so the remainder will have to be top-sliced from Formula Grant or Localised Business Rates. The impacts of these risks on this Council are not accurately calculable and so are dealt with in the Risks and Uncertainties section.

Members have expressed interest in the use of the Bonus. It is not ring-fenced for specific communities but there is ample evidence within this report that it will be used to enable the protection of services and for investment in key growth areas.

6.3 Formula Grant

FORMULA GRANT	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Approved MTP	-9,288	-9,203	-8,651	-8,867	-9,089
Draft Budget	-9,288	-9,235	-8,630	-8,846	-9,067
VARIATION (- = better)		-32	+21	+21	+22

The Formula Grant assumptions have been based on illustrations produced by the LGA. However there is still an element of risk which is compounded by the Government proposal to move to Localisation of Business Rates in 2013/14 to replace Formula Grant.

This will have a major impact on all Councils but until definite proposals are confirmed post-consultation it is impossible to make a reliable assessment. Some possible assumptions are included in the Risks and Uncertainties section.

6.4 Council Tax Freeze Grant

There is no change to the 4 year Reward Grant for not increasing Council Tax Last year. However the Government have now decided to offer a one year reward grant equivalent to a 2.5%

increase to any authority that does not raise its tax level in 2012/13.

- 6.5 Such temporary reward grants for not raising the Council Tax are implicitly service cuts **unless the Government provides head room to allow higher Tax increases in future**. The table below shows the extra cuts required as a result of the rewards if this headroom is not provided. Annex B provides greater detail.

COUNCIL TAX FREEZE REWARD GRANT	2011/	2012/	2013/	2014/	2015/
	2012	2013	2014	2015	2016
February 2011 MTP with first reward <i>Extra Savings required</i>	0	-7	-13	-19	-210
February 2012 MTP IF second reward taken <i>Extra Savings required</i>	0	-7	-205	-218	-415

6.6 Council Tax

The Council currently raises £7.4m through Council Tax by charging the average band D tax payer £124.17. It is the 20th lowest of the 201 District Councils which have an average of £168 and a maximum of £310.

- 6.7 The current MTP and this report are based on keeping the annual Council Tax increase down to 2.5% per year.
- 6.8 Any consideration of higher increases will need to take account of the current legislation for limiting increases. There are suggestions that the new regulations, requiring a positive referendum result before tax increases in excess of a pre-determined level can be made, could be delayed until 2013/14. If this were to be the case then capping, at a level that might be determined retrospectively, could continue for 2012/13.
- 6.9 A number of different scenarios could be considered and all would lead to a reduction in the savings still to be identified. Some examples are given below:

Reduction in unidentified savings required if Council Tax increase is raised from 2.5% per year to:	2013/14 £M	2014/15 £M	2015/16 £M	2016/17 £M
Tax rise %	2.5%	2.5%	5.0%	2.5%
Reduction in savings required £M			0.2	0.2
<i>This compensates for the fall out of the 2011/12 Council Tax freeze reward grants</i>				
Tax rise %	3.5%	3.5%	5.0%	3.5%
Reduction in savings required £M	0.1	0.2	0.4	0.5
Tax rise %	4.5%	4.5%	5.0%	4.5%
Reduction in savings required £M	0.2	0.3	0.5	0.7

6.10 A decision does not need to finally be made on the Council Tax level until February when further information should be available on the limitation regime that will be applicable (capping or referendum) and the general reaction of Authorities to the new single year freeze grant.

6.11 Reserves

£359k remained in the Special Reserve at 1 April and it is estimated that around £190k will be required for currently expected redundancy and savings related consultancy costs leaving £169k for any further up-front costs required to achieve further savings.

6.12 Given the major levels of uncertainty that exist for local authorities it is currently considered prudent to increase the minimum level of general reserves to £4M. This will be reviewed as and when significant uncertainties are resolved.

7. ASSUMPTIONS

7.1 Annex C Provides information on some key assumptions.

8 RISKS AND UNKNOWNNS

8.1 The most fundamental issue continues to be the economic impact of the various international financial issues. There are many conflicting views on the scale of the problems ahead for the UK, the eurozone or the USA. There may be further financial impacts on the UK and, if so, there could be impacts on the Council due to:

- Lower income from planning fees, building control fees and leisure charges.
- Lower New Homes Bonus
- More applicants for housing and council tax benefit
- Higher homelessness
- Reductions in Government Grant

8.3 The final detail of the Government’s proposals resulting from the Hutton review of public sector pensions is still awaited. There are clear indications that changes will emerge that will reduce the cost from options such as introducing increases to employee contribution rates, basing pensions on career averages and altering the age at which pensions become payable. Some benefit has implicitly already been taken in the Actuary’s approach last year but it is not yet possible to gauge what further financial impact there might be and in what time-scale.

8.4 Other issues include:

- Delivery of the items contained in the savings list (Annex A2)
- Levels of pay awards, inflation and interest rates
- Ability to maintain income levels
- Grant changes for 2013/14 onwards
- Impact of growth in Business Rates
- Impact of slower home building on New Homes Bonus
- Loss of Formula Grant (or Localised Business Rates) to fund New Homes Bonus
- Costs of demographic growth
- Change in Pension Fund contributions
- Impact of changes to the benefits systems as outlined in the Forecast report
- High priority service developments not already in the MTP and any unavoidable spending requirements not referred to in this report emerging e.g. planning appeals
- The potential for costs relating to “orphan” contaminated land sites
- Repayment of past land charge fees
- Low demand for office property in Huntingdon – Sale of Castle Hill House and rental of spare capacity in Pathfinder House

8.5 Annex E attempts to quantify a lower and higher end assumption of the costs of these items. The table below highlights the results:

	Budget	MTP			
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Proposed Range					
• Lower End	0.1	0.8	0.9	1.1	1.3
• Higher End	0.3	2.3	2.7	3.4	4.1

9. UNIDENTIFIED SAVINGS REQUIREMENT

9.1 Based on the items referred to in previous paragraphs including Council Tax rises of 2.5% and the Lower End risk assumptions the table below shows the forecast net spending and the unidentified savings that are required.

SHORTFALL	Budget	MTP			
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Net Spending	21.7	22.7	23.6	24.2	25.2
Funded by:					
Government Grants	-11.3	-12.3	-12.5	-13.7	-15.1
Council Tax	-7.6	-7.9	-8.1	-8.4	-8.7
Reserves	-2.7	-2.1	-2.2	-0.8	-0.0
Unidentified Savings	-0.0	-0.5	-0.8	-1.3	-1.4

Savings for Higher End assumption	-0.2	-2.0	-2.6	-3.6	-4.2
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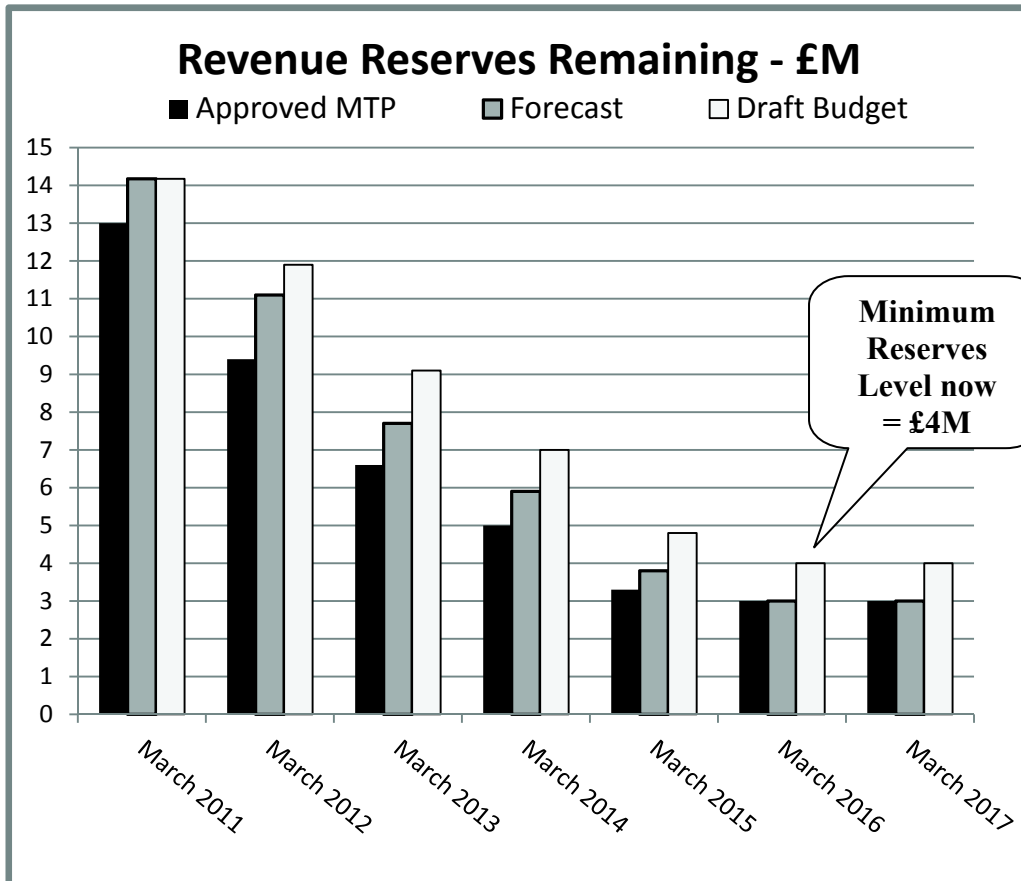
Further detail and additional years are shown in Annex D.

9.2 The following table shows how this has reduced when compared with the approved MTP and the Forecast report considered in September.

UNIDENTIFIED SAVINGS	Budget	MTP			
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Approved plan (February 2011)	0.8	1.0	1.5	2.0	2.0
Forecast Report					
Lower End	0.5	1.2	1.2	1.2	1.1
Higher End	1.3	3.6	4.1	5.5	6.0
Draft Budget including risk assumptions					
Lower Risk		0.5	0.8	1.3	1.4
Higher Risk	0.2	2.0	2.6	3.6	4.2

9.3 Annex F shows the resulting controllable budgets by Manager which is the basis on which budgets are controlled on a day to day basis. It should be noted that there are a number of items that cannot be allocated to relevant services at this stage (e.g. the 2012/13 inflation provision) but this will be carried out in time for the February report which can then also provide a service based budget summary.

9.4 The Council's revenue reserves, in accordance with past practice, have been used to produce the smooth savings profile shown in the above table before they reach the new minimum recommended level of £4M. The chart below shows the total remaining each year:



10. TIMETABLE FOR BUDGET APPROVAL

10.1 The key dates in the process are shown below:

December	Draft Budget and MTP
1	Overview & Scrutiny
8	Cabinet
14	Council
February	Final Budget, MTP and Council Tax Level for 2012/13
2	Overview & Scrutiny
16	Cabinet
22	Council

11. CONCLUSIONS

- 11.1 Savings and efficiencies, together with the New Homes Bonus, allow next year's budget to be balanced, after the previously planned use of reserves, with only minor savings needing to be found.
- 11.2 Given the significance of New Homes Bonus it is critical that it is regularly reviewed.
- 11.3 Many uncertainties remain and it may be some years before they are significantly reduced.
- 11.4 It is important that the Council focuses on the items that it can influence and the most significant aspects are:
- Agreement or otherwise of any optional variations in Annex A2.
 - Clarification of any uncertain outstanding savings items as soon as possible.
 - Considering appropriate levels of Council Tax increase (taking account of the Government's latest freeze offer and the limitation mechanism) ready for debate in February.
 - Identification of a list of further acceptable savings that can be ready to introduce at short notice depending on the resolution of some of the unknown items.

12. RECOMMENDATIONS

Cabinet is requested to:

Note the contents of this report

Consider any comments from Overview & Scrutiny (Economic Well-being)

Make appropriate comments and recommendations to Council on this year's budget.

Approve a supplementary capital budget of £300k as explained in Annex A3.

ACCESS TO INFORMATION ACT 1985

Source Documents:

Working papers in Financial Services

Financial Forecast (September 2011), 2010/11 Outturn, 2011/12 Revenue Budget and the 2012/16 MTP

Project Appraisals

<http://www.huntingdonshire.gov.uk/Councils%20and%20Democracy/Council/Council%20Finance/Pages/2011MTPReview.aspx>

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ANNEXS

- A1 and A2** Spending Variations Summary and Detail
- A3** Huntingdon Multi-storey Car Park
- B** Impact of Council Tax Freeze Grants
- C** Assumptions
- D** Summary Forecast (including Lower End Risks)
- E** Risks and Unknowns
- F** Controllable Budgets by Manager

SPENDING VARIATIONS	REVENUE						NET CAPITAL					
	F'Cast	Budget	MTP			F'Cast	Budget	MTP				
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2017
£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Approved Net Budget/MTP												
Net Spending	22.6	21.3	21.0	21.5	20.9	21.8	11.9	3.3	3.0	2.4	2.8	4.1
Add back savings**		0.8	1.0	1.5	2.0	2.0						
Gross Spending	22.6	22.1	22.0	23.0	22.9	23.8						
VARIATIONS												
Rephasing	-0.1	-0.1	0.1				-4.4	2.7	2.6	0.1	1.1	-0.7
Savings												
Variations	0.1	0.0	-0.2	-0.1	0.1	0.0						
Other	-0.4	-0.4	-0.6	-0.7	-0.7	-0.7	-2.5	4.1	0.1	-0.2	-0.2	0.4
Extra Cost												
Unavoidable	0.1	0.1	0.2	0.2	0.2	0.2	0.7	0.7	-0.5	0.3	0.2	1.0
Assets							0.2		0.1	0.1	-0.1	1.4
Contingent		0.3	0.5	0.5	0.5	0.5						
Highly Desirable	0.2	0.1	0.1	0.1			0.6	1.3	-1.4			0.1
Other							0.1					0.1
Capital/Revenue							0.1					
Technical	-1.3	-0.5	-0.1	-0.1	0.1	0.1	-1.1	0.1	0.1	0.1		-3.7
Low Risk Assumption		0.1	0.8	0.9	1.1	1.4						
Total Variations	-1.2	-0.4	0.8	0.6	1.3	1.4	-6.5	8.9	1.1	0.4	1.0	-1.5
Draft Budget/MTP												
Gross Spending	21.4	21.7	22.7	23.6	24.2	25.2						
Less Savings			0.5	0.8	1.3	1.4						
Net Spending	21.4	21.7	22.2	22.8	22.9	23.8	5.5	12.2	4.1	2.9	3.7	2.7

Bid No.	Scheme	REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		F'CAST		BUDGET		MTP		F'CAST		BUDGET		MTP		F'CAST		BUDGET		MTP	
		2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000
	Car Parks																		
480	Implementation of car park strategy (26)			14	28	52	42												
1004	St Neots and Hinchbrook Car Park income (27)	20	20	20	20	20	20												
	Environmental Improvements																		
703	Heart of Oxmoor (28)							-1,197											1,197
	Environmental Strategy																		
918	Building Efficiency Improvements (Salix Grant) (29)	17						19		17	9	72	37						
918	Building Effic. Imps (Potential LC prportion) (29)	-5		24	31	38	44												
	Democratic Representation																		
885	District Elections - No elections every 4th year			7															
826	Electoral Administration Act	-8	8	2	2	2	-6												
	Offices																		
890	Headquarters (30)							1,060		-830									-1,060
	Other																		
982	Reduction in NNDR administration grant	17	17	17	17	17	17												
	MAINTENANCE/REPLACEMENT OF ASSETS																		
	Refuse and Recycling																		
948	Provision for Bin Replacements (31)							19				75							
	Parks and Open Spaces																		
854	Play Equipment & Safety Surface Renewal (31)							20				20							
	Leisure Centres																		
861	Future maintenance (31)											535							
	Operations Division																		
886	Vehicle fleet replacements. (31)							191	-15	125	-117	592							
	Offices																		
986	Major repairs and replacements (32)									50									
	IT related																		
891	Business Systems (33)							-26	-10	5	-5								
891	Business Systems (31)		30	30	30	50	20					195							

Notes on Significant Spending Variations

SAVINGS

1	Increased charges for bulky waste Deleted – not achievable
2	Reduce refuse collection by one round Deferred start date to avoid bank holidays
3	Transfer Countryside to a trust Deleted as unlikely to result in any significant savings. Potential alternative £100k saving included in the low end risk assumption.
4	Transfer Leisure Centres to a Trust Deleted as reducing costs without transfer to a trust is regarded as the priority.
5	Mothball CCTV £100k saving assumed based on maintaining a part- time service. More accurate savings figure, potentially higher should be available for final budget report.
6	Customer Services – Range of variations that overall increase savings level
7	Reorganisation - Senior managers 2012/13 figure based on redundancies already achieved plus the proposed changes to PPP which are currently being consulted on with the relevant employees. It is assumed that further reorganisations will take place and the 2013/14 target will be achieved.
8	Pay & allowances Review Draft budget figures are based on the proposals that are currently under consultation with the staff side.
9	Small scale environmental improvements staff saving Deleted - Included in error
10	Recycling Gate Fees – Continuation of current year benefits from jointly negotiated gate fee reductions. The charge is related to various indices so may rise.
11	Community Infrastructure Levy – Preparations Net income from allowable CIL admin fee offset by start up costs and a contingency for extra admin costs.
12	St Neots LC Development – additional revenue savings
13	St Ivo LC Redevelopment – delayed start resulting in extra revenue cost initially but then an estimated increase in savings
14	Additional efficiency savings One Leisure expectation of extra savings in 2012/13
15	Ramsey Development – Proposed development that estimates a revenue surplus.
16	Mobile Home Park, Eynesbury Sale of a unit bought to allow site works.
17	PV Panels - Eastfield House and Other locations. Proposals based on existing feed-in tariff but the Government has now issued a consultation on reducing this for any scheme not commissioned by early December. This and other elements of the proposals mean that the sites and sizes of installation need to be re-assessed to identify the schemes that will give optimum savings. These bids will be adjusted accordingly in the final budget report.
18	Network and ICT Services – additional savings
19	ICT Replacements and Virtualisation – modest capital saving after providing funding for new year 5 bid.

EXTRAS Please note that new capital bids for year 5 (2016/17) replace the general provision previously provided in the MTP which is deleted at note 50.

20	Unavoidable
21	Internal Drainage Board Levies – Legislative requirement
22	Wooley Hill Wind Farm, Appeal Costs – Estimated costs of defending appeal
23	Creative Industries Centre, St Neots – Less rental income than anticipated
24	Loss of mortgage interest – Impact of a Housing Association repaying a large mortgage.
25	Disabled Facilities Grants – Legislative requirement, Cabinet determined that a temporary delay in the extra cost should not be taken because of the impact on this disadvantaged group
26	Disabled Facilities Grants – Legislative requirement, Inclusion of provision for new year 5 of plan.
27	Implementation of car park strategy – Less income from previous round of price increases than originally forecast
28	St Neots and Hinchingsbrooke Car Park income - Less income from introduction of charges at 2 St Neots car parks and Hinchingsbrooke Country Park than originally forecast
29	Heart of Oxmoor – delay in receiving capital receipt
30	Building Efficiency Improvements (Salix Grant) – rephasing, additional bid for year 5 and higher proportion likely to be on Leisure Centres which increases

	the offset to avoid double-counting against Leisure savings target.
30	Headquarters – Reduced forecast of capital receipt for Castle Hill House
Maintenance/Replacement of Assets	
31	Various - Provision for new year 5 of MTP
32	Major repairs and replacements – New provision for Pathfinder House
33	Business Systems – Some capital savings but increased revenue costs recognising the requirement to test the market even if the likelihood of cost effective replacement is low
Contingent Items	
34	One Leisure - Reduced price increases – Current indications that the normal January price increase may be counter-productive. Situation will be kept under review.
35	Loss of Fraud Team Funding – Potential loss of government funding when benefit changes introduced.
36	Agency Worker Regulations – New legislation increases cost of agency workers but attempts will be made to rebalance use of permanent employees to reduce the impact
37	Localisation of Council Tax Benefit (Reductions) – Potential loss of government funding when benefit changes introduced. This will also have an impact on County, Police and Fire.
38	Localisation of Council Tax Benefit (Admin Subsidy) – Potential loss of government funding when benefit changes introduced.
Highly Desirable	
39	RAF Alconbury Development - Funding for assessments and specialist work projects.
40	St Neots Development – Development briefs, commercial viability assessments and traffic management studies
41	Repairs Assistance Provision for new year 5 of MTP
42	Maintain Service Level (Advice and Homelessness) – Cost of maintaining homelessness prevention support. Annual bid dependent on economic situation.
43	Extra Car Parking, Huntingdon Town Centre – See Annex A3
44	Sustainable Homes Retrofit – Deferral of sale of houses and reduced values
45	St Neots District Heating Scheme – Provision for design and project management
46	Business Continuity Review – To update and maintain the Council's plans
47	Cover for Staff Side Representatives – degree of consultation that has been and will continue to be necessary at least until forecast savings have been delivered is having a serious impact on service provision in some specific areas.
Other	
48	Wheeled Bins for New Properties – It is possible that in future some of the cost can be passed on to developers but this is likely to be a low priority within S106 provision.
TECHNICAL	
50	Future Capital Provision (outturn prices) – Deletion of year 5 provision to be replaced by various bids above
51	2011/12 Outturn – general adjustment for expected savings not identified above
52	Schemes brought forward – replaced by actual variations on individual schemes
53	Reduction of T/O allowance – Assumed that as current and future savings are achieved that turnover will fall and that it will be more difficult to cope without employing temporary staff to cover any recruitment delay
54	Low End Risk Assumptions – See annex F for more information
55	Savings to be found in February – There are some items that it was not possible to finalise in time for this report that should be sufficient to balance 2012/13 spending such that no increase in the use of revenue reserves will be required.

Extra Car Parking, Huntingdon Town Centre

	REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
	F'CAST			BUDGET			MTP			F'CAST			BUDGET			MTP		
	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Approved 2011 Budget/MTP	20	150	150	57	-129	-314	380	900	2,450									
Proposed Variation	-10	-73					-107	90	1,317	-1,000								
Draft 2012 Budget/MTP	10	77	150	57	-129	-314	273	990	3,767	-1,000								

The reasons for the variations are as follows:

- Later opening date provides some revenue savings in 2011/12 and 2012/13 and rephasing of capital costs.
- A £300k overall increase in capital cost due to not needing to sell all of Trinity Place Car Park.
- Church Manor Estates now intend to transfer the Chequers way Disabled Car Park to the Council at nil cost.
- Firm costs have been received from the tenders received for the construction work

The variations proposed in this report would not normally be formally approved until the February meeting of Council. However, there is a need to sign various legal agreements in December under delegated powers, following consultation with the Executive Leader, to ensure that the car park will be completed on time.

It is therefore necessary to obtain Cabinet approval to a supplementary capital estimate of £300k.

COUNCIL TAX FREEZE REWARD GRANT - AN ILLUSTRATION	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016
	Tax base	59,460	59,924	60,388	60,852	61,316
MTP before Reward Grant Introduced						
Council Tax	£124.17	£127.27	£130.46	£133.72	£137.06	£140.49
Increase (%)		2.5%	2.5%	2.5%	2.5%	2.5%
Council Tax Income (£000)	7,568	7,817	8,075	8,340	8,614	8,614
Special Government Grant	0	0	0	0	0	0
Total Income	7,568	7,817	8,075	8,340	8,614	8,614
February 2011 MTP with first reward						
Council Tax	£124.17	£127.27	£130.46	£133.72	£137.06	£137.06
Increase (%)		0.0%	2.5%	2.5%	2.5%	2.5%
Council Tax Income (£000)	7,383	7,627	7,878	8,137	8,404	8,404
Special Government Grant	184	184	184	184	184	0
Total Income	7,567	7,811	8,062	8,321	8,404	8,404
Extra Savings required	0	-7	-13	-19	-210	-210
February 2012 MTP IF second reward taken						
Council Tax	£124.17	£124.17	£127.27	£130.46	£133.72	£133.72
Increase (%)		0.0%	0.0%	2.5%	2.5%	2.5%
Council Tax Income (£000)	7,383	7,441	7,686	7,939	8,199	8,199
Special Government Grant	184	370	184	184	184	0
Total Income	7,567	7,811	7,870	8,123	8,199	8,199
Extra Savings required	0	-7	-205	-218	-415	-415

ANNEX D

FORECAST	FORECAST													
	BUDGET					MTP								
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
2009/10 BUDGET/MTP	22,615	21,348	20,998	21,452	20,949	21,793	22,027	22,647	23,284	23,937	24,610	25,301	26,010	26,740
Variations:														
Interest	-105	-239	-177	-231	-169	-192	-261	-319	-366	-407	-444	-474	-498	-517
Provision for Loan Repayments	-64	-133	-149	-254	-246	-197	-126	-290	-400	-436	-522	-787	-929	-1,067
Inflation	0	-295	-521	-607	-506	-542	-418	-229	-209	-24	-99	-197	-394	-728
Unidentified Savings	0	751	461	724	637	619	1,159	1,228	1,424	1,405	1,421	1,346	1,017	604
MTP Variations	-1,084	265	1,638	1,740	2,224	2,341	2,308	2,355	2,396	2,444	2,464	2,437	2,367	2,253
total	-1,253	348	1,251	1,372	1,940	2,029	2,662	2,746	2,846	2,983	2,821	2,325	1,563	545
NEW FORECAST	21,362	21,696	22,249	22,824	22,889	23,822	24,689	25,393	26,130	26,920	27,431	27,626	27,573	27,285
FUNDING														
Use of revenue reserves	-2,335	-2,721	-2,115	-2,188	-813	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	11,837	9,116	7,001	4,813	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
New Homes Bonus	-832	-1,876	-2,837	-3,685	-4,826	-6,076	-6,433	-6,611	-6,808	-7,042	-6,983	-6,591	-5,936	-5,027
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0	0	0	0	0	0	0	0	0
Special Council Tax Grant 2012/13		0												
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067	-9,294	-9,526	-9,764	-10,008	-10,259	-10,515	-10,777	-11,047
Collection Fund Deficit	-105	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,383	-7,627	-7,878	-8,137	-8,404	-8,679	-8,963	-9,256	-9,557	-9,868	-10,189	-10,519	-10,860	-11,210
COUNCIL TAX LEVEL	£124.17	£127.27	£130.46	£133.72	£137.06	£140.49	£144.00	£147.60	£151.29	£155.07	£158.95	£162.92	£166.99	£171.17
% increase	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
£ increase	£0.00	£3.10	£3.18	£3.26	£3.34	£3.43	£3.51	£3.60	£3.69	£3.78	£3.88	£3.97	£4.07	£4.17
Forecast Capital Spending	5,506	12,198	4,067	2,851	3,736	2,699	2,757	3,272	3,417	3,566	3,718	3,875	4,035	4,200
Accumulated net "Borrowing" EOY	22,711	33,585	36,091	37,188	38,888	39,291	39,473	40,016	40,515	40,933	41,332	41,911	42,600	43,376
Net Interest and Borrowing Costs														
- total	420	944	1,566	1,969	2,374	2,669	2,956	3,120	3,321	3,563	3,744	3,734	3,799	3,896
- as % of total net spending	2%	4%	7%	9%	10%	11%	12%	12%	13%	13%	14%	14%	14%	14%
Unidentified Spending	0	0	-500	-800	-1,338	-1,409	-1,473	-1,987	-2,335	-2,666	-3,114	-3,775	-4,364	-5,172
Low End assumption														
High End Assumption	0	-200	-2,000	-2,600	-3,638	-4,209								

UNIDENTIFIED SAVINGS RANGE

Section 8 and Annex E of the Report are largely based on those issues where it is reasonably straightforward to make an assessment of the financial impact of the items.

Section 9 highlights the many items where this is not possible and the following table indicates a possible range for this uncertainty. The lower level has been included in the central assumption on a contingent basis.

LOW END ASSUMPTION	Extra savings needed (+) ##:						HIGH END ASSUMPTION						Extra savings needed (+) ##:					
	12/13	13/14	14/15	15/16	16/17	16/17	12/13	13/14	14/15	15/16	16/17	16/17	12/13	13/14	14/15	15/16	16/17	
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	
Initial level (Section 8 of the report)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Increase in pay award:																		
1% in 2013/14		0.2	0.2	0.2	0.2	0.2			2% in 2013/14 then 1% per year				0.4	0.6	0.8	1.1		
Extra reduction in Government Grant in 2013/14																		
1%		0.1	0.1	0.1	0.1	0.1			2%				0.2	0.2	0.2	0.2	0.2	
Growth per year in funding from Business Rates growth																		
1% per year			-0.1	-0.2	-0.3	-0.3			2% per year					-0.2	-0.3	-0.5		
Reduction in New Homes Bonus grant due to slower housing completions from 2013/14																		
10% lower		0.1	0.2	0.3	0.4	0.4			20% lower				0.2	0.4	0.6	0.8		
Reduction in Government Grant due to insufficient New Homes Bonus funding																		
All bodies share loss	0.1	0.2	0.3	0.4	0.5	0.5			Local Authorities share loss	0.2	0.3	0.5	0.6	0.6	0.8	0.8		
Increase in net spending every year to cover cost of increased population. There is no provision for demographic growth in the forecast.																		
0.425%		0.1	0.2	0.3	0.4	0.4			0.85%				0.2	0.4	0.6	0.8		
Cost of taking 2012/13 Council Tax Freeze Grant if Council Tax rise not increased to compensate in 2013/14													0.2	0.2	0.2	0.2	0.2	
Potential reduction in tax base from non-collectable Council Tax following localisation reductions																		
									Based on 8.4% of £900k				0.1	0.1	0.1	0.1	0.1	
Loss of income in 2012/13 and 2013/14 excluding leisure													0.2	0.2				
									2.5%									
No leisure price increase																		
									in 2013/14				0.2	0.2	0.2	0.2	0.2	
	0.1	0.7	0.9	1.1	1.3	1.3							0.4	2.0	2.4	3.0	3.7	
Savings Items																		
													-0.1	-0.1	-0.1	-0.1	-0.1	
Countryside savings			-0.1	-0.1	-0.1	-0.1												
Community Grants – less saving		0.1	0.1	0.1	0.1	0.1			Community Grants reductions – less saving				0.2	0.2	0.2	0.2	0.2	
									Less rental of space in PFH				0.1	0.1	0.1	0.1	0.1	
									Lower increase in car park charges				0.1	0.2	0.3	0.3	0.3	
	0.0	0.1	0.0	0.0	0.0	0.0							-0.1	0.3	0.3	0.4	0.4	
PROPOSED RANGE FROM . . .	0.1	0.8	0.9	1.1	1.3	1.3			TO . . .	0.3	2.3	2.7	3.4	4.1	4.1	4.1	4.1	
									Extra cost of high end assumption	0.2	1.5	1.8	2.3	2.8	2.8	2.8	2.8	

\$\$ Subject to staff consultation, excludes any redundancy costs

NOT INCLUDED IN EITHER ASSUMPTION	Extra savings needed (+) ##:					
	12/13	13/14	14/15	15/16	16/17	
	£M	£M	£M	£M	£M	£M
1% increase in non-pay inflation rate if fees and charges adjusted appropriately each year&&						+0.1
2% change in Pension Fund contributions in 2013/14		+/-0.3	+/-0.3	+/-0.3	+/-0.3	+/-0.3
1% increase in all interest rates from 2012/13 onwards	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
Increase Council Tax rise to 5% in 2013/14 and 2015/16		-0.2	-0.2	-0.4	-0.4	-0.4
Increase Council Tax rise to 5% from 2013/14		-0.2	-0.4	-0.6	-0.6	-0.9

&& Excludes income items where above inflation increases already assumed

SAVINGS	DRAFT BUDGET							NOTES
	2012	2013	2014	2015	2016	2017		
	£000	£000	£000	£000	£000	£000		
Rental of space in PFH	-75	-150	-150	-150	-150	-150		Problematic - no current interest
Increase in car park charges	-150	-300	-300	-500	-500	-500		This is in addition to the three yearly inflation increases of 10% this year and in 2014/15. Subject to review in the light of the car parking management plan which is being updated.
Community Grants reductions	-51	-294	-294	-294	-294	-294		Saving unlikely to be fully achieved. Modified proposals should be available for final budget report. Assumed £100k will not be achieved in the low end risk assumption.
Licensing - efficiency and higher charges	-14	-21	-28	-35	-35	-35		Later years uncertain
Document Centre - efficiency and external work	-40	-50	-60	-75	-75	-75		Later years uncertain

BUDGET Controllable basis

Head of Environmental Management

		REVENUE										NET CAPITAL								
		Actual	Budget	Forecast	Budget	MTP						Budget	Forecast	Budget	MTP					
		2010	2011	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018	2019	2019
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Environmental Services	Drainage and sewers				425	425	425	425	425	425	425	425	425							
	MTP Variations																			
985	Internal Drainage Board Levies			10																
	TOTAL	425	425	436	435	435	435	435	435	435	435	435	435							
	Public conveniences																			
	MTP Variations				20	20	20	20	20	20	20	20	20							
1003	South Street, St Neots															5	-15			
	TOTAL	31	20	20	20	20	20	20	20	20	20	20	20			5	-15			
	Environmental Health (energy efficiency)																			
	MTP Variations				83	83	83	83	83	83	83	83	83							
879	Environment Strategy Funding															55	55	55	55	55
880	Sustainable Homes Retrofit				-10	-10	-10	-10	-10	-10	-10	-10	-10			-485	-415			
882	Energy and Water Efficiency																			
918	Building Efficiency Improvements (Salix Grant)			17	-33	-52	-78	-104	-124							55	74	58	77	95
918	Building Effic. Imps (Potential LC prportion)			-5	21	37	57	78	94											
987	PV Panels - Other locations				-44	-62	-62	-62	-62	-62	-62	-62	-62			174	249	187		
988	PV Panels - Eastfield House				-20	-20	-20	-20	-20	-20	-20	-20	-20			158	30	40	40	
989	St Neots District Heating Scheme																			
	TOTAL	84	83	86	-3	-44	-49	-54	-93							-375	461	392	-56	190
	Closed Churchyards																			
	TOTAL	5	5	5	5	5	5	5	5	5	5	5	5							
	Building Control																			
	TOTAL	-456	-530	-495	-530	-530	-530	-530	-530	-530	-530	-530	-530							
	Community initiatives																			
	TOTAL	6	6	6	6	6	6	6	6	6	6	6	6							

BUDGET Controllable basis

Head of Customer Services

		REVENUE										NET CAPITAL							
		Actual	Budget			Forecast			MTP			Budget	MTP						
			2010	2011	2012	2013	2014	2015	2016	2017	2018		2019	2020	2021	2022	2023		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Planning																			
	Economic Development (NNDR relief)																		
	TOTAL	44	29	23	29	29	29	29	29	29	29	29	29	29					
Housing Services																			
	Housing benefits																		
	MTP Variations																		
813	Reduction in Benefits Admin Grant (Part)																		
984	E Forms																		
996	Loss of Fraud Team Funding (Part)																		
	TOTAL	-757	-592	-701	-557	-504	-504	-504	-504	-504	-504	-504	-504	-504					
Corp'rate Services																			
	Local Taxation & Benefits																		
	MTP Variations																		
996	Loss of Fraud Team Funding (Part)																		
813	Reduction in Benefits Admin Grant (Part)																		
982	Reduction in NNDR administration grant																		
994	Localisation of Council Tax Benefit (Reductions)																		
995	Localisation of Council Tax Benefit (Admin Subsidy)																		
	TOTAL	-994	-942	-967	-909	-781	-781	-781	-781	-781	-781	-781	-781	-781					
Internal Services																			
	Call Centre																		
	MTP Variations																		
#	Reduce call centre hours																		
981	Call Centre CRM Replacement																		
983	Automated Telephone Payments																		
	TOTAL	575	641	613	590	512	512	512	512	512	512	512	512	512					
Internal Services																			
	Customer Service Centres																		
	MTP Variations																		
#	Yaxley Customer Service Centre Savings																		
#	Ramsey Customer Service Centre Savings																		
#	Close St Ives Customer Service Centre																		
#	Reduce hours at Huntingdon CSC																		
#	St Neots Customer Service Centre Savings																		
	TOTAL	674	622	598	617	603	596	596	596	596	596	596	596	596					

