

CABINET UPDATE – FINAL SETTLEMENT

The following items did **not** change:

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

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

The table below shows these Grants:

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

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

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

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

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

These changes also marginally affect the Treasury Management Strategy and a revised table for Planned Borrowing is also attached (changes again highlighted in yellow).

Steve Couper
Head of Financial Services

ANNEX D (REVISED VERSION)

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

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

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

BORROWING STRATEGY TABLE (REVISED)

	2013/ 2014 £m	2014/ 2015 £m	2015/ 2016 £m	2016/ 2017 £m	2017/ 2018 £m
Existing long term borrowing <i>available long term</i>	10.0	10.0	10.0	10.0	10.0
Revenue Reserves (EOY)	8.7	6.7	5.2	5.2	5.2
Provision for repaying loans (EOY)	2.9	4.5	6.5	8.7	11.4
Earmarked Reserves (EOY) ❶	4.2	4.2	4.2	4.2	4.2
<i>available on a year by year basis</i>	15.8	15.4	15.9	18.1	20.8
Cash Flow benefit average <i>fluctuates from day to day</i>	7.5	7.5	7.5	7.5	7.5
FUNDING REQUIRED					
Capital Expenditure					
Brought Forward	(39.0)	(47.7)	(50.3)	(53.8)	(57.5)
Capital Expenditure in Year	(8.7)	(2.6)	(3.5)	(3.7)	(3.8)
Carried Forward	(47.7)	(50.3)	(53.8)	(57.5)	(61.3)
Fixed Term Investment (EOY)❷					
Total Required Funding	(47.7)	(50.3)	(53.8)	(57.5)	(61.3)
<i>Excluding Use of Reserves</i>					
MAY BORROW	(37.7)	(40.3)	(43.8)	(47.5)	(51.3)
<i>Including Use of Reserves</i>					
MUST BORROW	(21.9)	(24.9)	(27.9)	(29.4)	(30.5)
NEED FOR FURTHER BORROWING – FUNDING IN ADVANCE					
MAY BORROW A FURTHER	(13.6)	(14.3)	(14.1)	(13.8)	(13.6)
NEED FOR FURTHER BORROWING – LOANS TO ORGANISATIONS					
MAY BORROW A FURTHER	(25.0)	(50.0)	(75.0)	(75.0)	(75.0)

Notes

❶ includes specific earmarked reserves (e.g. S106 and R&R Funds)

❷ takes account of fact that the £5m of the £10m borrowed in anticipation is invested until December 2013.