



St Edmundsbury
BOROUGH COUNCIL

D279

Cabinet **13 February 2013**

Budget and Council Tax Setting: 2013/2014 **(Feb13/02)**

1. Summary and reasons for recommendations

- 1.1 The Cabinet is required to consider the budget for the Authority and recommend to Council the level of Council Tax required to fund this budget. This report sets out details of the Council's proposed revenue and capital budgets for 2013/2014 together with the medium term forecasts for the period 2014/2015 to 2016/2017.
- 1.2 The Council faces a number of financial challenges and opportunities for the future. The Medium Term Financial Strategy (MTFS) and budget report sets out in general terms how these will be met over the coming years.
- 1.3 The most significant challenge that the Council faces is the continuation of public expenditure cuts and the reduction in Central Government grant funding. 2013/2014 also marks the start of a new era in the way that Local Government is funded with the introduction from April 2013 of the Government's new Business Rates Retention Scheme and the implementation of the Localised Council Tax Support Schemes.
- 1.4 The proposed 2013/2014 net revenue budget is £11.843m compared to the 2012/2013 net budget of £11.739m. Efficiency savings totalling £0.999m, arising from shared services with Forest Heath District Council together with other local savings initiatives, are being proposed.
- 1.5 It is estimated that £11.43m will be spent on the Council's capital programme during 2013/2014, to be funded from a combination of grants and contributions (£5.15m), earmarked revenue reserves (£2.03m) and usable capital receipts reserve (£4.25m). The capital programme includes a growth bid of £0.08m to fund the continuation of the Rural Initiatives Grant Scheme during 2013/2014.

2. Recommendations

2.1 That, subject to the approval of full Council: -

- (1) the revenue budget, as summarised in Appendix A to Report D279, together with the shared services and local savings proposals detailed at Appendix C, be approved;
- (2) the revised Capital Programme detailed in Appendix B, including the proposed growth of £0.08m to fund the continuation of the Rural Initiatives Grant Scheme during 2013/2014, as detailed in paragraph 4.8.4 of Report D279, be approved;
- (3) having taken into account the conclusions of the Head of Resources and Performance's report on the adequacy of reserves and the robustness of budget estimates (Appendix E) including the Scenario Planning and Sensitivity Analysis (Appendix H) and the Medium Term Financial Strategy (Appendix D) and all other information contained in this report, Cabinet be requested to establish the level of Council Tax for 2013/2014; and
- (4) the Head of Resources and Performance, in consultation with the Portfolio Holder for Performance and Resources, be authorised to transfer any surplus on the 2012/2013 revenue budget to the General Fund, and to vire funds between existing Earmarked Revenue Reserves, as set out at Appendix F, as deemed appropriate throughout the year.

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3. Corporate priorities

3.1 The budget underlies all services provided by the Council and the recommendations meets the following priority, as contained within the Corporate Plan: -

(a) Corporate Priority 3: *'Working together for an efficient Council'*.

4. Key issues

4.1 Changes to local government finance: 2013/2014

4.1.1 2013/2014 marks the start of a new era in the way that Local Government is funded with the introduction from April 2013 of the Government's new Business Rates Retention scheme (Cabinet Report D278 – 13 February 2013 refers) and the implementation of the Local Council Tax Support scheme (Cabinet Report D224 – 12 December 2012) and associated powers for Councils to reduce the levels of council tax discount and exemptions for second homes and some classes of empty properties (Cabinet Report D277 – 13 February 2013 refers).

4.1.2 The introduction of Business Rates Retention will have a significant effect on councils, as future changes to the business rates yield will directly impact on council funding levels, with both the risks and rewards of business rate growth (or contraction) being shared between Central Government, precepting authorities and billing authorities. In order to help manage this risk, and to maximise the potential value of business rates that are retained within the Suffolk area, Suffolk local authorities have agreed to enter into a business rates pooling arrangement (Cabinet Report D278 – 13 February 2013 refers). Pooling also provides an incentive for Suffolk authorities to collaborate to achieve economic growth in the region.

4.1.3 The 2012 Welfare Reform Act abolished Council Tax Benefit (CTB) and replaced it with a requirement for local authorities to create their own Local Council Tax Support (LCTS) scheme, to come into effect in April 2013. The Council's LCTS scheme was approved by full Council on 18 December 2012 (Council Report D228) and, in line with the Government announcements, provides for a reduction of Council Tax benefits for working age claimants (claimants to pay a minimum of 8.5% of the Council Tax) and the abolition of second adult rebates. Whereas Council Tax Benefits were previously 100% funded by Central Government, Government funding of the LCTS scheme will be through a cash limited annual grant, the amount of which is at least 10% less than previously received under the Council Tax Benefit scheme. The shortfall in funding is to be met by the above changes to benefit entitlements, discounts and exemptions.

4.2 Local Government Finance Settlement 2013/2014

4.2.1 The Local Government Finance Settlement was announced on 19 December 2012. The settlement covered 2013/2014 and included indicative figures for 2014/2015. Subsequent years' headline figures are to be announced in the next Comprehensive Spending Review (CSR) in 2013 as outlined in the Chancellor's Autumn Statement on 5 December 2012.

4.2.2 The Council's total formula grant for 2013/2014 (including Revenue Support Grant, Baseline Funding from retained business rates, Local Services Support Grant and Council Tax Freeze Grant – but excluding the new Local Council Tax Support grant) is £4.747m. This compares with total formula grant of £4.920m

for 2012/2013, a cut of 4%. This brings the total formula grant cut to 30% over the first 3 years of the 2010 CSR. The indicative formula grant settlement for 2014/2015 shows a further 15% cut in funding to £4.044m. This represents a cumulative cut in formula grant funding over the 4 year period of the 2010 CSR of £2.330m (33% cut) with the prospects of further cuts in Government funding being announced in the forthcoming 2013 Comprehensive Spending Review.

4.3 The Government's Council Tax Freeze and Referendum requirements 2013/2014

4.3.1 The Government has once again offered to subsidise all councils which agree to freeze Council Tax levels by providing a grant equivalent to 1% Council Tax increase (based on the previous method for calculating the tax base for the Borough). Unlike the 2011/2012 Council Tax Freeze Grant, which was awarded for four years (ie. a payment of 2.5% of Council Tax is made to the council every year for four years) and the 2012/2013 grant which was a one off award, the 2013/2014 grant will be paid to all participating councils for 2 years (i.e. 2013/2014 and 2014/2015). The impact of accepting the Council Tax Freeze Grant is shown in Table 1 below:

Table 1: Impact of accepting Council Tax Freeze Grant

Council Tax Freeze Grant	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Grant awarded in 2011/2012 *	£167k	£167k	£167k	£167k
Grant awarded in 2012/2013 *	n/a	£168k	£0k	£0k
Grant offered in 2013/2014	n/a	n/a	£67k	£67k
Total grant received if Council Tax is frozen in 2013/2014	£167k	£335k	£234k	£234k

* Grant awarded in 2011/12 now forms part of the 2012/13 formula grant. Likewise for the 2012/13 grant which forms part of the 2013/14 formula grant.

4.3.2 It should be noted that accepting successive years' Council Tax Freeze Grants provides only a short term solution and has a cumulative detrimental impact on the Council's finances as year on year Council Tax levels fail to rise in line with inflation. This impact has already been factored into the Medium Term Financial Strategy.

4.3.3 The Government has announced that, should a local authority wish to raise their level of Council Tax by more than 2%, it will need to hold a local referendum giving their local electorate the opportunity to approve or veto the increase. This compares to a 3.5% trigger point for 2012/2013.

4.3.4 Should Cabinet and Council decide to set a 0% increase on Council Tax, the Borough Council will have frozen Council Tax for four out of the five years, as set out in Table 2.

Table 2: Council Tax increases over the five years to 2013/2014

	2009/10	2010/11	2011/12	2012/13	2013/14
Council Tax increase	0%	1.9%	0%	0%	0% (proposed)

4.4 **New Homes Bonus (NHB)**

4.4.1 The Government introduced the NHB from 2011/2012. It is an additional amount of money linked to Council Tax on new properties in the Borough, so the more properties that are brought into occupation in a council area the more money that council receives. This grant is non-ring fenced, which means it can be spent on any council service. The Council received total NHB grant of £0.268m in 2011/2012 and £0.559m in 2012/2013, and expects to receive £0.738m in 2013/2014 and £0.888m in 2014/2015. No assumptions have been made with regard to NHB allocations beyond 2014/2015 as there is a likelihood that future payments of the NHB will be funded at a national level by top slicing revenue support grant or by retaining a proportion of Business Rate monies that otherwise would be available locally.

4.4.2 NHB allocations for 2011/2012 and 2012/2013 have been taken to earmarked reserves. It is proposed that the 2013/2014 allocation is also taken to reserves. The use of the New Homes Bonus will be considered as part of a wider review of the Medium Term Financial Strategy, including balances and reserves, planned to be undertaken during 2013/2014 (paragraph 4.9.3 refers).

4.5 **Setting the Budget**

4.5.1 Attached at Appendix A is the revenue budget summary, which provides an overview of the proposed net service expenditure for 2013/2014. The total proposed net revenue expenditure in 2013/2014 is £11.843m.

4.6 **Efficiency savings – Shared Services and Local Savings Proposals**

4.6.1 In order to respond to the cuts in Government funding and other economic pressures, the Council has had to make significant savings. The Borough Council has an excellent track record of achieving substantial year on year budget savings/new income.

4.6.2 The Council's Performance and Audit Scrutiny Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget. In September 2012 the Committee received Report D141 '*Delivering a Sustainable Budget 2013-14*' which set out the context of the 2013/2014 budget, including details of saving targets for 2013/2014 and future years. Members were advised that the key strategy to deliver savings over the next two years was the shared services initiative between St Edmundsbury Borough and Forest Heath District Councils, together with a range of other local savings initiatives (i.e. savings which are not related to shared services). On 28 January 2013 the Committee received Report D262 which provided an update on progress towards achieving the required savings, including projected shared service savings for the year together with details of other local savings initiatives. The Committee were advised that the estimated savings from these initiatives should be sufficient to deliver a balanced budget.

Shared Services

- 4.6.3 Significant progress has been made over the past year in the delivery of the shared services initiative with Forest Heath District Council, including the appointment of a shared Chief Executive and Joint Leadership Team and the joint delivery of a range of services, including Information and Communications Technology (ICT), Communications, Property Services, Internal Audit, Environmental Health and Housing. This builds on work already in place in respect of shared Waste Management Services and shared vehicle workshop facilities. These initiatives are already on course to achieve savings during 2012/2013 for this Council of £0.636m. Further savings from shared services totalling £0.695m are projected for 2013/2014 arising from:
- (i) the full-year impact of savings initiatives commenced during 2012/2013; and
 - (ii) the implementation of shared services across the remainder of Council services including Leisure Services, Finance, Legal, Democratic Services, Human Resources, Policy and Performance and Community Development/Neighbourhoods.
- 4.6.4 For clarity, Members should be aware that the shared service savings figures quoted above do not include the cost of change, such as redundancy/early retirement payments and ICT investment costs. The Council's share of these costs to date is in the order of approximately £1m. It should be noted that the costs of change are 'one-off' costs whilst the resultant savings recur every year. Costs associated with the next planned phase of shared services cannot at this time be accurately assessed, but will include further significant investment in shared ICT systems together with further staff restructuring costs. It is proposed that St Edmundsbury's share of the funding of these costs will be met in full from the Council's earmarked reserves balances (i.e. the Invest to Save reserve) which has been set up specifically to fund the costs of delivering the shared services agenda.
- 4.6.5 The savings from shared services are significant to the delivery of a sustainable budget for 2013/2014 and beyond. In so far as the 2013/2014 budget is concerned, there is clearly a risk that savings targets for shared service areas yet to be progressed may not be achieved. Any shortfall in savings projections for the year will need to be met from the general fund reserve. Conversely, any additional shared service savings achieved in the year will help reduce the savings requirements in future years.

Local Savings Initiatives (previously referred to as DR-IVE)

- 4.6.6 In addition to the need to deliver savings from shared services, work has continued to secure a range of other local savings which include cost savings (staffing and other expenditure) together with opportunities to generate additional income (including feed-in tariff income from the Council's investment in solar panel technology together with various leisure services income generating initiatives). Taken together these local savings initiatives are estimated to produce savings of £0.304m in 2013/2014.
- 4.6.7 Further details of projected shared service savings and other local savings initiatives (totalling £0.999m) are set out at Appendix C (Savings and New Income Proposals – 2013/2014).

4.7 Business Rates Retention

- 4.7.1 The new scheme of Business Rates Retention (Cabinet Report D278 – 13 February 2013 refers) is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of the growth generated in business rates revenue in their areas.
- 4.7.2 The Local Government Finance Act also allows local authorities to form pools for the purpose of business rates retention. St Edmundsbury has signed up with the other Suffolk districts and the County Council to be designated as a Suffolk pool. Pooling offers the potential to deliver more benefits to Suffolk and promote closer working between authorities.
- 4.7.3 As part of the funding arrangements, the Department for Communities and Local Government (DCLG) has allocated each council with an amount of business rates they are expected to retain in 2013/2014 if no changes occur, known as the business rates baseline.
- 4.7.4 Any additional income generated over the baseline will be subject to a 50% levy rate with Central Government. The Council's annual forecast of non domestic rates income (NNDR1 return to DCLG) has recently been completed and it is estimated that St Edmundsbury will benefit from an additional £0.333m in business rates to be retained by the Council after paying the 50% levy to the government. There is an expected additional benefit of £0.077m to the Council arising from membership of the Suffolk pool. Both of these amounts have been included in the MTFS from 2013/2014 onwards.
- 4.7.5 The additional income generated from the Business Rates Retention scheme is based upon forecasts and as such will be closely monitored throughout the course of the year.

4.8 Capital Programme

- 4.8.1 The capital expenditure of the Council has an impact on the revenue budget and is part of the overall preparation of the revenue proposals for the coming year.
- 4.8.2 It is estimated that £11.43m will be spent on Capital Programme schemes during 2013/2014 which are to be funded by a combination of grants and contributions (£5.15m), earmarked revenue reserves (£2.03m) and the usable capital receipts reserve (£4.25m).
- 4.8.3 Looking ahead, the total value of the Capital Programme over the next four years is approximately £16.67m. Appendix B shows the planned capital expenditure in the current year 2013/2014 and future years, together with information on the funding of that expenditure (i.e. grants and contributions, use of earmarked revenue reserves and usable capital receipts reserve) and is summarised in Table 3 below:

Table 3: Planned Capital Expenditure over four years to 2016/2017

	2013/14	2014/15	2015/16	2016/17	Total
Gross capital expenditure	£11.43m	£2.49m	£1.37m	£1.38m	£16.67m
Funded by:					
Grants and Contributions	£5.15m	£0.25m	£0.25m	£0.25m	£5.90m
Earmarked Revenue Reserves	£2.03m	£1.44m	£0.32m	£0.33m	£4.12m
Capital receipts reserve	£4.25m	£0.80m	£0.80m	£0.80m	£6.65m
Total	£11.43m	£2.49m	£1.37m	£1.38m	16.67m

4.8.4 As part of the review of the Capital Programme, one capital growth bid was identified. A Capital Programme allocation of £80,000 is required in 2013/2014 to enable the continuation of the Council's Rural Initiatives Grant Scheme which provides grants to parishes and other community organisations undertaking capital schemes in their areas (including village hall and play area schemes).

Disposal of Assets

4.8.5 An essential part of the funding arrangements for the capital programme is the disposal of surplus assets. The Council has an agreed programme of asset disposals, which has already been severely affected by the recession. Table 4 is a summary estimate of the likely level of income from asset disposals over the period 2013/2014 to 2016/2017.

Table 4: Estimated income from asset disposals 2013/14 to 2016/17

	2013/14	2014/15	2015/16	2016/17
Estimated income from asset disposals	£1.40m	£0.10m	£1.80m	£0.10m

4.8.6 The above capital programme and asset disposals programme should, in the short to medium term, enable the Borough Council to maintain levels of usable capital receipts reserves between £8m to £9m over the 5 year period of the Council's MTFS. However, this approach still does not address the funding of longer term requirements for major capital repairs to key Borough Council assets, including for example the £11m for major repairs and refurbishment of the Borough Council's two leisure centres included in the Leisure Asset Management Plan (as submitted to the Overview and Scrutiny Committee on 12 October 2011, Report C172 refers). Consideration of the affordability of these major capital expenditure proposals, including options for funding, will need to be included in the options and investment appraisals for these projects.

4.8.7 The calculation of interest income used in the MTFS is based on the use of existing and anticipated capital expenditure and receipts. Changes in the level and timing of these cashflows have a direct impact on investment returns and revenue funding requirements. However, the Interest Equalisation Reserve does

allow for some change in the budgeted levels of income from interest to be accommodated. The Prudential Code for Capital Finance and matters relating to the affordability of the Capital Programme are addressed in Appendix G. The revenue cost of the capital programme is achievable without significant Council Tax rises provided the savings indicated in the MTFS and set out in Appendix D are implemented.

4.9 Medium Term Financial Strategy (MTFS)

4.9.1 The Council's MTFS includes the impact of all known capital and revenue commitments between 2013/2014 and 2016/2017. The MTFS is attached at Appendix D. Key assumptions in the updated MTFS are shown in Table 5 below:

Table 5: Key assumptions in the MTFS

Type of Expenditure	2013/14	2014/15	2015/16	2016/17
Non-payroll inflation	2%	2%	2%	2%
General income inflation	2%	2%	2%	2%
Employee pay increase *	1%	1%	2%	2%
Energy costs	13.7%	5%	5%	5%
Government formula grant	-4%	-15%	-10%	-10%
Return on Investments	1.5%	1.5%	1.5%	2.5%

** no pay award will be made unless in accordance with national negotiations, but an allowance must be made for it in the budget, as information is not received in time for budget setting.*

4.9.2 The MTFS is used to assess the longer term implications of budgetary strategies and decisions. It should be noted that over the 3 year period 2014/2015 to 2016/2017 the total projected budget gap amounts to £2.1m (i.e. £0.5m 2014/2015, £1.1m 2015/2016, and £0.5m 2016/2017). Should any of the assumptions listed above change significantly, the gap would also change.

4.9.3 A fundamental review of the Council's MTFS is to be undertaken during 2013/2014 which will, amongst other things, take account of updated projections regarding the impact of:

- (a) shared services with Forest Heath District Council;
- (b) work to transform service delivery, including the impact of the customer access review;
- (c) changes in local authority funding (i.e. business rate retention/pooling and the localisation of council tax support);
- (d) review of Council reserves and balances;
- (e) future Government grant settlements, including reductions in Formula Grant and future funding of Council Tax Freeze Grants and the New Homes Bonus; and
- (f) future asset management and capital expenditure requirements.

4.9.4 The outcome of this review will help the Council to project future savings requirements and will inform the development of future budgetary decisions and strategies for 2014/2015 and future years.

4.10 Revenue Reserves and Balances

General Fund

4.10.1 The Borough Council holds General Fund balances as a contingency to cover the cost of unexpected expenditure during the year. The Borough Council agreed in 2005 that the minimum prudent level of General Fund balance should be £1.75m. As in previous years the Borough Council can use balances above this minimum to support revenue expenditure and to reduce the level of Council Tax.

4.10.2 The Budget Monitoring Report to the Performance and Audit Scrutiny Committee on 28 January 2013 (Report D262 refers) included an estimate of the year end budget underspend of £0.244m, which has been incorporated within the MTFs at Appendix D. It is proposed to transfer the final year-end surplus in its entirety to the General Fund. On this basis it is estimated that there will be £3.476m in the General Fund balance at the start of the 2013/2014 financial year and, as a short term funding measure, there is scope to use some of this to support future years' revenue budgets.

4.10.3 The MTFs attached at Appendix D, based on current budget projections, shows a balanced budget position for 2013/2014 with no planned use of General Fund reserve. However, many of the assumptions supporting the budget projections for 2013/2014 (and future years) are subject to significant uncertainty. This includes assumptions regarding:

- (a) pay inflation and employers pension liabilities;
- (b) sustainability of income stream estimates (including industrial unit rental income and planning income);
- (c) impact of the Business Rates Retention scheme and Suffolk pooling arrangements;
- (d) impact of the implementation of the Local Council Tax Support scheme; and
- (e) the level of savings achievable through shared services, including savings projections for shared service initiatives that have yet to be progressed.

4.10.4 Further details regarding the potential impact of the above risk factors are provided in the Scenario Planning and Sensitivity Analysis provided at Appendix H.

4.10.5 From 2014/2015 to 2016/2017 the Medium term Financial Strategy shows an annual contribution from General Fund reserves of £0.575m to support Council Tax levels during this period, bringing the General Fund balance down to the £1.75m minimum by 2016/2017.

Earmarked Reserves

4.10.6 At the end of the 2012/2013 financial year the Council will have an estimated £9.2m in Earmarked Reserves. The current level of Earmarked Reserves and contributions during 2012/2013 has been reviewed and where appropriate annual contributions have been adjusted. Appendix F sets out the proposed

contributions to, and projected expenditure from, Earmarked Reserves during 2013/2014.

Adequacy of Reserves

4.10.7 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Head of Resources and Performance) to report to Council, as part of the tax setting report, her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the Council Tax at its meeting on 26 February 2013. The full statement is as attached in Appendix E.

4.10.8 In summary, the Chief Finance Officer's assessment overall, is that the estimates are robust (taking into account known risks and mitigating strategies) and reserves are adequate for the 2013/2014 budget plans.

5. Other options considered

5.1 In general, use of reserves to reduce the level of Council Tax in 2013/2014 will require either an increase in the Council Tax in future years or additional efficiency savings above those currently sought.

5.2 It is important to note that as the MTFs projection is taken further forward, the degree of uncertainty concerning future budget estimates will increase. This position is even further exacerbated by the unpredictability of the global economic environment.

6. Community impact

6.1 **Crime and disorder impact** (*including Section 17 of the Crime and Disorder Act 1998*)

6.1.1 None.

6.2 **Diversity and equality impact** (*including the findings of the Equality Impact Assessment*)

6.2.1 Shared service and other local efficiency savings have been considered in the light of diversity and equality issues and officers are confident that there are no significant issues to report.

6.3 **Sustainability impact** (*including completing a Sustainability Impact Assessment*)

6.3.1 None.

6.4 **Other impact** (*any other impacts affecting this report*)

6.4.1 None.

7. **Consultation** (*what consultation has been undertaken, and what were the outcomes?*)

7.1 All shared service arrangements are subject to joint agreement between the two councils. Formal consultation exercises are undertaken with trade unions

and staff regarding restructuring proposals, including staff redundancies and changes to pay and conditions.

7.2 St Edmundsbury are holding business ratepayers' events during February 2013 to discuss, amongst other items, the Council's budget and future challenges and opportunities through the Business Rates Retention scheme for 2013/2014.

7.3 A consultation exercise, linked to the Local Council Tax Support scheme together with proposed changes to Council Tax discounts and exemptions on second homes and some classes of empty properties, ran for 12 weeks starting on 3 August 2012 and finishing on 26 October 2012, co-ordinated with Forest Heath, other Suffolk districts, and Suffolk County Council (Cabinet Report D224 refers)

8. Financial and resource implications *(including asset management implications)*

8.1 The financial and resource implications are explained in the body of this report and attached appendices.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1 A risk assessment is included at Appendix E as part of the report by the Head of Resources and Performance (Chief Finance Officer). The Head of Resources and Performance's conclusion is that overall the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2013/2014 budget plans. Cabinet and Council are advised to have regard to this report when making their decisions on the 2013/2014 budget.

10. Legal and policy implications

10.1 The Local Government Act 2003 imposed duties on local authorities in relation to financial management which covers the following areas:

- (a) A power for the Secretary of State to determine a minimum reserve level for local authorities by regulations. The Government has indicated that its preference was to keep this power in reserve.
- (b) Section 25 of the Act places a requirement on the Chief Finance Officer to report on the adequacy of reserves and robustness of budget estimates as part of the authority's annual budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 26 February 2013. This is included as Appendix E of the report.
- (c) Sections 28 and 29 of the Act place a statutory duty on local authorities to monitor their budget and take such action as considered necessary in the case of overspends and shortfalls of income.
- (d) Section 30 of the Act relates to the provisions preventing local authorities entering into agreements following a Section 114 Report which a Chief Finance Officer must produce when it appears that expenditure of the authority in a financial year is likely to exceed the resources available to meet the expenditure.

11. Wards affected

11.1 All

12. Background papers

12.1 Local Council Tax Support (Report D224 - Cabinet 12 December 2012 refers); National Non Domestic Rates (NDR1 return) Forecast and Suffolk Pooling Update (Report D278 - Cabinet 13 February 2013); Council Tax Base for Tax Setting Purposes 2013/2014 and Changes to the Level of Discounts and Exemptions in respect of Second Homes and Some Classes of Empty properties (Report D277 - Cabinet 13 February 2013); and Delivering a Sustainable Budget (Report D262 - Performance and Audit Scrutiny Committee 28 January 2013).

13. Documents attached

Appendix A – Revenue Budget Summary

Appendix B – 5 Year Capital Programme Report

Appendix C – Savings and New Income Proposals 2013/2014

Appendix D – Medium Term Financial Strategy (MTFS)

Appendix E – Report by the Head of Resources and Performance (S151 Officer)

Appendix F – Earmarked Revenue Reserves

Appendix G – Prudential Code for Capital Finance

Appendix H – Scenario Planning and Sensitivity Analysis

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Service	Ref No	2011/2012 Actual	2012/2013 Forecast Position	2013/2014 Budget
Net Service Expenditure by Service Area				
Services				
Corporate Expenditure	1	899,608	872,300	982,925
Legal & Democratic Services	2	1,385,364	1,417,500	1,410,150
Policy, Communications & Customers	3	22,124	29,300	29,000
Resources & Performance	4	(2,772,314)	(1,422,650)	(1,147,150)
Human Resources & Organisational Development	5	7,439	27,000	25,600
Shared Service Drive Savings	6	-	(636,150)	(272,450)
Economic Development & Growth	7	199,337	265,300	256,050
Planning & Regulatory Services	8	2,972,246	2,596,700	2,243,200
Housing	9	746,625	758,800	737,250
Leisure, Culture & Communities	10	6,819,997	6,863,050	6,605,700
Waste, Street Scene, Property & Grounds Maintenance	11	2,049,709	968,350	972,800
Projected 2012/2013 revenue underspend	12		(244,000)	
Net Expenditure of Services	13	12,330,135	11,495,500	11,843,075
Use of Support Service Balances	14	(248,612)		
Total Net Expenditure Excluding Parishes	15	12,081,523	11,495,500	11,843,075
Projected 2012/2013 revenue underspend to General Fund Balance	16		244,000	
Transfer to/(from) General Fund Balance	17	59,504	(145,043)	
BUDGET REQUIREMENT EXCLUDING PARISHES	18	12,141,027	11,594,457	11,843,075
GRANTS & COUNCIL TAX REQUIREMENT				
Collection Fund Deficit/(Surplus)	19	(39,013)	44,826	30,172
Government Support				
Formula Grant - Revenue Support Grant	20	(1,237,971)	(90,370)	(2,847,045)
Formula Grant - Business Rate Retention Scheme	21	(4,005,043)	(4,661,917)	(1,782,766)
Business Rates Retention Scheme - Local Share of Growth	22			(333,000)
Business Rates Retention Scheme - Share of Suffolk Pooling Benefit	23			(77,000)
Council Tax Support Grant (in Formula Grant from 14/15)	24			(638,849)
Local Services Support Grant (none assumed after 14/15)	25			(50,000)
Council Tax Freeze Grant	26	(167,293)	(167,977)	(67,519)
Amount Met from Collection fund				
St Edmundsbury Borough Council	27	6,691,707	6,719,019	6,077,068
Parish Councils	28	1,632,671	1,672,867	1,494,050 (1)
Total Amount Met from Collection Fund	29	8,324,378	8,391,886	7,571,118
Working Balances				
Opening Balance	30	3,317,932	3,377,436	3,476,393
Transfers to/from General Fund	31	59,504	98,957	-
Closing Balance	32	3,377,436	3,476,393	3,476,393
Corporate Expenditure	1	899,608	872,300	982,925
Legal & Democratic Services				
Legal Services		61,050	60,100	49,350
Elections		187,688	209,650	207,650
Democratic Services		1,009,937	1,011,750	1,027,200
Civic Office		126,689	136,000	125,950
Legal & Democratic Services	2	1,385,364	1,417,500	1,410,150
Policy, Communications & Customers				
Communications		18,967	24,850	24,750
Customer Services		3,157	4,450	4,250
Policy, Communications & Customers	3	22,124	29,300	29,000

Service	Ref No	2011/2012	2012/2013	2013/2014
		Actual	Forecast Position	Budget
Resources & Performance				
Service/Corporate Finance		(4,275,683)	(2,919,900)	(2,712,850)
Anglia Revenues Partnership		1,474,845	1,474,850	1,552,500
Miscellaneous Establishment		28,524	22,400	13,200
Resources & Performance	4	(2,772,314)	(1,422,650)	(1,147,150)
Human Resources & Organisational Development	5	7,439	27,000	25,600
Shared Service Drive Savings	6	-	(636,150)	(272,450)
Economic Development & Growth	7	199,337	265,300	256,050
Planning & Regulatory Services				
Local Land Charges		(19,662)	(27,050)	(42,800)
Development Control		1,425,202	1,353,650	1,185,300
Building Control		54,348	51,050	50,800
Environmental Services		840,205	833,250	740,450
Private sector Housing renewal		509,078	240,450	195,700
Licensing		163,075	145,350	113,750
Planning & Regulatory Services	8	2,972,246	2,596,700	2,243,200
Housing				
Housing Strategy, Enabling & Advice		728,575	741,800	721,500
Safeguarding Children		18,050	17,000	15,750
Housing	9	746,625	758,800	737,250
Leisure, Culture & Communities				
Countryside & Open Spaces		1,343,502	1,287,150	1,212,250
Horticulture/Arboriculture		650,449	622,550	562,650
Childrens Play Equipment Costs		142,381	173,850	160,450
Community Centres		123,761	87,600	90,700
Sport & Community Recreation		1,039,671	1,322,250	1,360,700
Arts & Cultural Activities		483,903	333,750	328,050
The Apex		1,276,226	1,302,000	1,284,750
The Athenaeum		74,382	99,950	114,550
Other Public Halls		15,716	27,050	27,700
Heritage Services		783,092	731,850	626,100
Tourism Services		243,294	208,950	264,050
Community Development		283,195	293,250	242,650
Community Safety		76,386	90,950	81,050
Cemeteries & Crematorium		284,039	281,900	250,050
Leisure, Culture & Communities	10	6,819,997	6,863,050	6,605,700
Waste, Street Scene, Property & Grounds Maintenance				
Refuse, Recycling, Cleansing & Landscapes		2,797,483	3,180,100	3,276,700
Estate Management & Business Properties		(682,788)	(1,448,950)	(1,477,150)
Transport & Street Scene Services		664,012	538,250	554,950
Car parks Administrative Office		147,400	143,250	137,200
Markets		(99,418)	(128,250)	(104,850)
Car Parks		(1,527,617)	(2,103,150)	(2,196,000)
Bus Station & Shelters		276,766	276,900	274,600
CCTV		295,656	327,300	322,100
Public Conveniences		178,215	182,900	185,250
Waste, Street Scene, Property & Grounds Maintenance	11	2,049,709	968,350	972,800

**Note: Support services are fully recharged out, therefore come back to zero
(1) Provisional - awaiting Bury and Haverhill Town Council to confirm numbers**

CAPITAL PROGRAMME

Cost Centre Code		Actual 2011/12 Spend £000	Original 2012/13 Budget £000	2012/13 Year End Forecast Spend £000	Revised 2012/13 Budget £000	Budget					2013/14 - 2016/17 Capital Financing				
						2013/14	2014/15	2015/16	2016/17	TOTAL	Capital Receipts	Revenue Reserves	Capital Grants	S106	TOTAL
						£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
SUMMARY															
	Expenditure														
	Economic Development and Growth	66	127	115	115	132	20	-	-	152	100	52	-	-	152
	Housing	760	2,605	770	770	2,636	800	800	800	5,036	3,133	-	1,573	330	5,036
	Human Resources and Organisational Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Legal and Democratic Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Leisure, Culture and Communities	1,230	3,104	429	429	2,545	315	324	334	3,518	1,158	1,410	830	120	3,518
	Planning and Regulatory Services	1,388	2,294	1,000	969	3,066	-	-	-	3,066	86	-	2,980	-	3,066
	Policy, Strategy, Communications and Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Resources and Performance	172	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste, Street Scene, Property and Grounds Maintenance	401	2,091	1,328	1,328	3,051	1,354	250	250	4,905	2,176	2,664	14	51	4,905
	Total Expenditure	4,017	10,221	3,642	3,611	11,430	2,489	1,374	1,384	16,677	6,653	4,126	5,397	501	16,677
ECONOMIC DEVELOPMENT AND GROWTH															
	Economic Development														
C792	Rural Initiatives Grant Scheme - Small	13	7	15	15	32	20	-	-	52	-	52	-	-	52
C634	Rural Initiatives Grant Scheme - Large	22	80	60	60	100	-	-	-	100	100	-	-	-	100
C136	Hollands Road Employment Units, Haverhill	31	40	40	40	-	-	-	-	-	-	-	-	-	-
		66	127	115	115	132	20	-	-	152	100	52	-	-	152
HOUSING															
	Improvement Grants														
C568	Decent Homes Plus Grants	132	54	54	54	-	-	-	-	-	-	-	-	-	-
C504	Discretionary Homes Assistance	121	336	175	176	461	300	300	300	1,361	1,361	-	-	-	1,361
C540	Healthy Homes (assist PRSG)	1	-	1	-	-	-	-	-	-	-	-	-	-	-
C506	Disabled Facilities Grants	456	606	400	400	706	500	500	500	2,206	1,206	-	1,000	-	2,206
		710	996	630	630	1,167	800	800	800	3,567	2,567	-	1,000	-	3,567
	RSL's - Affordable Housing Schemes														
C891	Gypsy and traveller site	13	638	65	65	573	-	-	-	573	-	-	573	-	573
C570	Empty homes grants to private owners	4	71	-	-	71	-	-	-	71	71	-	-	-	71
C569	Havebury - Bury Road, Chedburgh	-	400	-	-	400	-	-	-	400	400	-	-	-	400
C572	Private Sector Hsg Leasing Scheme	-	25	-	-	25	-	-	-	25	-	-	-	25	25
C156	Prospect Row	23	-	-	-	-	-	-	-	-	-	-	-	-	-
C573	Beetons Cottages, Bury St Edmunds	-	75	75	75	-	-	-	-	-	-	-	-	-	-
C166	Millfields Way, Haverhill	-	96	-	-	96	-	-	-	96	-	-	-	96	96
C167	Lethrede Supported Housing	10	-	-	-	-	-	-	-	-	-	-	-	-	-
C905	Provision of Affordable Housing	-	304	-	-	304	-	-	-	304	95	-	-	209	304
		50	1,609	140	140	1,469	-	-	-	1,469	566	-	573	330	1,469

Cost Centre Code		Actual 2011/12 Spend £000	Original 2012/13 Budget £000	2012/13 Year End Forecast Spend £000	Revised 2012/13 Budget £000	Budget					2013/14 - 2016/17 Capital Financing				
						2013/14	2014/15	2015/16	2016/17	TOTAL	Capital Receipts	Revenue Reserves	Capital Grants	S106	TOTAL
						£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
LEISURE, CULTURE AND COMMUNITIES															
	Theatre and Public Entertainment														
C743	The Apex - New Public Venue	330	40	40	40	-	-	-	-	-	-	-	-	-	
C165	The Apex, Furniture & Equipment	51	-	-	-	-	-	-	-	-	-	-	-	-	
C168	The Apex, Improvements	19	131	31	31	102	-	-	-	102	102	-	-	102	
C177	The Apex, Artwork	-	20	18	18	-	-	-	-	-	-	-	-	-	
C279	City Screen Loan	120	-	-	-	-	-	-	-	-	-	-	-	-	
		520	191	89	89	102	-	-	-	102	102	-	-	102	
	Museums														
C172	Moyses Hall and West Stow new exhibits	-	25	25	25	-	-	-	-	-	-	-	-	-	
		-	25	25	25	-	-	-	-	-	-	-	-	-	
	Community Parks & Open Spaces														
C627	Children's Play Equipment - Replacement	-	7	-	-	7	-	-	-	7	7	-	-	7	
C182	Children's Play Equipment - Nowton Park	-	30	30	30	-	-	-	-	-	-	-	-	-	
PROVISI	Children's Play Equipment - Haverhill Recreation Ground	-	-	-	-	70	-	-	-	70	-	70	-	70	
C460	Clements Park (Former school site)	-	100	-	-	-	-	-	-	-	-	-	-	-	
C461	County Upper School multi use games area (MUGA)	-	15	30	30	-	-	-	-	-	-	-	-	-	
C170	Hardwick Heath parking	23	37	13	13	24	-	-	-	24	24	-	-	24	
C132	Abbey Gardens play area	146	2	2	2	-	-	-	-	-	-	-	-	-	
		169	191	75	75	101	-	-	-	101	31	70	-	101	
	Cemeteries														
C174	Cemetery BSE & HH auto gates	24	-	-	-	-	-	-	-	-	-	-	-	-	
		24	-	-	-	-	-	-	-	-	-	-	-	-	
	Sport & Recreation														
C462	Bury Leisure Centre - All Weather Pitch	-	140	-	-	150	-	-	-	150	-	150	-	150	
C761	Bury Leisure Centre - Fire recovery works, cladding & glazing, health suite, DDA & reception	-	313	1	5	-	-	-	-	-	-	-	-	-	
C782	Bury Leisure Centre - Improvement works - excluding equipment	14	-	4	-	-	-	-	-	-	-	-	-	-	
C464	BSE Skatepark	-	-	150	150	-	-	-	-	-	-	-	-	-	
C463	Haverhill Leisure Centre - All Weather Pitch	-	142	-	-	150	-	-	-	150	-	150	-	150	
C800	Haverhill Leisure Centre - Improvement works	-	42	-	-	-	-	-	-	-	-	-	-	-	
C171	Nowton Park Car Parking	25	55	30	30	25	-	-	-	25	25	-	-	25	
C131	Nowton Park Visitor Centre	476	-	-	-	-	-	-	-	-	-	-	-	-	
		515	692	185	185	325	-	-	-	325	25	300	-	325	
	Sports Development & Community Recreation														
C134	Bury Town Football - Relocation Cost	2	1,980	30	30	1,950	-	-	-	1,950	1,000	-	830	120	
PROVISI	Leisure Asset Management Schemes	-	-	-	-	67	315	324	334	1,040	-	1,040	-	1,040	
C571	Grant to Victory Sports Ground	-	25	25	25	-	-	-	-	-	-	-	-	-	
		2	2,005	55	55	2,017	315	324	334	2,990	1,000	1,040	830	120	

Cost Centre Code		Actual 2011/12 Spend £000	Original 2012/13 Budget £000	2012/13 Year End Forecast Spend £000	Revised 2012/13 Budget £000	Budget					2013/14 - 2016/17 Capital Financing				
						2013/14	2014/15	2015/16	2016/17	TOTAL	Capital Receipts	Revenue Reserves	Capital Grants	S106	TOTAL
						£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
PLANNING AND REGULATORY SERVICES															
C164	Haverhill Master Plan	-	5	5	5	-	-	-	-	-	-	-	-	-	
	Plaza	-	5	5	5	-	-	-	-	-	-	-	-	-	
C209	Queen Street enhancements	-	-	31	-	-	-	-	-	-	-	-	-	-	
		-	5	36	5	-	-	-	-	-	-	-	-	-	
Conservation of Historic Areas															
C120	Rural Environment - minor improvement works in villages, e	-	46	-	-	46	-	-	-	46	46	-	-	46	
C002	Other Villages	-	3	-	-	3	-	-	-	3	3	-	-	3	
C003	Buildings at Risk - conservation grants	6	-	-	-	-	-	-	-	-	-	-	-	-	
		6	49	-	-	49	-	-	-	49	49	-	-	49	
Growth Area Initiatives															
C280	Growth Area Initiatives	-	90	-	-	90	-	-	-	90	-	-	90	90	
C281	Haverhill Golf Course Link Path	7	3	3	3	-	-	-	-	-	-	-	-	-	
C282	Wilsley Open Space	21	4	4	4	-	-	-	-	-	-	-	-	-	
C283	Haverhill Railway Walks, Education	-	7	27	27	-	-	-	-	-	-	-	-	-	
C284	High Street Haverhill Improvements	-	750	40	40	710	-	-	-	710	-	710	-	710	
C285	Hanchet End Business Park Loan	750	-	-	-	-	-	-	-	-	-	-	-	-	
C286	Suffolk Business Park Loan	-	750	500	500	2,000	-	-	-	2,000	-	2,000	-	2,000	
C287	Millfields Way, Haverhill - housing scheme	-	180	-	-	180	-	-	-	180	-	180	-	180	
C288	Clements Primary School Site	24	26	126	126	-	-	-	-	-	-	-	-	-	
C289	Lark Valley Path	-	137	137	137	-	-	-	-	-	-	-	-	-	
C290	Tollgate Recreation Ground, Bury St Edmunds	-	20	20	20	-	-	-	-	-	-	-	-	-	
C291	Oakes Road, Open Space, Bury St Edmunds	-	45	45	45	-	-	-	-	-	-	-	-	-	
C292	Lake Avenue, Open Space, Bury St Edmunds	-	30	30	30	-	-	-	-	-	-	-	-	-	
C293	Spring Lane Nature Reserve	15	20	20	20	-	-	-	-	-	-	-	-	-	
C294	Gainsborough Recreation Ground, Bury St Edmunds	12	3	3	3	-	-	-	-	-	-	-	-	-	
C295	Ram Meadow	8	2	2	2	-	-	-	-	-	-	-	-	-	
		837	2,067	957	957	2,980	-	-	-	2,980	-	2,980	-	2,980	
Sustainable Development															
C450	Generating Renewable Energy - to be allocated	-	44	-	7	37	-	-	-	37	37	-	-	37	
C451	Nowton Park Visitor Centre	18	-	-	-	-	-	-	-	-	-	-	-	-	
C452	West Stow	3	129	-	-	-	-	-	-	-	-	-	-	-	
C453	Haverhill Depot Storage Building	59	-	1	-	-	-	-	-	-	-	-	-	-	
C454	Haverhill Depot Office Building	48	-	1	-	-	-	-	-	-	-	-	-	-	
C455	BSE Leisure Centre	120	-	1	-	-	-	-	-	-	-	-	-	-	
C456	Haverhill Leisure Centre	112	-	1	-	-	-	-	-	-	-	-	-	-	
C457	Haverhill Council Offices	75	-	1	-	-	-	-	-	-	-	-	-	-	
C458	West Suffolk House	110	-	2	-	-	-	-	-	-	-	-	-	-	
		545	173	7	7	37	-	-	-	37	37	-	-	37	
RESOURCES AND PERFORMANCE															
C175	IT														
	ARP IT set up costs	172	-	-	-	-	-	-	-	-	-	-	-	-	
		172	-	-	-	-	-	-	-	-	-	-	-	-	

Cost Centre Code		Actual 2011/12 Spend £000	Original 2012/13 Budget £000	2012/13 Year End Forecast Spend £000	Revised 2012/13 Budget £000	Budget					2013/14 - 2016/17 Capital Financing				
						2013/14	2014/15	2015/16	2016/17	TOTAL	Capital Receipts	Revenue Reserves	Capital Grants	S106	TOTAL
						£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WASTE, STREET SCENE, PROPERTY AND GROUNDS MAINTENANCE															
Property Fund															
C099	Acquisition of Key Strategic or Investment Property	-	500	-	-	-	-	-	-	-	-	-	-	-	
		-	500	-	-	-	-	-	-	-	-	-	-	-	
Administrative Buildings and Depots															
C176	Purchase 50% of HH Offices	140	-	-	-	-	-	-	-	-	-	-	-	-	
		140	-	-	-	-	-	-	-	-	-	-	-	-	
Major Planned Building Works															
C907	Major Planned Building Works	-	579	-	-	250	250	250	250	1,000	1,000	-	-	1,000	
C???	BLC Flume & Cladding	-	-	-	-	559	-	-	-	559	473	86	-	559	
C169	HH Offices Improvements	69	-	20	20	-	-	-	-	-	-	-	-	-	
C895	Nowton Park, Catering Equipt	10	-	-	-	-	-	-	-	-	-	-	-	-	
		79	579	20	20	809	250	250	250	1,559	1,473	86	-	1,559	
Commercial & Industrial Development															
C100	Infrastructure Completion	-	15	-	-	15	-	-	-	15	15	-	-	15	
C118	Tassel Road, Roads and Sewers	-	7	-	-	7	-	-	-	7	7	-	-	7	
C121	Homefield Business Park - new access road	27	6	-	-	6	-	-	-	6	6	-	-	6	
		27	28	-	-	28	-	-	-	28	28	-	-	28	
Cattle Market Development															
C433	Cycle Stands Cattle Market	-	11	11	11	-	-	-	-	-	-	-	-	-	
		-	11	11	11	-	-	-	-	-	-	-	-	-	
Highways															
C144	Cycle route signing	-	-	-	-	-	-	-	-	-	-	-	-	-	
C148	Cycle usage: Abbeygate Street	-	-	-	-	-	-	-	-	-	-	-	-	-	
C906	Feasibility Studies - Environmental Enhancement Schemes	-	20	-	-	20	-	-	-	20	20	-	-	20	
C143	St Olaves and Westley Estate precincts	3	-	-	-	-	-	-	-	-	-	-	-	-	
C416	Environmental Improvement Works, Risbygate Street	-	72	-	-	72	-	-	-	72	58	-	14	72	
C438	Central Walk Arch E15k	3	-	12	12	-	-	-	-	-	-	-	-	-	
	Cattle Market Redevelopment - TC Management & Enhancement Fund	-	250	-	-	250	-	-	-	250	250	-	-	250	
C124	Enhancement Fund	-	250	-	-	250	-	-	-	250	250	-	-	250	
C135	Town centre public realm works	-	324	-	-	312	-	-	-	312	312	-	-	312	
C173	St Andrews St South access arrangements	-	35	-	-	35	-	-	-	35	35	-	-	35	
C465	Peach Maltings	-	-	-	-	51	-	-	-	51	-	-	51	51	
C296	Mustow Street crossing	10	-	-	-	-	-	-	-	-	-	-	-	-	
		16	701	12	12	740	-	-	-	740	675	-	14	740	
Closed Circuit Television System															
C184	Cameras and Server	-	272	-	-	272	-	-	-	272	-	272	-	272	
		-	272	-	-	272	-	-	-	272	-	272	-	272	
Vehicle and Plant															
C990	Client Vehicle and Plant	11	-	33	33	77	-	-	-	77	-	77	-	77	
C992	Landscapes Vehicle and Plant	66	-	161	161	256	177	-	-	433	-	433	-	433	
C993	Cleansing Vehicle and Plant	-	-	231	231	317	101	-	-	418	-	418	-	418	
C994	Refuse Vehicle and Plant	62	-	860	860	552	826	-	-	1,378	-	1,378	-	1,378	
		139	-	1,285	1,285	1,202	1,104	-	-	2,306	-	2,306	-	2,306	

Savings and New Income Proposals 2013/14

The table below provides a summary of the savings identified as part of the Council's budget setting process (both cost reductions and additional income).

All of the items have been considered by the Performance and Audit Committee at their meetings in September 2012, and January 2013.

The total value of the proposed savings/additional income is £0.999m this has been split as follows:

- **Local savings** - previously known as "DRIVE" or local savings programme – which represents areas of banked savings / increased income that are not attributable to shared services, and
- **Shared services savings** – split between:
 - savings that have been completed or are in progress, and
 - savings that are to be progressed

Table 1 – Savings Projections 2013/2014

Description	2013/14 £000
Local Savings	
Staff Restructuring/removing vacant posts	35
New income streams – including energy feed-in tariffs (£31k), new museums income streams (£34k) and the impact of the Sodexo Prestige catering contract within the museums and parks services (£15k) and various other income generation initiatives	116
Apex budget review – initial savings, including the impact of the Sodexo Prestige catering contract (final estimates indicate this saving will be £10k higher than envisaged in Paper D209 to Overview & Scrutiny Committee on 5 December, 2012)	56
Transfer of Community Centres - as per target phasing of transfers agreed as part of budget setting in 2012 (minute 29, Overview & Scrutiny Committee, 12 October 2011 refers)	45
Reduced supplies/services budget—including reduced audit fee (£30k)	52
Total Local Savings	304

APPENDIX C

Description	2012/13	2013/14	TOTAL
	£000	£000	£000
Shared Services Savings			
Learning & Development	-2	12	10
ICT	142	-	142
Communications	22	-	22
Property	60	3	63
Internal Audit	20	8	28
Environmental Health and Housing	90	98	188
Planning	-	125	125
Payroll	-	7	7
Joint management with FH	170	170	340
<i>Shared Services To be progressed</i>	<i>134</i>	<i>272</i>	<i>406</i>
Total Shared Services Savings	636	695	1,331

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ST EDMUNDSBURY BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY - WORKING DOCUMENT

Description	Item	2011/12 Actual £'000	2012/13 Forecast Position £'000	2013/14 Proposed Budget £'000	For Illustrative Purposes		
					2014/15 Projected Budget £'000	2015/16 Projected Budget £'000	2016/17 Projected Budget £'000
Net Service Expenditure before Interest	1	12,700	12,184	12,338	12,850	13,661	14,493
Interest received on investment of cash balances	2	(618)	(445)	(495)	(468)	(470)	(786)
Projected 2012/2013 revenue underspend	3		(244)				
Total Net Expenditure Excluding Parishes	4	12,082	11,495	11,843	12,382	13,191	13,707
Savings required:							
2014/15	5				(489)	(489)	(489)
2015/16	6					(1,102)	(1,102)
2016/17	7						(496)
Projected 2012/2013 revenue underspend to General Fund Balance	8		244				
Transfer to/(from) General Fund Balance	9	59	(145)		(575)	(575)	(576)
Budget Requirement Excluding Parishes	10	12,141	11,594	11,843	11,318	11,025	11,044
Collection Fund Deficit / (Surplus)	11	(39)	45	30	30	30	30
Formula Grant - Revenue Support Grant	12a	(1,238)	(90)	(2,847)	(2,717)	(2,359)	(2,187)
Formula Grant - Business Rate Retention Scheme	12b	(4,005)	(4,662)	(1,783)	(1,848)	(1,848)	(1,848)
Business Rates Retention Scheme - Local Share of Growth	12c			(333)	(333)	(333)	(333)
Business Rates Retention Scheme - Share of Suffolk	12d			(77)	(77)	(77)	(77)
Pooling Benefit							
Council Tax Support Grant (in Formula Grant from 14/15)	12e			(639)			
Local Services Support Grant (none assumed after 14/15)	12f			(50)	(50)		
Council Tax Freeze Grant	12g	(167)	(168)	(67)	(67)		
Amount to be charged to Council taxpayers excluding Parishes	13	6,692	6,719	6,077	6,255	6,438	6,629
Council Tax Base	14	38,188	38,344	34,681	34,822	34,965	35,108
Council Tax at Band D (E P)	15	£175.23	£175.23	£175.23	£179.64	£184.14	£188.82
Budgeted % increase year on year	16	0.00%	0.00%	0.00%	2.50%	2.50%	2.50%
Increase year on year in monetary terms (£ P)	17	£0.00	£0.00	£0.00	£4.41	£4.50	£4.68
Total Council Tax generated excluding Parishes	18	6,692	6,719	6,077	6,255	6,438	6,629

General Fund

Balance as at 1 April	19	3,318	3,377	3,476	3,476	2,901	2,326
Transfer to / (from) Reserve	20	59	99		(575)	(575)	(576)
Balance as at 31 March	21	<u>3,377</u>	<u>3,476</u>	<u>3,476</u>	<u>2,901</u>	<u>2,326</u>	<u>1,750</u>
Net Expenditure for General Fund purposes	22	12,082	11,495	11,843	12,382	13,191	13,707
General Fund balance as % of Net Expenditure	23	27.95%	30.24%	29.35%	24.43%	17.63%	12.77%

Earmarked Reserves

Balance as at 1 April	24	11,690	10,789	9,231	8,080	7,973	8,054
Contributions to / (from) Reserves	25	(901)	(1,558)	(1,151)	(107)	81	95
Closing Balance as at 31 March	26	<u>10,789</u>	<u>9,231</u>	<u>8,080</u>	<u>7,973</u>	<u>8,054</u>	<u>8,149</u>

Capital Receipts

Opening Capital Receipts balance	27	8,583	9,698	13,055	10,209	9,509	10,509
Movement in the year	28	1,115	3,357	(2,846)	(700)	1,000	(700)
Closing Capital Receipts Balance	29	<u>9,698</u>	<u>13,055</u>	<u>10,209</u>	<u>9,509</u>	<u>10,509</u>	<u>9,809</u>

**Adequacy of Reserves and robustness of budget estimates
Report by the Head of Resources and Performance (S151 Officer)**

1. Introduction

Section 25 of the Local Government Act 2003 requires the Section 151 Officer/Chief Financial Officer (Head of Resources and Performance) to formally report to Council as part of the tax setting report her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the Council Tax at its meeting on 26 February 2013.

2 Financial Controls

2.1 St Edmundsbury Borough Council operates a comprehensive and effective range of financial management policies. These are contained in the Financial Procedure Rules, which form part of the Council's Constitution. This Constitution is available on the council's internet and intranet.

2.2 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the Annual Governance Statement.

2.3 The Council continues to implement effective risk management policies, identifying corporate, operational and budget risks and mitigating strategies. Capital projects are subject to a comprehensive work plan which includes detailed risk management strategies. The Council operates a monthly Programme Board which monitors the progress of capital and revenue projects.

2.4 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily.

2.5 This is backed up by the review processes of Cabinet, with the Performance and Audit Scrutiny Committee undertaking the role of the Council's Audit Committee.

3 Adequacy of Reserves

Unallocated general reserve

3.1 This statement focuses upon the unallocated general reserve. The minimum prudent level of reserves that the Council should maintain is a matter of judgement and cannot be judged merely against the current risks facing the Council as these can and will change over time.

3.2 The consequences of not keeping a prudent minimum level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

3.3 CIPFA (Chartered Institute of Public Finance and Accountancy) have issued a notification from the LAAP (Local Authority Accounting Panel) stating that there should be no imposed limit on level or nature of balances required to be held by an individual Council (except under section 26 where this has been imposed by ministers). St Edmundsbury's policy has consistently kept a prudent minimum level of balances; this represents £1.75m for the 2013/14 budget requirement.

3.4 When setting the minimum level of reserves, the Section 151 Officer has taken into account strategic, operational and financial risks when recommending the minimum level of unallocated General Fund reserves. These include:

- Economy measures and service reductions always contain some degree of uncertainty as to whether their full effects will be achieved;
- The effect of the macro-economy on St Edmundsbury Borough Council, and subsequent loss of income from Council Tax, from fees and charges, and a decline in house building;
- The delivery of all savings targets;
- Unforeseeable events such as major inclement weather (floods etc) which may require urgent, material spending to be incurred;
- Risks in relation to litigation;
- Risks of grants being introduced or removed mid year, requiring authority contributions; and
- The need to retain a general contingency to provide for unforeseen circumstances.

As a consequence, it is recommended that the general fund be set at a minimum of £1.75m.

3.5 If an event occurs that is so serious it depletes the Council reserves to below the limit of £1.75m, then the Council will take appropriate measures to raise general fund reserves to desired level in as soon a timeframe as possible without undermining service provision.

3.6 The estimated level of general fund reserve at 1 April 2013 is £3.5m. Future levels of reserves and balances, including the general fund will be informed by the review of the council's Medium Term Financial Strategy (MTFS) to be undertaken during 2013/14, paragraph 4.9.3 of the main report refers.

Other Reserves

The Council has a variety of other reserves which are earmarked for specific purposes. The significant items to be drawn out as part of the 2013/14 budget setting process are:

- Statutory reserves utilised to create a rolling balancing three year cost neutral service
Building Control Reserve
- Reserves expected to be utilised/committed to support the strategic objectives of the Council
New Homes Bonus Reserve

- Invest to Save Reserve - created as part of the 2012/13 budget process to be utilised/committed to support the delivery of the shared service agenda and saving requirements of the Council.

4 Robustness of Estimates

4.1 The treatment of inflation and interest rates

The 2013/14 pay award for staff has been estimated at 1% in line with the Government's autumn 2012 statement. Non pay related budgets have not been inflated unless there is a contractually committed rate of inflation where services can demonstrate a requirement to do so to maintain service delivery levels. The average rate of return on Council investments for 2013/14 has been assumed at 1.5%. Increases for fees and charges have been set in line with inflation where appropriate.

4.2 Savings proposals

The Council continues to face a budget gap beyond 2013/14 and into the medium and longer term. Broadly, the Council will need to have savings proposals totalling £2.1m over the period 2014/15 to 2016/17. Clearly, savings from shared services will continue to make an important contribution towards the savings needed over the short term of the MTFs. Further work will need to be done to close the medium to longer term budget gap emerging beyond 2014/15. This will be informed by the review of the council's Medium Term Financial Strategy (MTFS) to be undertaken during 2013/14, paragraph 4.9.3 of the main report refers.

4.3 Budget and Financial management

St Edmundsbury has a good record of budget and financial management. All relevant reports to Cabinet and Committee have their financial effects identified and the Joint Leadership Team keeps any emerging budget pressures under review during the year. Monthly reports are received by Joint Leadership Team and quarterly reports to Cabinet detail both budgetary and performance indicators.

The Council has a number of demand led budgets and the historically it has been able to manage changes in demand to ensure a sound financial standing at the end of the financial year.

A fundamental review of the council's Medium Term Financial Strategy (MTFS) is to be undertaken during 2013/14.

4.4 Adequacy of insurance and risk management

Strategic risk management is embedded throughout the Council to ensure that all risks are identified, mitigated and managed appropriately. The Council's insurance

arrangements are in the form of external insurance premiums and internal funds to self insure some items.

5 Risk Assessment

A risk assessment is included at Appendix H as part of the Scenario and Sensitivity Analysis. All areas will be monitored by the Chief Finance Officer but they are the culmination of individual managers' responsibilities and combine to establish overall corporate responsibility.

6 Conclusion

- (1) Overall, the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2013/14 budget plans.**
- (2) Cabinet and Council are asked to have regard to this report when making their decisions on the 2013/14 budget.**

Rachael Mann
Head of Resources and Performance
January 2013

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2013-14 - Appendix E.doc

Description	2011/12 Actual			2012/13 Revised				2013/14 Estimate				Balance 31st Mar £'000
	Balance 31st Mar £'000	Income £'000	Expend £'000	Balance 31st Mar £'000	Virement £'000	Income £'000	Expend £'000	Balance 31st Mar £'000	Virement £'000	Income £'000	Expend £'000	
Museums												
Gershom Parkington Bequest Museum - others	504 65	8	10	502 65		7 1	5	504 66		8 1	5	507 67
Total Museums	569	8	10	567		8	5	570		9	5	574
Environmental Improvements												
Environmental Improvements Reserve	23		1	22	(21)			1				1
Total Environmental Improvements	23	-	1	22	(21)	-	-	1		-	-	1
Building Repairs												
Building Repair Reserve	1,569	1,064	1,196	1,437	5	1,343	1,420	1,365		1,375	1,723	1,017
Bunting Road Service	14		2	12				12				12
Leased flats management	19	7		26		8		34		8		42
Total Building Repairs	1,602	1,071	1,198	1,475	5	1,351	1,420	1,411		1,383	1,723	1,071
Vehicle and Plant Renewals												
Vehicle and Plant Renewals - Client	235		13	222		19	41	200		33	181	52
Vehicle and Plant Renewals - DSOs	2,433	161	296	2,298		428	1,389	1,337		492	1,026	803
Total Vehicle and Plant Renewals	2,668	161	309	2,520	-	447	1,430	1,537		525	1,207	855
Other Earmarked Reserves												
New Homes Bonus Reserve		268		268		567		835		751		1,586
Invest to Save Reserve	300		298	2	2,515	36	860	1,693		21	800	914
Procurement Reserve	50			50	(50)			-				-
Car Parks New Provision	117		112	5	(5)			-				-
Wheeled Bins	131		67	64		1	76	(11)	120	1	76	34
Office Equipment	726	123	26	823		136	34	925	(120)	136	33	908
Computer Equipment	86	60	28	118		50	50	118		50	50	118
Rural areas action plan	42	79	20	101		1	30	72		1	30	43
The Apex Reserve	86		54	32				32		1		33
Economic Development Reserve	265		187	78		1	25	54		1	11	44
Haverhill Master Plan Reserve	105		7	98	(98)			-				-
Public Service Village - Section 106 Reserve	200		83	117		2	43	76		1	43	34
Election Reserve	82		65	17		31		48		31		79
Building Control Fees Reserve	-	3		3		39	39	3				3
Leisure centres Reserve	49			49	(49)			-				-
Outdoor leisure facilities	8			8	(8)			-				-
Local government reorganisation	38		30	8	(8)			-				-
HB Equalisation Reserve	999	330	171	1,158	(500)		100	558			150	408
VAT Reserve	688		13	675	(600)	1	-	76		1		77
Cemetery and Gravestone Provision	46		24	22			10	12			10	2
Planning Reserve	517		268	249		1	120	130		1	101	30
Private Development	98	3	59	42				42		1		43
Concessionary fares	32		7	25	(25)			-				-
Self Insured Fund	177	155	34	298		160	55	403		323	55	671
Special Pension Reserve	312			312		4		316		5		321
Capital Reserve	947	12	103	856	(656)	3	100	103		1	100	4
Interest Equalisation Reserve	727			727	(500)			227				227
Total Other Earmarked Reserves	6,828	1,033	1,656	6,205	16	1,033	1,542	5,712		1,326	1,459	5,579
Grand Total of Reserves	11,690	2,273	3,174	10,789	-	2,839	4,397	9,231		3,243	4,394	8,080

**THE PRUDENTIAL CODE FOR CAPITAL FINANCE
IN LOCAL AUTHORITIES**

1. Introduction

- 1.1 Part 1 of the Local Government Act 2003 ('the Act') makes provision for the control of local authority debt. Regulations under the Act give statutory backing to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance, which establishes a regime to ensure that capital investment is both affordable and prudent.

2. Objectives of the Prudential Code

- 2.1 The Local Government Act 2003 introduced a new system for Councils' capital investments, which has given greater freedom to Councils who finance their capital investment by way of borrowing. Under the new system the government requested CIPFA to develop a way of assessing that local authority capital expenditure was being controlled by authorities. This is known as the Prudential Code, which all councils must adopt.

The objective of the code is to provide a framework for local authority capital finance which will ensure that for individual local authorities: -

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice;

and that in taking decisions in relation to (a) to (c) above the local authority is accountable, by providing a clear and transparent framework. Furthermore the framework established by the code should be consistent with and support: -

- (d) local strategic planning;
- (e) local asset management planning; and
- (f) proper option appraisal.

- 2.2 All of these factors have been considered in the preparation of the Council's investment plans. The Council has set service objectives in its corporate plan. Asset management assessments for individual properties are produced and are linked to service reviews.

2.3 The prudential indicators are designed to support and record local decision making. They are not designed to be comparative performance indicators and the use of them in this way would probably be misleading and counter productive. In particular, local authorities had widely different debt positions at the start of the prudential system and the differences are likely to increase over time as the result of the exercise of local choices. The system is specifically designed to support such local decision making in a manner that is publicly accountable.

3. Management of Capital Expenditure to 2013/2014

3.1 In order to ensure that capital plans are affordable the Council needs to make reasonable estimates of the level of capital expenditure arising from its plans and the level of borrowing that this may lead to. The proposed capital programme is attached at Appendix B to the main report. This programme is included as part of the Medium Term Financial Strategy (MTFS), attached at Appendix D to the main report.

3.2 None of the proposed capital expenditure will be financed from borrowing. St Edmundsbury has no external debt and will finance all of its expenditure on the capital programme from capital receipts.

3.3 The capital programme is reviewed on a regular basis and has been updated to reflect slippage and reprogramming. Changes affect the level of interest earned and the requirement to achieve new capital receipts.

4. Prudential Indicators

4.1 The prudential code is designed to ensure that, when decisions are taken on capital spending, appropriate consideration is given to the affordability of these plans in the light of the revenue budget position and future financial forecasts. In order to do this the Council must agree a number of targets and monitor financial performance against them. Within the Code these targets are known as Prudential Indicators; these are used separately to assess:-

- (a) management of capital expenditure;
- (b) affordability;
- (c) prudence;
- (d) management of external debt; and
- (e) treasury management.

4.2 The proposed prudential indicators for the Council, as required by the code, are shown below. Parts of the code which relate to borrowing limits and borrowing policy are addressed in the Treasury Management Policy Statement.

5. **Affordability of Capital Spending Plans**

5.1 The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the proposed investment in capital assets remains sustainable. This is judged by the impact of the investment on revenue budgets and therefore on Council Tax. The Capital Strategy adopted in October 2005 requires an assessment of the annual revenue costs for each scheme.

5.2 **Estimate of Incremental Impact of Capital Investment Decisions on the Council Tax**

5.2.1 This indicator is provided to measure the impact of capital expenditure on Council Tax. It is based on a continuation of the current policy assumption that capital receipts are used to finance capital investment. In these circumstances the extra cost to the taxpayer of capital spending is calculated by reference to the loss of interest income incurred by the capital spending, divided by the tax base to give an indication of the impact on the Council Tax at Band D. The figures for the current and next three years are shown below:

For Band D Council Tax

Item	2012/13	2013/14	2014/15	2015/2016
Incremental Impact of Capital Investment (ie., loss of interest income incurred as a result of capital spend)	£1.98	£1.98	£3.07	£3.40

5.2.2 This indicator shows that the proposed capital expenditure programme will have a varied impact on the level of Council Tax over the next three years, which is closely linked to predictions about interest rates. The interest rate predictions remain very low (1.5%) for 2012/2013 to 2015/2016. In 2015/16 the interest rate prediction increases to 2.5%. It should be noted, however, that this indicator is not designed to include any new income resulting from capital works, or any savings potentially arising from them.

5.3 Impact on Revenue Budgets

- 5.3.1 This indicator estimates the proportion of the total budget that is committed to supporting the revenue costs of capital investment. In the case of St Edmundsbury, this relates to the loss of interest suffered as a result of the use of capital receipts for capital spending. The estimates of financing costs include current commitments and the proposals in this budget report are shown in the following table. This indicator demonstrates the impact that lower interest rates have on the council's interest income. (It should be noted that if the authority were borrowing to finance its capital expenditure, these figures would be positive, rather than negative, and would demonstrate more directly the ratio of the cost of borrowing to the net revenue budget).

Item	2012/13	2013/14	2014/15	2015/16
Ratio of financing costs to net revenue stream	-4%	-4%	-4%	-4%

6. Prudence of Capital Spending Plans

- 6.1 The capital financing requirement measures the Council's underlying need to borrow for a capital purpose. The Code states the following as an indicator for prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual capital financing requirement are: -

Item	2012/13	2013/14	2014/15	2015/16
Estimated capital financing requirement.	-£0.8m	-£0.8m	-£0.8m	-£0.8m

- 6.2 At any point in time, the Council has a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowing and investments in accordance with its approved Treasury Management Strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External investment or disinvestment arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.
- 6.3 The negative indicator reflects the fact that the Council has no requirement to borrow in order to finance its capital spending plans over the period of the Medium Term Financial Strategy, (attached at Appendix D to this report).

Scenario Planning and Sensitivity Analysis

The decision as to the level of the General Fund Reserve will draw on a risk assessment referencing the national economic and financial context within which the budget and Medium Term Financial Strategy (MTFS) is set.

Following this risk assessment, the following areas have been identified as potentially having a significant financial risk on the Council's MTFS position.

Risk Area	Risk Likely-hood	2013/14 Impact £000s	2013/17 MTFS Impact £000s
<p><u>Pay Inflation</u></p> <p>The Council's MTFS currently assumes a 1% pay inflationary increase for 2013/14 and 2014/2015, and a 2% inflationary increase for 2015/16 and 2016/17, moving to 2% from 2015/16 onwards.</p> <p>An annual 1% increase in pay inflation over what is already assumed in the MTFS would result in an additional £1,342k pressure on the Council's finances.</p>	Low	129	1,342
<p><u>Employers Pensions</u></p> <p>The Council's MTFS currently assumes the following Employers' Pension Contribution Rates:</p> <p>2013/14 – 19.7% 2014/15 – 22.8% 2015/16 – 25.7% 2016/17 – 28.7%</p> <p>An increase of 1% to the contributions on top of that already budgeted would result in an additional pressure of £437k on the Council's MTFS.</p>	Medium	109	437

Risk Area	Risk Likely-hood	2013/14 Impact £000s	2013/17 MTFS Impact £000s
<p><u>Industrial Unit Rental Income</u></p> <p>The Council's MTFS currently allows for no increase in Industrial Unit income.</p> <p>If income from Industrial Unit Rents falls by 10% this would put an additional £1,074k pressure on the MTFS.</p>	Medium	269	1,074
<p><u>Planning Income</u></p> <p>The Council's MTFS has been updated to reflect a slower than expected recovery in fees across the Planning service, however this still assumes a year on year increase in the budgeted levels.</p> <p>If Planning income levels were to drop to the actual level received in 2011/12, this would have a £235k detrimental impact on the Council's MTFS.</p>	Medium	27	235
<p><u>Transfer of Waste Station</u></p> <p>The Council's budgets are currently based using the Lackford waste site for tipping. If this were to transfer to Rougham then this would necessitate the need for additional vehicles and staff.</p> <p>This would have an impact of around £240k from 2014/15 onwards which equates to around £720k over the term of the MTFS.</p>	High	0	720

Risk Area	Risk Likely-hood	2013/14 Impact £000s	2013/17 MTFS Impact £000s
<p><u>Interest Receipt Rates</u></p> <p>The Council's current assumptions around interest receipts are as follows:</p> <p>2013/14 – 1.50% 2014/15 – 1.50% 2015/16 – 1.50% 2016/17 – 2.50%</p> <p>A 0.5% reduction in each of these figures would result in approximately £630k pressure on the Council's MTFS.</p>	High	163	630
<p><u>Government Grant</u></p> <p>The Council's MTFS currently assumes cumulative reductions in formula grant funding of 10% for 2015/16 and 2016/17.</p> <p>An additional reduction of 2% per annum for each of these years would result in a £106k cost to the Council's MTFS position.</p>	High	0	106
<p><u>Council Tax Increases</u></p> <p>The MTFS currently assumes a Council Tax freeze for 2013/14 and an increase of 2.5% from 2014/15 onwards.</p> <p>A freeze on Council Tax in 2014/15 would create an additional pressure of £154k in that year and a pressure of £463k across the MTFS.</p>	High	0	463

Risk Area	Risk Likelihood	2013/14 Impact £000s	2013/17 MTFS Impact £000s
<p><u>Business Rate Retention</u></p> <p>The Business Rates Retention Scheme commences from 1 April 2013. Under the new scheme, the Council would benefit from a proportion of the additional business rates generated through economic growth in its area. Conversely the risks inherent in such a scheme have now been passed down to local authorities and as such the Council could suffer from an economic decline or the cessation of business from one of its major business ratepayers.</p> <p>At present the effects of this on the Council's MTFS are not easily quantifiable and as such no amounts have been shown in this analysis, however it has been included for completeness and because it is one of the Council's significant MTFS risks.</p>	Medium		
<p><u>Council Tax Localisation</u></p> <p>The level of Council Tax receipts in the MTFS are based upon collection rates of 99% for Council Tax and 90% for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1% in both of these collection rates would have a detrimental effect of £145k across the Council's MTFS.</p>	Medium	61	145
<p><u>Housing Benefit Subsidy</u></p> <p>The MTFS currently assumes a 99% subsidy rate within the budgets.</p> <p>A 1% reduction in this subsidy rate for the Council for each year would result in an additional £1,040k pressure on the Council's MTFS position.</p>	High	260	1,040

Risk Area	Risk Likely-hood	2013/14 Impact £000s	2013/17 MTFS Impact £000s
<p><u>Local and Shared Services Savings</u></p> <p>The Council's Savings Programme and projected savings from Shared Services totals £5,909k over the term of the MTFS.</p> <p>If the Council were unable to achieve 10% of the projected savings then this would add an additional £774k pressure over the term of the MTFS.</p>	Medium	163	774
TOTALS (£000s):		1,181	6,966