

Report of:	Head of Finance
Contact Officer:	Bob Kean
Telephone No:	01543 464334
Portfolio Leader:	Leader of the Council
Key Decision:	No
Report Track:	Cabinet: 31/01/13

CABINET
31 JANUARY 2013
DRAFT GENERAL FUND REVENUE BUDGET 2013-14 TO 2016-17

1 Purpose of Report

- 1.1 To present the General Fund Revenue Budget for 2013-14 and the forward projections to 2014-15 to 2016-17 as a basis for preparing the revenue budget.

2 Recommendations

- 2.1 Cabinet consider the information in this report, summarising the report to Cabinet of the 17 January 2013 together with the report on this Agenda, detailing the Feedback on the Budget Consultation Exercise and determine a balanced budget for 2013-14, with indicative budgets for 2014-15 and 2015-16 for recommendation to Council as part of the formal budget setting process.
- 2.2 That the Working Balances, subject to no material changes being made to the Consultation Budget proposed by Cabinet or the Council Tax Base, as considered by Council at its meeting of the 26th January 2013, be set at £0.729m; £0.702m and £0.714 m for 2013-14 to 2015-16.

3 Key Issues and Reasons for Recommendation

- 3.1 The Council is required to prepare a balanced budget in law. The purpose of this report is to set a background to the process and identifies issues, to allow Members to present their proposals to the Council for the District Council budget and Council Tax.
- 3.2 This paper sets out the calculation of the Standstill Budget for 2013-14, 2014-15 and 2015-16 together with the forecast outturn for 2012-13.

- 3.3 A Draft Standstill Budget was reported to Cabinet at its meeting of the 17 January 2013 together with Financing resources arising from the Provisional Local Government Settlement.
- 3.4 No changes to the Estimated Net Spending or Financing available to the Council have occurred since that date. The Government have announced potential changes in relation to the Business Rates Retention Scheme in terms of Appeals and further clarification is expected in terms of Small Business Rates, however in accordance with the 17 January Report they are not expected to have an impact on the 2013-14 Budget. A copy of the Business Rates Return (NNDR1) for 2013-14 is attached as Appendix 5.
- 3.5 The details of the Standstill Budget can be summarised as follows;

	2012-13	2013-14	2014-15	2015-16
	£m	£m	£m	£m
5 December 2011 as a basis for submitting a budget for consultation. The report reflected the				
Estimated Net Spending	12.066	11.899	12.155	12.048
<u>Financing</u>				
Business Rates		2.661	2.742	2.797
Revenue Support Grant	5.843	3.909	2.972	2.376
Council Tax	6.027	5.266	5.425	5.588
Additional Business Rates			0.474	0.483
Reserves	0.148	(0.021)	(0.135)	
C Fund Surplus	0.065	0.065		
C Tax Freeze	0.299			
Use of Balances	(0.316)	0.019	0.678	0.803

- 3.6 Balances represent both working balances to help cushion the impact of uneven cashflows and the need for temporary borrowing , and a contingency to meet unexpected events or emergencies, whereas reserves are a means of building up funds to meet known or predicted liabilities of essentially a non recurring nature.

- 3.7 The Council is now formally required to report its level of reserves and balances and the adequacy of such reserves as determined by the Section 151 Officer. The level of balances is effectively determined by assessing the strategic, operational and financial risks facing the authority with a minimum requirement at 5.5% of net operating expenditure (the minimum as recommended by the Audit Commission).
- 3.8 Revenue balances at 31 March 2012 attributable to the General Fund amounted to £1.392 million and after taking into account the impact of rollovers and other adjustments was some £0.134 million in excess of the medium term budget forecast agreed by Council in February.
- 3.9 The Table below compares the level of Working Balances arising from the Standstill Budget together with the Working Balances arising from the Risk Analysis. The latter has now been adjusted to reflect the recommendation to Council for the implementation of the Localisation of Council Tax Scheme.

	2012-13	2013-14	2014-15	2015-16
	£m	£m	£m	£m
Opening Balance	1.392	1.708	1.689	1.011
Balances Utilised	(0.316)	0.019	0.678	0.803
Total	1.708	1.689	1.011	0.208
Risk Analysis – Minimum Requirement	0.741	0.729	0.702	0.714
Surplus	0.967	0.960	0.309	(0.506)

- 3.10 It is anticipated that working balances at the end of 2013-14 will be some £960,000 in excess of the minimum requirement. However if no remedial action is taken the Working Balances will show a deficit in 2015-16. The Cabinets Budget Strategy awaits clarification in terms of the Business Rates System and the next Comprehensive Spending Review and a number of saving strands are currently being developed in order that an informed decision can be made in setting the budget for 2014-15 onwards. The anticipated excess working balances as at 31 March 14 will be available to support the budget as transition funding; meet the cost of severances or for invest to save initiatives. At present no provision exists for any severance costs relating to efficiency proposals or downsizing.

- 3.11 The Standstill Budget is based upon the assumption of a 2% Council tax increase. Provision exists to veto excessive council tax increases by means of a referendum. The Government has stated that excessive council tax increases are specified as increases that exceed 2% for 2013-14. Authorities planning to set excessive council tax increases would be required to draw up shadow budgets, with both budgets being approved as part of the budget process and a referendum held in May. If the rise in Council Tax is rejected, the shadow budget would be adopted immediately, and refunds made to residents in accordance with a predetermined timetable.
- 3.12 The Government have also offered at Council Tax Freeze grant for 2013-14 of 1% which equates to £60,000 for this Council but this is payable for two years only, in accordance with the Consultation Budget this has not been included in the attached figures .
- 3.13 The impact of accepting the Council Tax Freeze grant would increase the use of balances by £44,000 in 2013-14 and 2014-15 and then £110,000 per annum thereafter.
- 3.14 In summary, subject to the assumptions as used in the Risk Analysis being approved and no material changes arising from the Policy Options as contained in the Consultation Budget, the Section 151 Officer considers the assumptions and basis of the budget to be robust.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) The revenue budget reflects the agreed priorities of the Council as determined by the Delivering change process and hence directly contributes to Council priorities.

5 Report Detail

Estimated Net Spending

- 5.1 This paper sets out the calculation of the draft standstill budget for 2013-14, 2014-15 and 2015-16 together with the forecast outturn for 2012-13, and identifies a number of issues identified by officers where either additional spending may be required or money may be saved. (See Appendix One)

Financing

- 5.2 The Draft Local Government Financial settlement for 2013-14 and 2014-15 was announced on the 19 December and can be summarised in the Table below:

	2012-13	2013-14	2014-15	2015-16
Core Funding	5.843			
Business Rates		2.162	2.560	
Revenue Support Grant		3.249	2.931	
Sub Total		5.411		
Local. Council Tax Support *		0.935		
Sub Total		6.346	5.491	
Council Tax Freeze Grant		0.150	0.150	
Homelessness Allocation		0.074	0.073	
New Regime	5.843	6.570	5.714	5.173

- 5.3 The Government will set out detailed spending plans for 2015-16 in the first half of next year. The Autumn Statement of 2011 set out that Public Expenditure would continue to fall at the same rate in 2015-16 and 2016-17 as in the last spending review period. The Chancellor indicated in the 2012 statement that there will need to be a further year of spending reductions in 2017/18.
- 5.4 In addition to the calculated Government Funding allocation provision existed within the 2014-15 Draft Budget for additional Business Rates Income. The Baseline Allocation for Business Rates as compared with our own projection of Business rates can be summarised as follows:

	Baseline	NDR1 Forecast	Potential Growth
Estimated Net Rates	31.994	34.320	
Central (50%)	15.997	17.160	
Cannock Chase (40%)	12.798	13.730	
County Council (9%)	2.880	3.089	
Fire (1%)	0.320	0.343	
CCDC– Baseline	12.798	13.730	0.932
Tariff	(10.137)	(10.137)	
Retained	2.661	3.593	0.932
Levy		(0.466)	
Net Retained	2.661	3.127	0.466

- 5.5 This element of Government funding is no longer guaranteed and as detailed in previous reports is subject to the volatility of the present economic climate

including companies ceasing trading/going into administration/ properties becoming temporary exempt from rates. However the biggest uncertainty relates to the backlog of outstanding appeals against rating Valuations.

- 5.6 Actual Business Rates resources will effectively be not known until the year end and hence it is recommended that no account of any variations are included in year one of the budget but do form part of the Financial Plan for subsequent years.

Council Tax Base

- 5.7 The Council Tax Base for 2013-14, prior to the Localisation of Council Tax Support scheme is estimated to be 30,862.37 and is some 66 Band D properties lower than anticipated.
- 5.8 The Council Tax Base is however subject to Council determining its own scheme for Localisation of Tax Support following the abolition of national Council Tax Benefit scheme with effect from 1 April 2013. The Council Tax base reflects the 10% savings target as set by Government although the actual Scheme will be considered by Council on the 23 rd January.

Earmarked Reserves

- 5.9 The financing statement also includes a provisional use of reserves following a review of earmarked reserves. A schedule of earmarked reserves is attached as Appendix 4.

Working Balances

- 5.10 Revenue balances at 31 March 2012 attributable to the General Fund amounted to £1.393 million and after taking into account the impact of rollovers and other adjustments was some £0.134 million in excess of the medium term budget forecast agreed by Council in February.
- 5.11 A detailed analysis of Risk Factors associated with the Revenue Budget are detailed in Appendix 3 and individual working balances identified
- 5.12 Working Balances are anticipated to be currently some £960,000 in excess of the minimum requirement with such excess resources available to support the budget as transition funding; meet the cost of severances or for invest to save initiatives. At present no provision exists for any severance costs relating to efficiency proposals or downsizing.

Balanced Budget

- 5.13 This paper does not set a balanced budget as such, but instead sets the background and identifies issues, to allow members to present their draft proposals for consultation for the District Council budget and Council Tax.
- 5.14 A local authority is required by law to set a balanced budget but at the same time ensure its financial standing by maintaining adequate reserves and balances. Appendix 2 provides details in relation to the provisional financing

element of the budget including the use of Reserves and required level of Balances. The table at the bottom of Appendix 2 shows, for illustrative purposes, the savings required in order balancing the budget, or additional resources generated, based on various Council Tax increases.

Council Tax Referendum

- 5.15 Council Tax Freeze Grant – For 2011-12 the government offered Councils funding to allow them to freeze Council Tax at 2010-11 levels. This grant was based on an assumed increase of 2.5% and is provided to make up for a loss in Council Tax income which equates to £149,000 for the Council. It is payable for four years up to 2014-15 when it will cease. The Government have also offered at Council Tax Freeze grant for 2013-14 of 1% which equates to £60,000 for the Council but this is payable for two years only, this has not been included in the attached figures at this stage.

- 5.16 Provision exists to veto excessive council tax increases by means of a referendum. The Government has stated that excessive council tax increases are specified as increases that exceed 2% this year. Authorities planning to set excessive council tax increases would be required to draw up shadow budgets with both budgets being approved as part of the budget process and a referendum held in May. If the rise in Council Tax is rejected the shadow budget would be adopted immediately and refunds made to residents in accordance with a predetermined timetable.

6 Implications

6.1 Financial

The Financial Implications have been referred to throughout the report and the reports previously submitted to Cabinet on the 15 November, 20 December 2012 and 17 January 2013 but can be summarised as follows

District Council Budget

The Council is required to prepare a revenue budget for the District Council, together with setting a Council Tax level to meet not only its own needs but also those of the County Council, the Police Authority, the Fire Authority and the various Parish Councils within the district area.

This paper sets out the calculation of the standstill budget for this Council for 2013-14, 2014-15 and 2015-16, for noting only, and identifies a number of issues raised by officers where either additional expenditure may be required or money may be saved. The report similarly does not determine the level of Council Tax for 2013-14.

The Council is legally required to prepare a balanced budget. This paper does not do that, but instead sets out the background and identifies issues, to allow

members to present a District Council budget and Council Tax for consideration by Council.

Standstill Budget

The initial stage of budget preparation is undertaken by the Chief Executive, Corporate Director and Heads of Service as part of the business planning process. This is known as the preparation of the standstill budget, which expresses the cost of continuing with the Council's current policies into the future. As part of the process, a reassessment of the current year's spending is also made.

This process is now complete and the standstill net expenditure has thus been estimated as follows:

Year	£ million
2012-13 Forecast Outturn	12.066
2013-14 Standstill	11.899
2014-15 Standstill	12.155
2015-16 Standstill	12.048

Within the above figures, there are a number of material variations from the approved and projected budgets. The calculation of these figures is set out in Appendix 1. The variations reflect current budget pressures as determined from the outturn to September together with likely additional commitments arising from current policies in future years.

Council Tax

The Council tax for District Council purposes is determined by a number of factors:

- The Council's net general fund revenue expenditure
- The Council's share of the Business Rates retention
- Any surplus or deficit on the Council's collection fund
- The level of Localising Council Tax Support grant
- Any decisions by the Council to use reserves to support the budget.

Council Tax Base figures are to be considered by Council at its meeting in January 2013.

Reserves and Balances

The Council is formally required to report on its level of reserves and balances and the adequacy of such reserves as determined by the Section 151 officer.

The level of balances is effectively determined by an assessment of the strategic, operational and financial risks facing the authority with an underlying level set at 5.5% of net operating expenditure (the minimum as recommended by the Audit Commission).

The current level of balances are at this minimum level requirement and have been re-evaluated as part of this report whereby a detailed risk analysis has been undertaken taking into account the policies and strategies of the Council; assumptions about inflation and assesses the risks associated with the key volatile budgets of the Council. This is detailed in Appendix 3.

Subject to the assumptions as used in the Risk Analysis being approved and no material changes arising from the Policy Options as contained in the Consultation Budget the Section 151 Officer considers the assumptions and basis of the budget to be robust

Appendix 1 sets out the estimated standstill position for each of the above factors, and the table at the bottom of Appendix 2 shows, for illustrative purposes, the savings required in order to balance the budget, or additional resources generated, based on various Council Tax increases.

As a rough guide a 1% increase in Council Tax is approximately equivalent to £50,000 per annum which if sustained over a three year period would generate £50,000 in 2013-14, £100,000 in 2014-15 rising to £150,000 in 2015-16 and £200,000 in 2016-17.

Budget Strategy

A comprehensive delivering change process was undertaken as part of the 2011-12 budget process to ensure every aspect of the budget and service delivery was subject to review. In light of the savings implemented in 2011-12 and the uncertainties that exist a standstill approach has been adopted for delivering change for 2013-14.

In view of the anticipated savings required for 2014-15 a number of savings strands are currently being worked upon including Efficiency Savings; Asset Management; Fees and Charges reviews; Invest to Save Initiatives; Senior Management Restructure and Policy Options – Changes to service provision.

A first tranche of efficiency savings in relation to consumable budgets has been identified enabling £100, 000 savings to be included in the base budget.

6.2 Legal

The legal implications are set out throughout the report including the statutory requirement for the Council to set a balanced budget.

In preparing revenue budget for the district the Council is legally obliged to consult with its relevant stakeholders. Statutory budget consultees include trades unions, the voluntary sector and the business sector; however it is best practice to consult on its actual proposals with as wide a range of consultees as possible.

6.3 Human Resources

In accordance with the Council's normal practice a series of employee and trade union briefings will be programmed to take place at the same time as the Council's budget proposals are made available to the public.

Further targeted briefings and consultations will take place with both employees and trade unions once the Council's final budget proposals are determined.

6.4 Section 17 (Crime Prevention)

None.

6.5 Human Rights Act

None.

6.6 Data Protection

None.

6.7 Risk Management

A detailed risk assessment of the budget itself is undertaken as part of the budget process and is used to determine the level of balances to be maintained by the Council.

The maintenance of balances ensures that the impact of any such variances on future year's budgets, services and achievement of objectives is pro-actively managed by the authority.

6.8 Equality & Diversity

In preparing a balanced budget for consultation Cabinet will need to ensure that due regard is made to Equality and Diversity implications as well as financial considerations. The standstill budget will reflect the Council's current Equality and Diversity policy whereas changes to service provision will need to be addressed as part of the Delivering Change process.

6.9 Best Value

A comprehensive delivering change process was undertaken as part of the 2011-12 budget process to ensure every aspect of the budget and service delivery was subject to review. In light of the savings implemented in 2011-12 and the uncertainties that exist a standstill approach has been adopted for delivering change.

7 Appendices to the Report

- Appendix 1 Draft Standstill Budget 2012-13 to 2016-17
- Appendix 2 Financing of Draft Standstill Budget 2012-13 to 2016-17
- Appendix 3 Provisional Risk Analysis
- Appendix 4 Earmarked Reserves
- Appendix 5 NNDR 1 Forecast 2013-14

Previous Consideration

Background Papers

Draft Standstill Budget 2012-13 to 2016-17

General Fund Revenue Budget 2012-13 to 2016-17

Pre - Consultation Budget

	Forecast Outturn 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m	Standstill Budget 2016-17 £m
Original Budget 2012-13	12.021				
Standstill Budget 2013-14 to 2016-17		11.690	12.006	12.222	12.222
Supplementary Estimates since Original Budget Approval					
Community Toilet Scheme	0.010				
Chase Advice Centre	0.003	0.003	0.003	0.003	0.003
Approved Budget					
Committed Changes					
Homelessness Grant trf to Fund Allocation		0.066	0.066	0.066	0.066
Audit Fees	-0.034	-0.034	-0.034	-0.034	-0.034
Leisure Outsourcing	0.030			-0.078	0.083
Staffing reviews					-0.024
Mill Green incl Appropriation	0.004	0.042	0.042	0.042	
Economic Dev Support	-0.004	-0.042	-0.042	-0.042	
LEP Officer	-0.020		0.020		
Likely Additional Commitments					
Land Drainage	-0.012	-0.012	-0.012	-0.012	-0.012
Community Toilet Scheme		0.020	0.020	0.020	0.020
Interest on Balances	0.040	0.040	0.040	0.040	0.040
Capital financing Charges	-0.171	-0.167	-0.130	-0.130	-0.130
2010 Actuarial Valuation - Gross					0.063
HRA Recharges					-0.012
Insurance Reserve		-0.095	-0.095	-0.095	-0.095
Dog warden Service	0.009	0.009	0.009	0.009	0.009
Inflation					
Contracts			-0.040	-0.080	-0.120
Pay Award/Inflation adj					0.357
Total Base Budget	11.876	11.520	11.852	11.931	12.435

APPENDIX 1 cont

Draft Standstill Budget 2012-13 to 2016-17

General Fund Revenue Budget 2012-13 to 2016-17Pre - Consultation Budget

	Forecast Outturn 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m	Standstill Budget 2016-17 £m
Potential Changes and Adjustments					
Base Budget Review					
Expenditure					
Income					
New Homes Bonus		0.079	-0.079	-0.150	-0.300
Rebate Subsidy					
Income - Development related fees					
Planning - Fees Net	0.100	0.200	0.200	0.200	0.200
Building control - Fees	0.025	0.020	0.015	0.015	0.015
Car Park Income	0.030	0.030	0.030	0.030	0.030
Excess					
Land Charges					
licensing					
Cemeteries	0.027	0.027	0.027	0.027	0.027
Industrial Estates					
Rates					
Recycling Credits Parks		0.020	0.020	0.020	0.020
Market Shops	0.060	0.060	0.060	0.060	0.060
Other Properties					
Managers Variations	0.028	0.033	0.038	-0.002	-0.002
	-0.080	0.010	0.092	0.017	
Efficiency Savings					
Procurement		-0.100	-0.100	-0.100	-0.100
Policy Options					
Growth					
Estimated Net Spending	12.066	11.899	12.155	12.048	12.385

APPENDIX 2

Financing of Draft Standstill Budget 2012-13 to 2016-17

General Fund Revenue Budget 2012-13 to 2016-17

Pre - Consultation Budget

	Standstill Budget 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m	Standstill Budget 2016-17 £m
Financing					
Anticipated Grant Income, Use of Balances & Reserves					
Balances	-0.316	0.019	0.678	0.803	1.217
Regeneration & Invest to Save Reserve					
Actuarial Valuation	0.053				
Stabilisation	0.061	0.116	0.116		
Interim use	0.034	-0.261	-0.251		
Reserves		0.124			
Collection Fund Surplus	0.065	0.065			
Business Rates Growth			0.474	0.483	0.493
<u>Government Funding</u>	5.843				
Revenue Support Grant		3.909	2.972	2.376	2.065
Business Rates - Baseline Funding		2.661	2.742	2.797	2.853
Council Tax	6.027	5.266	5.425	5.588	5.757
Council Tax Compensation Grant	0.299				
Total Grant Income, Use of Balances & Reserves	12.066	11.899	12.155	12.048	12.385
Amount to be found from Council Tax	6.027	5.266	5.425	5.588	5.757
	30,590	26,204	26,466	26,730	26,998
Estimated Council Tax Level	197.01	200.95	204.97	209.07	213.25
Estimated Council Tax Increase	0.00%	2.00%	2.00%	2.00%	2.00%
Balances					
Opening Balances at 1 April	1.392	1.708	1.689	1.011	0.208
Use of Balances to Support Budget	-0.316	0.019	0.678	0.803	1.217
Closing Balances at 31 March	1.708	1.689	1.011	0.208	-1.009
Saving Requirement					
Required Balances	0.741	0.729	0.702	0.714	0.681
Cumulative Surplus	0.967	0.960	0.309	-0.506	-1.690

Appendix 2 Ctd

Implications of Various Council tax Levels

	Forecast Outturn 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m	Standstill Budget 2016-17 £m
Council Tax Level 3.0% - 3.0% -3.0%	197.01	202.92	209.01	215.28	221.74
Adjustment Required to Budget	0.000	0.052	0.107	0.166	0.229
Revised Surplus/(Deficit)	0.967	1.011	0.467	-0.182	-1.137
Council Tax Level 2.5% - 2.5% -2.5%	197.01	201.94	206.98	212.16	217.46
Adjustment Required to Budget	0.000	0.026	0.053	0.083	0.114
Revised Surplus/(Deficit)	0.967	0.986	0.388	-0.345	-1.415
Council Tax Level 0% - 2% -2%	197.01	197.01	200.95	204.97	209.07
Compensation		0.061	0.061		
Adjustment Required to Budget	0.000	-0.103	-0.106	-0.110	-0.113
Revised Surplus/(Deficit)	0.967	0.917	0.220	-0.704	-2.001
Council Tax Level 1% - 1% -1%	197.01	198.98	200.97	202.98	205.01
Adjustment Required to Budget	0.000	-0.052	-0.106	-0.163	-0.222
Revised Surplus/(Deficit)	0.967	0.908	0.151	-0.827	-2.233
Council Tax Level 0% - 0% -0%	197.01	197.01	197.01	197.01	197.01
Compensation		0.061	0.061		
Adjustment Required to Budget	0.000	-0.103	-0.211	-0.322	-0.438
Revised Surplus/(Deficit)	0.967	0.917	0.116	-1.021	-2.644

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
Level of Government Support – Business Rates Retention & Localisation of Council Tax Support								<p>A new financial regime for Local Government will be introduced in 2013-14. Future funding will not be guaranteed or assessed on a need basis but will be dependant on its relative growth in terms of New Homes (New Homes Bonus) and Business Rates. Although this gives councils greater freedoms and removes dependency on central funding it passes on greater risks with not only pay awards and inflation entirely falling on the Council but also its core funding will reduce if Business Rates contracts</p> <p>In addition the responsibility for Council Tax Benefit passes from DWP to the Council as part of the Localisation of Council Tax Support. Benefits as such will be replaced with a discount scheme and any volatility arising from changes in the levels of unemployment and the age profile of residents will affect the expenditure on Localisation of Council Tax support. And will be borne by the Council and Major preceptors rather than the Government. .</p>

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
-Council Tax Base	Low	+0.780	+0.780	+0.780		+0.100	+0.100	The operation of the Local Council Tax Support scheme will have significant financial implications for the Council. The scheme is currently being finalised but each council will need to bear the cost of additional take up of their scheme including increased demand due to its ageing population or increases in unemployment. The Government have proposed a 10% reduction in Council Tax Benefits however this is intended to be passed directly onto claimants unless a local authority offsets the loss of Government support itself. . A 10% loss amounts to £780,000 with a perceived risk at this stage of 14% being this Councils share if the scheme is not implemented and the default scheme is implemented

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
- Volatility in Business Rates	Med	+0.162	+0.192	+0.192	+ 0.081	+ 0.096	+0.096	<p>The Council will be exposed to volatility or reduction in its business rates due to the failure or temporary closure of a key industry. This is particularly acute for Cannock Chase with Rugeley Power Station representing 11% of its rateable value. A Safety Net exists at National level which guarantees 92.5% of Business Rates Baseline Funding.</p> <p>Baselines for 2013-14 and 2014-15 as per the Draft Local Government settlement amount to £2.1 and £2.6m with a resultant safety net requirement of £162,000 in 2013-14 rising to £192,000 in 2014-15.</p>

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
Council Tax Base	Med		+/- 0.05	+/- 0.05		+/- 0.025	+/- 0.025	The Council Tax base for 2013-14 is based upon a cut off point each year and although figures are up to date at November 2012 they will vary as properties become occupied /unoccupied etc whereas provision will also exist for the impact of new properties coming in line during the next financial year. The major risk relates to whether the forecast increase in Council Tax base can be achieved. The increase is dependant upon new properties and the maintenance or reduction in the number of properties subject to exemptions or discounts. The budget assumes a 1% increase in 2014-15 and 2015-16. A 1% variation amounts to approximately £50,000.
Council Tax	Low	0.270						Council Tax increases will be subject to a referendum if considered excessive by the Government. The Council Tax level determines the resource base for future years and any "capping" will impact upon the Medium term Plan. No provision exists for the additional administrative costs of a referendum and rebilling

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APPENDIX 3 cont

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
New Homes Bonus	Low		+0.200	-0.200		+0.050	+0.050	The New Homes Bonus Grant can be determined with a high degree of accuracy for 2013-14 since it is determined on past performance as reflected in changes in Council Tax Base returns (October to October) and the provision of affordable housing. The risk relates to future years funding, indirectly in how much is top sliced from Government support as part of the Business Rates retention and directly in the number of net new properties being completed by October next year. This is outside the control of the Council however the assumptions used in forecasting future Council Tax bases can be used to predict new homes grant including the affordable housing allocation. The risk can also be partly managed by ensuring a pro active approach in ensuring properties are assessed for eligibility for council tax purposes as soon as practically possible and Long Term empty properties are effectively managed. New homes bonus is provided as part of a six year rolling programme with the 2011-12 grant falling out in 2017-18.

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
<u>Realism of standstill budget</u>								The budget is based upon realistic estimates with the strategy assuming all budgets will be controlled within agreed levels. However, a number of budgets are not within the control of the Council or involve a risk element.
Staff Turnover	Med	+0.330	+0.340	+0.350	+0.165	+0.170	+0.175	The budget contains annual savings of approximately £0.330m and reflects year on year savings on employee expenses. The authority has over recent years implemented the Single Status review; Gershon and Efficiency savings. These have mainly centred on employee budgets and together with the temporary use of vacancies to deliver shared service savings, pending transformation, will increase the risk of turnover not being achieved.
Provision for Bad Debts	Med	+0.100	+0.100	+0.100	+0.050	+0.050	+0.050	The removal of Council Tax benefit and the replacement with a council tax reduction scheme will increase the amount some people currently in receipt of council tax benefit will need to pay to the Council. It is unknown how much of this additional debt will be collectable and so the level of bad debts for the Council may increase.

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
Customer & Client Receipts								
Car Park Income	Med	+0.030	+0.030	+0.030	+0.015	+0.015	+0.015	Car park income for 2012-13 is some £30,000 lower than the budget. This has been reflected in outturn and forward projections, but the recession may have an additional impact on the additional income forecast in future year's budgets.
Planning Fees	Low	+/-0.100	+/-0.200	+/-0.200	+/-0.050	+/-0.050	+/-0.050	Provision existed in original budgets for a general increase in planning fees and a return to pre-recession figures through de-regulation of planning fees income and an upturn in the economy. Latest projections for the current year however are £100,000 down on this forecast, whereas fees will continue to be determined by the Government with a further shortfall of £100,000 in 2013-14. Current budgets are therefore assumed to be fairly robust.
Market Shops	Med		+0.030	+0.030		+0.020	+0.20	Income in 2012-13 is some £60,000 down on estimate. This has been reflected in 2013-14 however it is anticipated that town centre initiatives will generate additional rental income in latter years

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
<u>Inflation</u>	Low							Annual inflation of 2% for prices and 1% for pay and 2% income have been included within the standstill budget.
Energy	Low/Med							Energy prices are subject to volatility and although a time lag exists between changes in wholesale food and energy costs and actual charges the budget reflects the latest contracts for energy supply.
Pay Awards	Low							The Chancellor announced as part of his Autumn statement last year a 1% cap for 2013-14. Normal policy is that any excess above the budgeted pay award will be managed via efficiency savings.
Interest Rates	Med/High	+/- 0.018	+/- 0.090	+/- 0.090	+0.018	+0.030	+0.030	Interest rates are in line with the Councils treasury strategy. However any reduction in interest rates would have a detrimental impact upon the General Fund in the medium term and vice versa. A 0.25% variation amounts to £18,000 for the General Fund.

RESERVES AND BALANCES RISK ANALYSIS

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		13-14	14-15	15-16	13-14	14-15	15-16	
Rates	Low		+0.024	+0.036		+0.012	+0.012	Business rates are determined by the Government via the NNDR multiplier each year. Variations to the budget will arise if multiplier increases are in excess of the normal inflation rates of the authority. Any such variation will have an impact of £4,000 per 1% .Following the introduction of the Business Rates Retention Scheme the Council should receive 40% of any NNDR inflation as part of it Business Rates core funding
General	Med	+0.014	+0.028	+0.042		+0.014	+0.021	Provision for general inflation has been included at 2% although contract inflation has been included at 3%. Consumable budgets are controlled through cash limits; inflation is currently running at 2.6%.
General Contingency					+0.250	+0.025	+0.025	Future year's budgets reflect the ongoing aggregate implications of assumptions that have a high risk identified in 2015-16 unless separately identified
TOTAL					0.729	0.702	0.714	

SCHEDULE OF EARMARKED RESERVES 2012-13 TO 2015-16

Estimated Balance 31-3-13 £m	Details	Forecast Outturn 31-3-13 £m	Estimated Balance 31-3-14 £m	Estimated Balance 31-3-15 £m	Estimated Balance 31-3-16 £m
0.011	Mortuary Fridge Refurbishment Annual contribution from Staffordshire County Council to meet replacement cost of fridges and equipment	0.008	0.011	0.013	0.016
0.038	Central Training Reserve Fund to meet non recurring corporate training initiatives	0.039	0.034	0.029	0.025
0.079	Communications Reserve to assist with the replacement and development of all communication systems	0.141	0.020	0.045	0.070
0.390	IT – Internal Leasing Fund to enable procurement of new Information Technology hardware, and internal leasing requirements of the Council, to be reimbursed by annual charge to revenue	0.536	0.400	0.300	0.200
0.170	Building Maintenance Reserve Landlord's contingency and refurbishment reserve utilisation to be reviewed as part of the comprehensive Asset Management Review	0.402	0.300	0.200	0.100
0.098	Insurance Estimated amount of further claims to be received re earlier years to be funded by CCDC as part of excess policy	0.335	0.235	0.135	0.135

SCHEDULE OF EARMARKED RESERVES 2012-13 TO 2015-16

Estimated Balance 31-3-13 £m	Details	Forecast Outturn 31-3-13 £m	Estimated Balance 31-3-14 £m	Estimated Balance 31-3-15 £m	Estimated Balance 31-3-16 £m
0.059	Trading Account Balances Reserve to meet any potential deficits on future years trading, including additional costs arising from efficiency and restructuring exercises, and to enable procurement of vehicles and equipment to be reimbursed by annual charge to trading account	0.079	0.079	0.079	0.079
0.072	Corporate Initiatives & re-organisation Reserve Fund to meet the costs arising from Local Government Re-organisation and assessments / feasibility work for corporate or legislative initiatives	0.129	0.129	0.129	0.129
	Actuarial Strain/ Partial Exemption (Leisure Outsourcing)	0.607			
0.000	Replacement of Corporate Finance System / Capital Accounting Reserve Development of Total Finance and Interfaces Asset Management database	0.022	0.022	0.022	0.022
0.000	Regeneration and Invest to Save Reserve Utilisation of windfall monies to a) support and provide the capacity for the economic, cultural and leisure regeneration of area b) ensure sustainable service provision via invest to save initiatives	0.051	0.000	0.000	0.000

APPENDIX 4 cont

SCHEDULE OF EARMARKED RESERVES 2012-13 TO 2015-16

Estimated Balance 31-3-13 £m	Details	Forecast Outturn 31-3-13 £m	Estimated Balance 31-3-14 £m	Estimated Balance 31-3-15 £m	Estimated Balance 31-3-16 £m
0.002	Planning Delivery Grant Balance of monies c/fwd as part of the three year planning delivery budget approvals	0.000	0.000	0.000	0.000
0.000	CLG – Possessions CLG grant to give loans to prevent repossessions.	0.100	0.050	0.000	0.000
	Bus Shelters Policy Option monies c/fwd for refurbishment of Bus Shelters	0.024	0.018	0.012	0.006
	CCTV Equipment Balance of monies c/fwd as part of transformation programme	0.020	0.020	0.020	0.020
	Rail Revenue Support Reserve	0.025			
	Shared Services Balance of monies c/fwd as part of transformation programme				
0.000	Others	0.042	0.000	0.000	0.000
0.908	TOTAL	2.552	1.307	0.971	0.786

ITEM NO. 8.29

1. Number of hereditaments on the rating list on 30 September 2012	3,196	
2. Aggregate rateable value on the rating list on 30 September 2012	£ 84,361,606	
GROSS CALCULATED RATE YIELD		£
3. Enter line 2 x small business non-domestic rating multiplier (0.462)		38,975,061.97
MANDATORY RELIEFS		
Small business rate relief	£	
4. Additional yield generated to finance the small business rate relief scheme	642,322.92	
5. Cost of small business rate relief for properties within billing authority area	2,056,830.32	
6. Net cost of the small business rate relief (Line 5 minus Line 4)	1,414,507.40	
7. Cost of relief to charities	1,406,227.02	
8. Cost of relief to Community Amateur Sports Clubs	810.12	
9. Cost of relief for rural general stores, post offices, public houses, petrol filling stations and food shops	0.00	
10. Cost of relief for partly occupied premises	0.00	
11. Cost of relief for empty premises	898,296.74	
12. Total mandatory reliefs (Sum of lines 6 to 11)		3,719,841.28
DISCRETIONARY RELIEFS		
13. Cost of relief to charities	60,652.53	
14. Cost of relief to non-profit making bodies	10,332.97	
15. Cost of relief to Community Amateur Sports Clubs	50.63	
16. Cost of relief for rural general stores, post offices, public houses, petrol filling stations and food shops	0.00	
17. Cost of relief to other rural businesses	0.00	
18. Other Section 47 reliefs (Localism Act discounts)	0.00	
19. Total discretionary reliefs (Sum of lines 13 to 18)		71,036.13
20. Gross Rate Yield after reliefs (Line 3 minus lines 12 & 19)		35,184,184.56
21. Estimate of 'losses in collection'		200,000.00
22. Allowance for Cost of Collection		138,250.39
23. Special Authority Deductions - City of London Offset		0.00

NATIONAL NON-DOMESTIC RATES RETURN 1 2013-14

Cannock Chase

Ver 1.1

Section 2

Enterprise Zones

		£
24. Estimated level of discount to be awarded in 2013-14		0.00
25. Estimated value of non-domestic rates in the Enterprise Zone area in 2013-14	0.00	
26. Enterprise Zone baseline	0.00	
27. Total estimated value of business rates to be retained in 2013-14 (Line 25 minus line 26)		0.00

New Development Deals

28. Estimated value of non-domestic rates in the New Development Deals area in 2013-14	0.00	
29. New Development Deals baseline	0.00	
30. Total estimated value of business rates to be retained in 2013-14 (Line 28 minus line 29)		0.00

Renewable Energy Schemes

31. Total estimated value of business rates to be retained in 2013-14		0.00
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32. Net Rate Yield excluding transitional arrangements and rate retention (Line 20 minus the sum of lines 21 to 23, 27, 30 & 31)

34,845,934.17

Rate retention adjustments

33. Estimate of the change in rateable value between 1 October 2012 and 30 September 2013		2,600,000.00
34. Estimate of the change in receipts as a result in the change in rateable value (line 33 times the multiplier)		1,201,200.00

This equates to a percentage change of

%

3.08

35. Local authority's estimate of adjustment due to appeals		1,752,300.00
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36. Net Rate Yield excluding transitional arrangements but after rate retention adjustments (Line 32 plus lines 34 and minus line 35)

34,294,834.00

Section 3

Transitional arrangements

37. Addition revenue received because reduction in rates have been deferred	1,696,119.74	
38. Revenue foregone because increase in rates have been deferred	26,295.40	
39. Net cost of transitional arrangements (Line 38 minus line 37)		-1,669,824.34
40. Net Rate Yield after transitional arrangements and rate retention (Line 36 minus line 39)		35,964,658.00

NNDR Summary for : Cannock Chase

These figures show the percentage shares of the NNDR you estimate your authority will collect in 2013-14. They are based on line 36. See the *Tier Split* tab for full information

	£
Amount of NNDR to be paid to central government	17,147,417.00
Amount to be retained by Cannock Chase under the rates retention scheme	13,717,934.00
Amount to be passed to Staffordshire	3,086,535.00
Amount to be passed to Staffordshire Fire Authority	342,948.00

Certificate of Chief Financial Officer

I certify that the entries in lines 3, 12, 19, 20, 36, 39 and 40 of this form are the best I can make on the information available to me and that the figures given in lines 1 and 2 used in the calculating the amount shown in lines 36 and 40 are, to the b

Chief Financial Officer :

Date :