



Draft Budget 2012-13

Audit Committee 25th
November 2011

Introduction

- o Revenue budget & efficiency requirement
- o Risks & sensitivity
- o Capital programme & available funding
- o Reserves

Revenue Budget Assumptions

Salaries assumptions (Non ARP Staff)

- o 5% Vacancy factor
- o Blended PRP levels:
 - o 2012-13 = 0.325%
 - o 2013-14 = 4.30%
 - o 2014-15 = 4.30%

Revenue Budget Assumptions

Salaries assumptions (ARP Staff)

- o 2.5% Vacancy factor
- o Incremental grades plus cost of Living increase:
 - o 2012-13 = 0.00%
 - o 2013-14 = 2.50%
 - o 2014-15 = 2.50%

Revenue Budget Assumptions

Members Allowances

Rates subject to independent remuneration panel

- o 2011-12 = 0.00%
- o 2012-13 = 3.40%
- o 2013-14 = 3.10%
- o 2014-15 = 3.30%

Revenue Budget Assumptions

No inflation added unless specifically contracted

Inflation rates used (RPI):

- o 2012-13 = 3.40%
- o 2013-14 = 3.10%
- o 2014-15 = 3.30%
- o Contract rates vary by individual contract

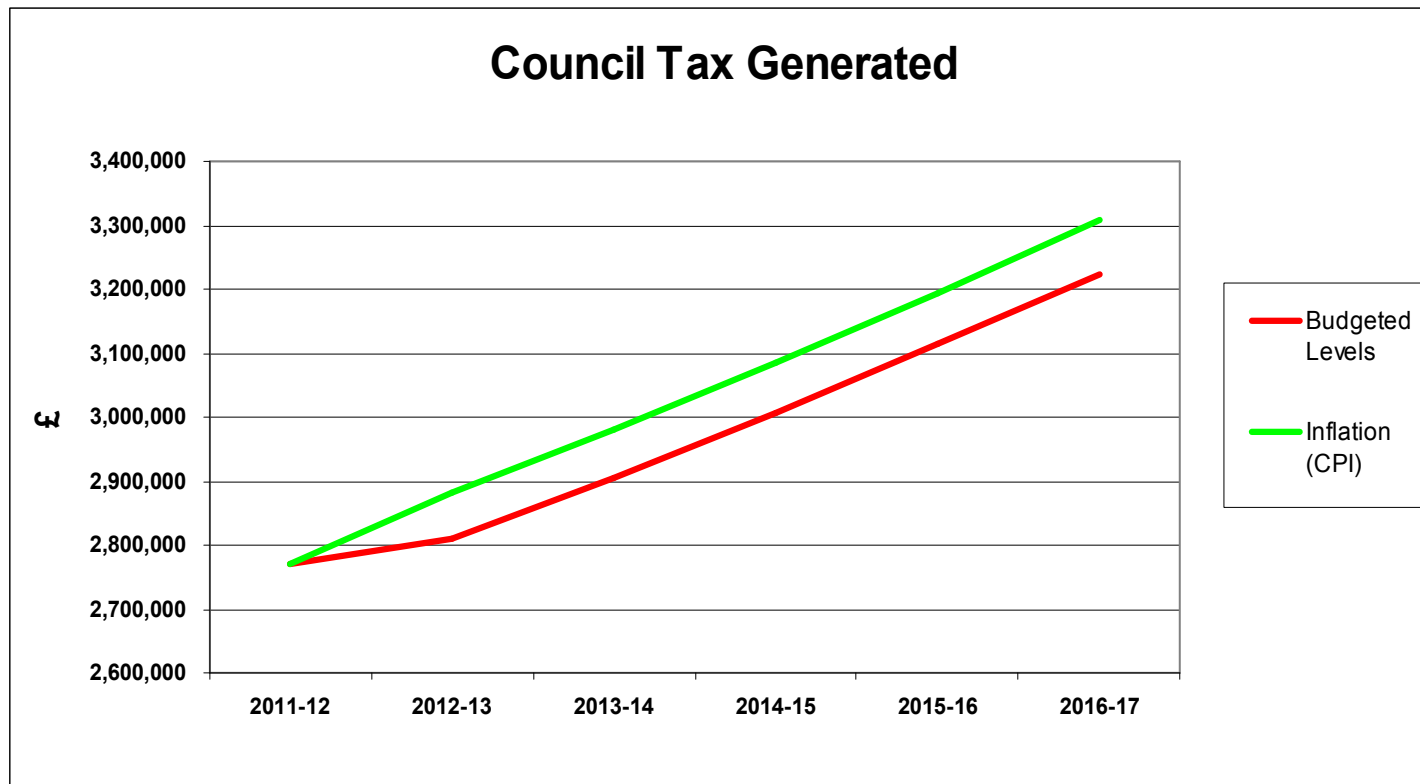
Revenue Budget Assumptions

Council Tax

- o Zero for 12-13, then CPI increase
 - o 2012-13 = £64.05 (0.00%)
 - o 2013-14 = £65.33 (2.00%)
 - o 2014-15 = £66.64 (2.00%)
 - o 2015-16 = £68.04 (2.10%)
 - o 2016-17 = £69.47 (2.10%)

Council Tax Sensitivity

- o £1 increase on CT equates to £44k pa (£235k over 5 yrs)
- o 1% increase on CT equates to £28k pa (£150k over 5 yrs)



Revenue Budget Assumptions

Grant Settlement and non-ring fenced grants

- o RSG & NDR at levels forecast last budget setting
- o New Homes Bonus – current level (£471k) 4 yrs
- o Homelessness grant - £141k 12-13 only
- o Council tax freeze grant – additional £70k for 1 year only

Revenue Budget Assumptions

Other assumptions

- o Tax base increases by 1.42%
- o Commercial Property surplus offsets Council Tax
- o Interest levels returning to 'normal' levels after 14-15

Revenue Budget Summary

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | ACTUAL | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE | ESTIMATE |
| | £ | £ | £ | £ | £ | £ | £ |
| NET COST OF SERVICES | 15,225,943 | 12,559,860 | 12,686,550 | 12,647,240 | 12,494,300 | 11,961,319 | 12,160,815 |
| Supported Growth Bids | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate Contingency/(Efficiency) | 0 | 61,496 | (666,430) | (774,260) | (984,600) | (254,050) | (646,460) |
| BRECKLAND BUDGET REQUIREMENT | 15,225,943 | 12,621,356 | 12,020,120 | 11,872,980 | 11,509,700 | 11,707,269 | 11,514,355 |
| <u>FINANCING</u> | | | | | | | |
| Local Government Settlement | (11,057,615) | (9,519,608) | (8,363,246) | (8,287,977) | (7,823,850) | (7,988,151) | (8,155,902) |
| Area Based Grant & LABGI | (519,969) | 0 | 0 | 0 | 0 | 0 | 0 |
| New Homes Bonus (applied from reserves) | 0 | 0 | (471,170) | (471,170) | (471,170) | (471,170) | 0 |
| Homelessness Grant | 0 | (141,470) | (141,470) | 0 | 0 | 0 | 0 |
| Council Tax Freeze Grant | 0 | (69,800) | (143,630) | (73,450) | (73,450) | 0 | 0 |
| Collection Fund - Council Tax | (34,883) | (57,870) | (28,880) | 0 | 0 | 0 | 0 |
| Special Expenses | | (62,550) | (62,550) | (134,340) | (134,980) | (134,980) | (134,980) |
| BRECKLAND PRECEPT REQUIREMENT | 3,613,476 | 2,770,058 | 2,809,174 | 2,906,043 | 3,006,250 | 3,112,968 | 3,223,473 |
| BRECKLAND BAND D COUNCIL TAX | | 64.05 | 64.05 | 65.33 | 66.64 | 68.04 | 69.47 |
| PERCENTAGE INCREASE | | | 0.00% | 2.00% | 2.00% | 2.10% | 2.10% |
| Tax Base | | 43,248 | 43,859 | 44,482 | 45,113 | 45,754 | 46,404 |

Efficiency Requirement

| | 2012-13 |
|---|----------------|
| Opening Efficiency Requirement Position | 1,359,240 |
| Efficiencies Identified | (2,025,246) |
| Cost pressures | 1,332,436 |
| Current Efficiency Requirement | 666,430 |

Revenue Growth Bids

Growth Bids Submitted, but not Included in Budgets

| Description | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | TOTAL |
|--|---------------|---------------|---------------|--------------|---------------|---------------|
| Asset Management - Additional 16 hours for grade 10 post | 8,500 | 8,866 | 9,247 | 9,644 | 10,059 | 46,316 |
| Undertake tree works | 15,000 | 15,000 | 15,000 | TBC | TBC | 45,000 |
| TOTAL | 23,500 | 23,866 | 24,247 | 9,644 | 10,059 | 91,316 |

Risks & Sensitivity

- o Business rates retention proposals from April 2013
- o Council Tax Benefit changes & reduction in grant from April 2013
- o Inflation levels on Council's large contracts (1% change equates to circa £81k in 2012-13)
- o 5% vacancy factor – achievable? (£300-£340k)

Risks & Sensitivity

- o ESPO forecast rises of 16% for electricity & 30% for gas (this equates to circa £14k & £5k in 12-13)
- o Commercial property income levels in current climate
- o PFI contract benchmarking in 2013-14
- o Efficiencies not met/not met within timescales

Capital Programme

| | 11-12 | 12-13 | 13-14 | 14-15 | TOTAL |
|--|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Existing capital programme | 3,502 | 1,995 | 1,581 | 1,496 | 8,574 |
| New schemes added to programme: | | | | | |
| Air Quality/Noise Monitoring Equipment | 0 | 50 | 0 | 0 | 50 |
| Planning & Building Control investment | 128 | 0 | 0 | 0 | 128 |
| Car Park Re-surfacing | 0 | 227 | 226 | 227 | 680 |
| MTF - Riverside Regeneration | 0 | 1,500 | 4,500 | 0 | 6,000 |
| Skate Park Land | 23 | 0 | 0 | 0 | 23 |
| Revised capital programme | 3,653 | 3,772 | 6,307 | 1,723 | 15,455 |
| Capital Receipts | (784) | (168) | (922) | (186) | (2,060) |
| Capital Funding | (681) | (703) | (1,736) | (502) | (3,622) |
| Net Cost of Capital Programme | 2,188 | 2,901 | 3,649 | 1,035 | 9,773 |

Capital Financing Requirement

Forecast Capital Financing Requirement (CFR)

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|-----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening CFR | (2,881) | (693) | 2,208 | 5,857 |
| Movement in year (This is capital spend offset by capital receipts and specific funding, shown above) | 2,188 | 2,901 | 3,649 | 1,035 |
| PFI Liability | (9,660) | (9,492) | (9,315) | (9,129) |
| CFR - Underlying Borrowing requirement | (10,353) | (7,284) | (3,458) | (2,238) |
| Future projects which may impact on capital programme (not yet fully worked up) | | | | 1,090 |
| CFR - Underlying Borrowing requirement | | | | (1,148) |

Capital Programme

Capital programme risks

- o When Capital Financing Requirement becomes positive borrowing required
- o Capital receipts
- o Risk of rising costs for projects due to timing delays
- o Cash available is not reliant on Icelandic investments being repaid

Reserves

- o Healthy reserve levels currently but cannot use them for long term support
- o Need funding for invest to save initiatives which could be funded from ODR

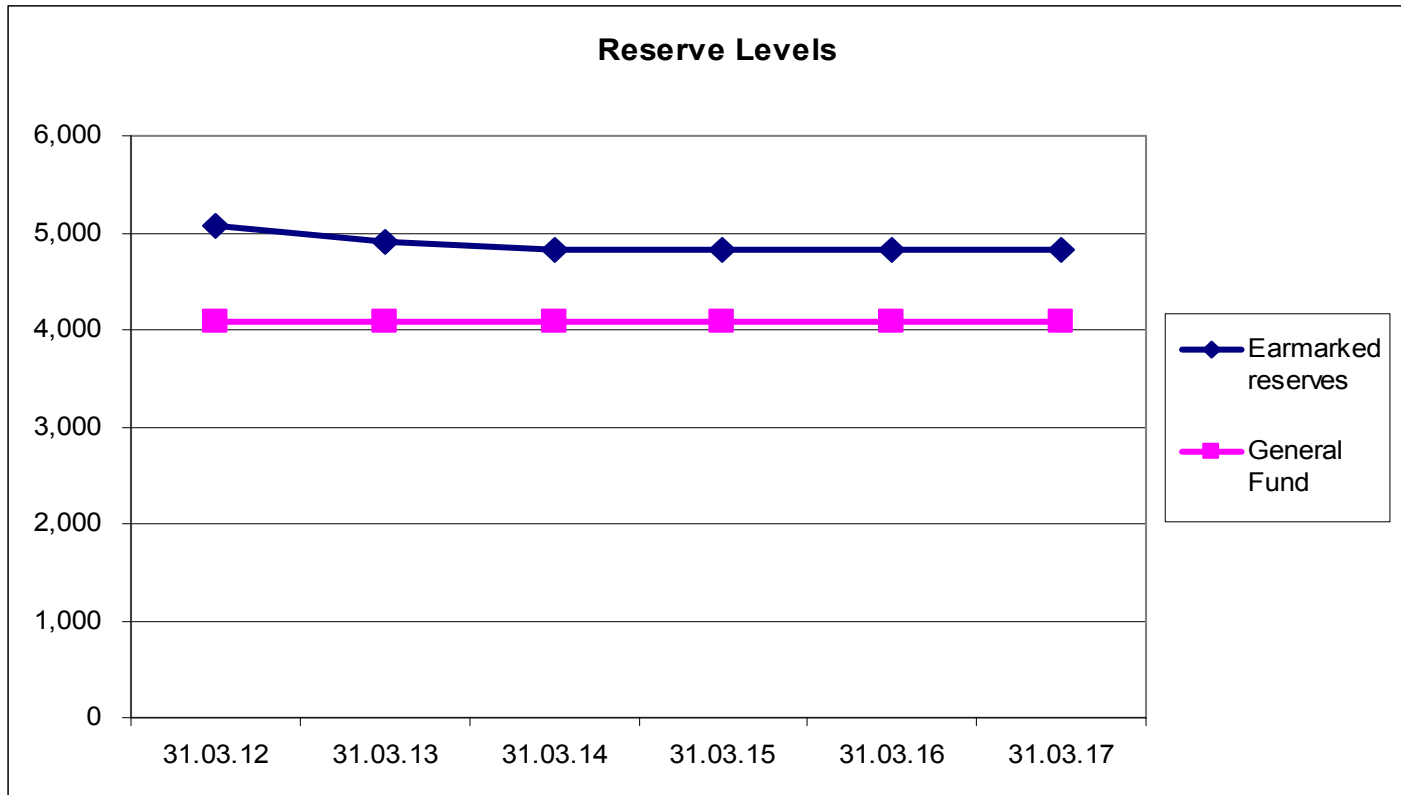
Reserves

Unallocated Reserve Amounts

The following details the unallocated amounts held within the differing reserves as at 31 August 2011

| Reserve Name | Unallocated Amount Available |
|----------------------------------|------------------------------|
| General Fund | 4,080,749 |
| Earmarked Reserves: | |
| Commercial Property | 553,830 |
| Insurance Reserve | 25,827 |
| PFI Reserve | 122,196 |
| Revenue Match Funding | 1,764,781 |
| Organisational Development | 2,361,544 |
| LABGI | 10,982 |
| Area Based Grant | 10,802 |
| HPDG | 25,420 |
| Total (Excl General Fund) | 4,875,382 |

Reserves



What next?

- o Draft revenue & capital budgets, medium term plan & capital strategy to Cabinet 29-11-11
- o The Executive will give direction on efficiency measures to be included
- o Final budget to Cabinet 10-01-12
- o Final budget to Full Council 19-01-12
- o Council Tax Setting at Full Council 23-02-12