

| | |
|------------------------|----------------------|
| CABINET | AGENDA ITEM No. 6.1 |
| 12 October 2009 | PUBLIC REPORT |

| | | |
|--------------------------------|--|----------------------------|
| Cabinet Member(s) responsible: | Cllr David Seaton | |
| Contact Officer(s): | John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance | Tel. 452398 Tel. 384569 |

MEDIUM TERM FINANCIAL PLAN 2010/11 TO 2014/15

| RECOMMENDATIONS | |
|--|---------------------------------------|
| FROM : Executive Director Strategic Resources | Deadline date : <i>Cabinet</i> |
| <p>1. Cabinet notes the budget and performance report to the end of August, and endorses the actions to manage budgetary pressures in the current financial year and to deliver a balanced budget position.</p> <p>2. The Cabinet continue to endorse the Greater Peterborough Sustainable Community Strategy 2008-2021 priorities of:</p> <ul style="list-style-type: none"> • Creating the UK's environment capital; • Create strong and supportive communities; • Delivering substantial and truly sustainable growth; and • Creating opportunities – tackling inequalities. <p>These priorities continue to be underpinned by specific performance targets outlined in the Local Area Agreement</p> <p>3. That Members note the future summary financial position and its implications for the medium term financial plan, in particular the potential impact of the state of national public finances on the Council's future grant settlements and financial position.</p> <p>4. That Members approve plans to consult with Scrutiny and Stakeholders on the medium term financial plan.</p> <p>5. That Members approve the approach that is proposed for the budget process incorporating the medium term financial strategy (MTFS).</p> <p>6. That Members approve the control total figures for departments to enable them to begin to prepare a draft budget for financial years 2010/11 through to and including 2014/15.</p> | |

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following approval by the Corporate Management Team.

2. PURPOSE AND REASON FOR REPORT

2.1 This report comes to Cabinet as part of the council's agreed process for integrated finance and business planning. It continues the multi year approach to budgeting, and indeed extends this for the first time from three to five financial years to help plan for the financial challenges ahead. The drivers continue to be meeting the Council's priorities by creating a sustainable budget strategy whilst responding to an uncertain future in local government finance.

2.2 The Council's agreed Annual Budget Framework requires Cabinet to consider the Council's budget and financial strategy and to set provisional cash limits for the forthcoming year.

2.3 The purpose of this report is to:

- update Members on budgetary pressures in the current financial year and the actions in hand to deliver a balanced budget position
- update Members on the likely financial situation of the Council over the next five years, and to illustrate the possible impact on the Council of the poor national public finance position
- to outline the approach to the budget process and budget consultation
- set provisional Control Totals for each department to work to in preparing the detailed budget for each of the years 2010/11 to 2014/15

2.5 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 which states to take collective responsibility for the delivery of all strategic executive functions within the Council's major policy and budget framework and lead the Council's overall improvement programme to deliver excellent services.

3. TIMESCALE

| | | | |
|---|------------------|--|-----------------|
| Is this a Major Policy Item/Statutory Plan? | Yes | If Yes, date for relevant Cabinet Meeting | 12 October 2009 |
| Date for relevant Council Meeting | 24 February 2010 | Date for submission to Government department | March 2009 |

4. INTEGRATED SERVICE AND FINANCIAL PLANNING

4.1 At its meeting in February 2009 the Council adopted the budget to 2011/12 in the context of the Sustainable Community Strategy. This is aimed at a bigger and better Peterborough that grows the right way and through truly sustainable growth:

- i. Improves the quality of life of all aspects of all its people and communities, and ensures that all communities benefit from growth and the opportunity it brings;
- ii. Creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visits, famous as the environment capital of the UK.

It reflects the ambitions that the Council shares with its partners for the city, and which are further explained in Peterborough's Sustainable Community Strategy. The four priorities are:

- Creating the UK's environment capital;
- Creating strong and supportive communities;
- Delivering substantial and truly sustainable growth; and
- Creating opportunities – tackling inequalities.

These priorities are underpinned by a driving principle, to be accessible, efficient and effective.

- 4.2 The Council has adopted an integrated approach to its service and financial planning, incorporating priorities and finances in Departmental Delivery Contracts. This integrated approach will help to ensure that resources are used to deliver value for money and better and sustainable outcomes for local people. For this to be achieved it is important that the Council reaffirms these four priorities for the MTFS to 2014/15 and aligns its reporting mechanism to that of the Local Area Agreement (LAA) by adopting the LAA measures to reflect the council's performance and to ensure resource alignment is maintained.
- 4.4 It is anticipated that the process will have three distinct stages (with discussions regarding the impact on priorities, performance and Departmental Delivery Contracts underpinning all stages):
- I. Departments will build detailed budgets, based on the 2009/10 budget as adjusted for inflation and efficiency savings; and with regard to the 2009/10 Budgetary Control Reports and the 2008/09 outturn position. In addition departments will be required to create capacity to ensure that sustainable longer term priorities and savings required can be met.
 - II. Departments will be challenged on their plans and priorities, and options for realigning resources accordingly and for closing the gap between income and expenditure will be considered corporately. Any agreed realignment of resources will be used to adjust the base budget. In particular:
 - a. To understand the baseline position;
 - b. Establish options to save money and agree areas to stop spending;
 - c. Identify ways to create future capacity; and
 - d. Review political priorities and timescales.
 - III. The budget will be consulted upon following the December cabinet meeting to seek views from the public, businesses, members and staff prior to the budget being approved during February 2010, ensuring that decisions made reflect these community views.

5. BUDGET 2009/10 CONTEXT AND CURRENT POSITION

Revenue

- 5.1 The 2009-10 budget was set in the context of the continuing effects of the recession and in particular the reduced income streams expected, the impact of the Icelandic bank investment and potential for increased pressure in demand led budgets. The Council has faced additional budget pressures in year, including increased demand for children's social care, the ongoing impacts of the recession and the need to reprofile the Cross Keys Homes VAT shelter income over the next few years, rather than receiving it all in the current financial year. If left unmanaged, these pressures would total £8m.
- 5.2 The Council remains committed to its strategy in delivering service efficiencies and improvements using a proactive approach to managing council finances. A range of actions and measures have been implemented to manage these additional pressures, including the following:
- I. Use of balances to smooth impact;
 - II. Delivery of departmental savings plans;
 - III. Review of departmental reserves; and
 - IV. Target of external funding

The impact of these, and how they return the budget position to balance, are outlined in the next table, with a fuller breakdown by service in appendix 1.

| Department | Year End Projection £000 | Action Plan Savings £000 | Use of balances £000 | Possible Additional Funding £000 | Net Year End Projection £000 |
|---------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------------------|---------------------------------|
| Deputy Chief Executive | 325 | | | | 325 |
| Children's Services | 924 | -974 | | | -50 |
| City Services | 633 | -317 | | | 316 |
| Operations | 1,886 | -1,503 | | | 383 |
| Strategic Resources | 2,967 | -500 | -2,173 | | 294 |
| Strategic Resources - Corporate | 1,730 | | -1,895 | -1,148 | -1,313 |
| Adult Social Care | 0 | | | | 0 |
| Less Corporate Actions | | | | | 0 |
| TOTAL | 8,465 | -3,294 | -4,068 | -1,148 | -45 |

Taking this swift action at this stage in the year means that all the emerging pressures can be dealt with. There remains an on-going risk that further issues emerge, or that action plans cannot be delivered. Rigorous financial monitoring over the remainder of the financial year will be essential.

- 5.3 In establishing the baseline and preparing a five year plan, projections are being forecast incorporating these pressures and savings known to date.

Reserves

- 5.4 The Council's corporate balances and reserves position projected at 31 March 2010 seen in the next table incorporates the mitigating actions shown above.

| | £k |
|-----------------|--------------|
| General Balance | 3,827 |
| Capacity Fund | 0 |
| Contingency | 500 |
| Departmental | 495 |
| | 4,822 |

- 5.5 The general balance has reduced from the original balance of £6m to offset the re-profiling of VAT shelter income from Cross Keys. The income will now be received over the next two financial years based upon estimates provided by Cross Keys. The forward financial strategy will also return balances to the original level.

Capital

5.6 The overall position of the capital programme can be seen in the following table.

| Capital Programme by Directorate: | MTFS 2008 to 2010 £000 | Revised 1st April 09 Budget £000 | Revised Budget at August 09 £000 | Profiled Budget £000 | Actual £000 | Total Budget Spent % | Anticipated Outturn** £000 |
|-----------------------------------|---------------------------|-------------------------------------|-------------------------------------|-------------------------|----------------|-------------------------|-------------------------------|
| Adult Social Care | 517 | 618 | 564 | 109 | 20 | 3.5% | 564 |
| Deputy Chief Execs | 10,598 | 13,792 | 2,709 | 316 | 19 | 0.7% | 1,314 |
| Children's Services | 27,225 | 37,896 | 36,179 | 8,128 | 3,565 | 9.8% | 36,181 |
| City Services | 1,958 | 3,503 | 3,228 | 621 | 629 | 19.4% | 3,194 |
| Operations | 26,193 | 35,486 | 34,952 | 16,664 | 7,094 | 20.3% | 31,650 |
| Strategic Resources | 13,339 | 14,918 | 12,795 | 3,243 | 1,790 | 13.9% | 12,795 |
| Contingency | (968) | (968) | (968) | - | - | 0.0% | - |
| Total Expenditure | 78,862 | 105,244 | 89,458 | 29,082 | 13,118 | 14.6% | 85,696 |
| Financed by: | | | | | | | |
| Grants & Contributions | 27,438 | 47,858 | 43,308 | | 4,038 | 9.3% | 40,846 |
| Capital Receipts | 5,020 | 9,347 | 4,971 | | - | 0.0% | 4,971 |
| Capital Receipts Set Aside | (4,734) | (4,734) | (4,734) | | - | 0.0% | (4,734) |
| Right To Buy Receipts | 1,820 | 1,820 | 700 | | - | 0.0% | 700 |
| Borrowing | 49,318 | 50,953 | 45,212 | | 9,080 | 20.1% | 43,913 |
| Total Resources - required | 78,862 | 105,244 | 89,458 | 29,082 | 13,118 | 14.7% | 85,696 |

5.7 The Capital Programme for 2009/10, as agreed in the Medium Term Financial Plan (MTFS), was £78.9m. The final slippage of schemes from 2008/09 was £26.9m. This is mainly the result of delays with projects and new capital projects being added since the MTFS which resulted in a revised capital programme for 2009/10 of £105.2m. Schemes not likely to progress during 2009/10 has resulted in a revised capital programme of £89.5m.

5.8 At the end of August 2009 the actual capital expenditure is £13.1m against a profiled budget of £29.1m. The services are predicting an under spend of £3.8m against a revised capital programme of £89.5m this financial year after reviewing the capital projects with the budget managers.

5.9 Any spare capacity resulting from the under spend will be picked up as part of the capital challenge process contained within section 8 of this report.

Performance Monitoring

5.10 Performance information on treasury management activities, the payment of creditors in services and collection performance for debtors, local taxation and benefit overpayments can be seen in appendix 2.

6. FUTURE BUDGET PROSPECTS AND SUMMARY FINANCIAL POSITION

- 6.1 The last Comprehensive Spending Review in 2007 provided a three year financial settlement for Councils providing some certainty for the Revenue Support Grant and Dedicated Schools Grant. The final year of this settlement is 2010/11. The next three year settlement is highly likely to be less favourable nationally with the national budget in March effectively outlining a requirement to reduce overall spending in public services in future. This bleak financial picture will face whoever forms the Government after that General Election.
- 6.2 Several budget scenarios on the impact of future funding levels have been modelled to assist decision making in setting the budget for 2010/11 and provisional budgets for the following four years. The schedule attached at appendix 3 provides a summary of the anticipated financial position. It remains very difficult to predict the precise impact on the Council's future grant position, but the following impacts would arise from the scenarios indicated:

| Scenario | Impact by 2014-15 |
|---|-------------------|
| 1 - Original MTFs baseline (grant increase) | £1.3m deficit |
| 2 – grant freeze every year | £8.1m deficit |
| 3 – 5% grant reduction | £12.1m deficit |
| 4 – 10% grant reduction | £16m deficit |

It must also be stressed that these scenarios assume the funding of no further cost pressures, and these would need to be absorbed within budget plans.

- 6.3 Peterborough has not been immune to the effects of the recession, impacting on income streams and demand led budgets. In addition the council tax base assumptions may be affected. Consideration will need to be given on the impact of the recession and it is likely that the assumptions made in the 2008 – 2011 plan will need to be reviewed.
- 6.4 The Council will need to tackle these possible deficits, whilst maintaining its commitment to meeting priorities and ensuring community needs are met longer term. To do so it will be necessary to undertake the following work streams to help deliver this:
- I. Review of service levels, fees and charges;
 - II. Business Transformation expanded and accelerated;
 - III. Review capital programme to release capacity;
 - IV. Asset disposal plans accelerated where practical;
 - V. Review and ongoing challenge of projects;
 - VI. Review of the collection fund.

7. SETTING OF PROVISIONAL REVENUE CASH LIMITS AND CONTROL TOTALS

- 7.1 Cabinet is required to consider the overall cash limits for the Council each year, in line with the constitution.
- 7.2 The MTFs approved by Council in February 2009 assumed Council Tax increases of 2.5% in each of the years up to and including 2011/12. It has been assumed that the tax increase will follow through in each year to 2014/15 and is used for modelling purposes only at this stage. It must be stressed that this is solely for the purposes of illustrating possible scenarios, and does not reflect a

planned level at this stage. Further decisions will be required by Cabinet to establish what is an acceptable option to consult with the public on, well before any final decisions next year.

- 7.3 Departments will be issued with draft 'control totals' to allow them to begin to prepare their budgets. The control totals are outlined in appendix 3 and will be updated accordingly during the budget setting process, before final approval by Council in setting the budget in February.
- 7.4 To ensure that the integrated service and financial planning approach is effective, Cabinet portfolio leads and their Directors have met with the Cabinet member for Resources and Executive Director Strategic Resources to outline developments and options for savings. The outcome of these meetings will feed into the Departmental Delivery Contracts which will provide direction for setting overall service plans. This process will present budget options for Cabinet to consider in terms of how well they deliver the priorities outlined in section 4.1. The Cabinet member for Resources will be engaging the community and other members for their views during a consultation period.
- 7.5 It may be that the process outlined results in there being insufficient funds available. In addition, it is likely that there will be pressures to consider in areas such as reduced income streams and other demand led budgets. The process will balance these pressures through further efficiencies and redeployment of resources.
- 7.6 The budgets that departments prepare in line with control totals will contain only inflation and efficiency savings. Any additional adjustment for service changes, statutory activity changes (including new and changing grant streams), savings over £75,000 and other resource realignment will be considered corporately.

8. CAPITAL PROCESS

- 8.1 The planning process will include a review of the current capital programme and the calculation of the capital requirement each year of the plan. The capital programme including capital receipts and asset disposals will be incorporated as part of the budget setting process following the conclusion of current work streams underway.

9. CORPORATE CHALLENGE PROCESS

- 9.1 In parallel with the detailed budget being built, the corporate challenge process, considering existing services, priorities for resource realignment and options for closing the gap between income and expenditure will take place.
- 9.2 Increases and decreases to control totals and budgets will be made as decisions are reached on how best to align resources to strategic priorities.
- 9.3 The challenge process will result in a Departmental Delivery Contract between each department and the Chief Executive, setting out how the department will fulfil its commitment to achieving the agreed Sustainable Community Strategy priorities over the coming five years.
- 9.4 The agreement between the Chief Executive and departments will be replicated in the relationship between the Leader of the Council and the Portfolio Holders.

10. CONSIDERATION OF RISK

- 10.1 Key risks have been considered and will be continued to be monitored throughout the budget setting process and next financial year. Key risks identified are:

- Impact of the instability of financial markets during 2008/09 has resulted in the Council reviewing its financial strategy and becoming risk adverse. This reduces the Council's interest received on investment income and in borrowing costs. Reliable and robust estimates of the capital programme will ensure that borrowing costs are minimised.
- Reduced income streams generally and more significantly in the Council's property portfolio will require the Council to consider strategies to ensure that income streams can be improved. Demand led budgets will continue to be monitored with appropriate action planning and a move to preventative measures to identify longer term sustainable budgets.
- Growth – The Council's ability to meet growth within Peterborough in future years could be compromised if sufficient budget resources to meet these priorities are not addressed. This will be addressed by a robust challenge process during the budget setting period.

10.2 Risks will be considered corporately.

11. ANTICIPATED OUTCOMES

11.1 Following approval by Cabinet, control totals can be confirmed to departments so that they can prepare the detailed budget for 2010/11 to 2014/15.

12. REASONS FOR RECOMMENDATIONS

12. The understanding of key figures and the issuing of control totals are integral parts of the budget process. These steps will help to ensure that the Council achieves a balanced budget, aligned to corporate priorities.

13 ALTERNATIVE OPTIONS CONSIDERED

13.1 issue of departmental cash limits was considered, as this is what has been done in previous years. This did not seem appropriate given the commitment to move forward with the corporate prioritisation procedures, as outlined above.

| | Annual Budget £(k) | Outturn Forecast £(k) | Outturn Variance £(k) |
|--|-----------------------|--------------------------|--------------------------|
| DEPUTY CHIEF EXECUTIVE'S DEPARTMENT | | | |
| Chief Execs Department | 421 | 396 | -25 |
| Legal & Democratic Services | 3,788 | 3,501 | -287 |
| Deputy Chief Executive Unit | 2,196 | 2,298 | 102 |
| Delivery | 2,373 | 2,298 | -75 |
| Communications | 570 | 890 | 320 |
| Strategic Improvement | 337 | 337 | 0 |
| Human Resources | 404 | 694 | 290 |
| CHIEF EXECUTIVE DEPARTMENT TOTAL | 10,089 | 10,414 | 325 |
| DIRECTOR OF CHILDREN'S SERVICES | | | |
| Resources | 7,100 | 7,249 | 149 |
| Commissioning and Performance | 3,221 | 3,051 | -170 |
| Learning & Skills | 6,613 | 6,806 | 193 |
| Family and Communities | 7,189 | 6,940 | -249 |
| Children's Social Care | 18,419 | 19,420 | 1,001 |
| Action Plan | | -974 | -974 |
| CHILDREN'S SERVICE TOTAL (GENERAL FUND) | 42,542 | 42,492 | -50 |
| DIRECTOR OF CITY SERVICES | | | |
| Building & Technical | -202 | -256 | -54 |
| Street Scene & Facilities | 570 | 624 | 54 |
| Property, Design and Maintenance | -482 | -482 | 0 |
| Other Trading Activities and Business Support | 3,301 | 3,301 | 0 |
| Maintenance | 13,273 | 13,546 | 273 |
| Westcombe | 3 | 363 | 360 |
| Action Plan | | -317 | -317 |
| CITY SERVICES TOTAL | 16,463 | 16,779 | 316 |
| DIRECTOR OF OPERATIONS SERVICES | | | |
| Business Support | 1,646 | 1,651 | 5 |
| City Operations | 1,183 | 1,297 | 114 |
| Cultural Services | 5,285 | 5,376 | 91 |
| Directors Office | 657 | 687 | 30 |
| Environment and Transport | 11,341 | 11,504 | 163 |
| Neighbourhoods | 5,030 | 5,309 | 279 |
| Planning Services | 1,566 | 1,840 | 274 |
| Balancing - Shortfall | -2,068 | -1,138 | 930 |
| Action Plan | | -1,503 | -1,503 |
| OPERATIONS SERVICES TOTAL | 24,640 | 25,023 | 383 |
| DIRECTOR OF STRATEGIC RESOURCES | | | |
| Director's Office | 264 | 264 | 0 |
| Business Support | 518 | 479 | -39 |
| Corporate Services | 9,336 | 12,209 | 2,873 |
| Strategic Property | -4,805 | -4,297 | 508 |
| Transactional Services | 65 | 82 | 17 |
| Insurance | 3 | -74 | -77 |
| Internal Audit | -17 | -13 | 4 |
| HR Payroll | 313 | 358 | 45 |
| Procurement | -893 | -997 | -104 |
| Business Transformation | 3,150 | 3,102 | -48 |
| Waste Management | 40 | 40 | 0 |
| ICT | 824 | 415 | -409 |
| Customer Services | 1,432 | 1,524 | 92 |
| Revenue and Benefits | 565 | 670 | 105 |
| Action Plan | | -2,673 | -2,673 |
| STRATEGIC RESOURCES TOTAL | 10,795 | 11,089 | 294 |
| Corporate | | | |
| Corporate | 0 | 1,730 | 1,730 |
| Action Plan | | -3,043 | -3,043 |
| CORPORATE TOTAL | 0 | -1,313 | -1,313 |
| ADULT SOCIAL CARE | | | |
| Adult Social Care | 39,313 | 39,313 | 0 |
| ADULT SOCIAL CARE TOTAL | 39,313 | 39,313 | 0 |
| GENERAL FUND TOTAL | | | |
| | 143,842 | 143,797 | -45 |
| 23 | | | |
| DEDICATED SCHOOL GRANT TOTAL | | | |
| | 114,267 | 114,610 | 343 |

PERFORMANCE MONITORING DATA

Treasury Management

Treasury management activities cover borrowings raised to finance the Council's capital expenditure and investment of its cash balances. The Council's external debt as at 31 August 2009, which is all at fixed rate, was £134.5 million at an average rate of 4.57%. This average rate can be compared to the Bank Base Rate, 0.50% from 5 March 2009, and interest receivable on investments. The actual total external debt of £134.5 million can be compared against the Council's Authorised Limit for borrowing of £250.0 million which must not be exceeded, and the Operational Boundary (maximum working capital borrowing indicator) of £195.0 million

At 31 August 2009 external investments totalled £36 million and have yielded interest at an average rate of 2.35% in the financial year to date. The performance is above the target benchmark 7 day rate of 0.46%. This significant outperformance will gradually decline as investments that were made before the reductions in the bank base rate that began in earnest since October 2008, mature and are replaced.

Prompt Payment (Invoices paid within 30 Days)

The cumulative performance (94.78%) for the prompt payment of invoices for 2009/10 in comparison to the cumulative performance for 2008/09 is shown in Table 3.

Table 1 : Performance on Borrowings 2009/10

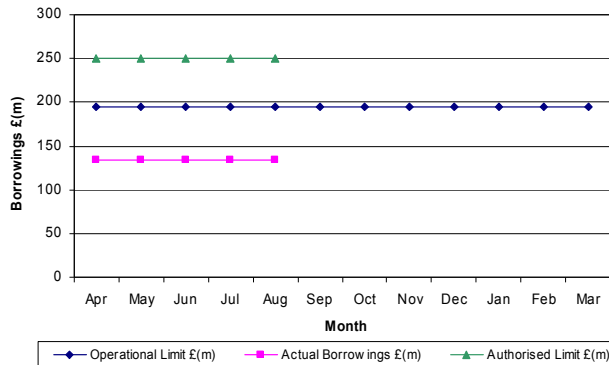


Table 2 : Performance External Investments 2009/10

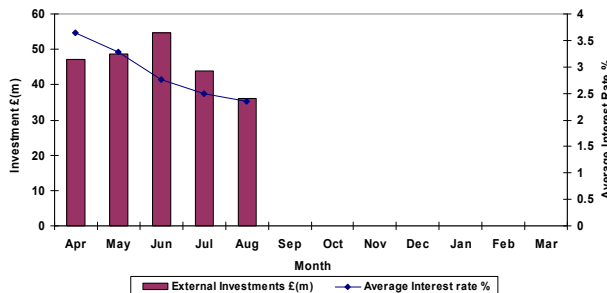
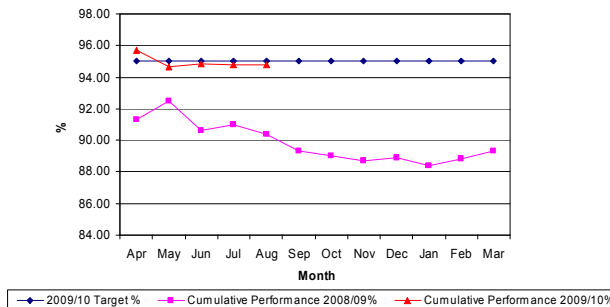


Table 3 : Prompt Payment of Invoices



Sundry Debt Performance

The latest outstanding sundry debt figures for debt over 6 months old are shown in Table 4 in comparison to 2008/09 figures. The impact of the recession has resulted in delayed payment of invoices by customers, non payment or rescheduling of the amount due into instalments. These figures include debt that will potentially require write off using the Cabinet Member Decision Notice as the individual debt is in excess of £10k. Decision notices are currently being prepared and a prudent view has accounted for the potential bad debt within the debt provision.

- The amount of debt written off for 2009/10 to date is £6,172.

The Council's strategy for writing off debt is followed accordingly.

Housing Benefit Overpayments

Table 6 shows the total amount of housing benefit overpayments recovered against the cumulative target rate set for 2009/10.

The recovery team continue to follow revised work schedules in order to incorporate more action on all overpayment areas on a daily/weekly basis; current % recovered equals 19.75% against a target of 18.75% to the end of August.

Table 4 : Sundry Debt Performance

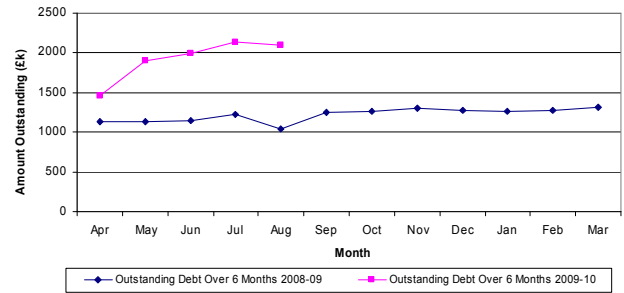


Table 5 : Amount Written Off

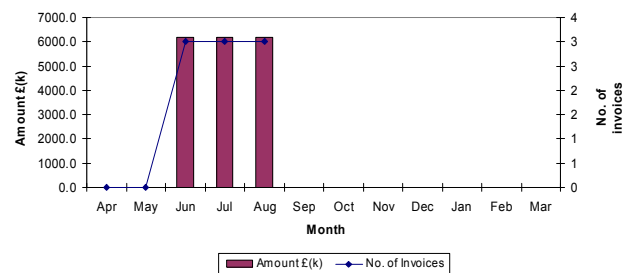
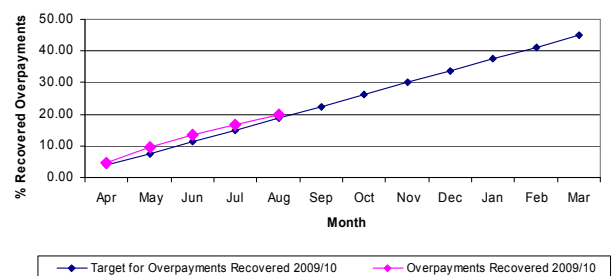


Table 6 : Housing Benefit Overpayments Recovered



Council Tax and Business Rates Collection

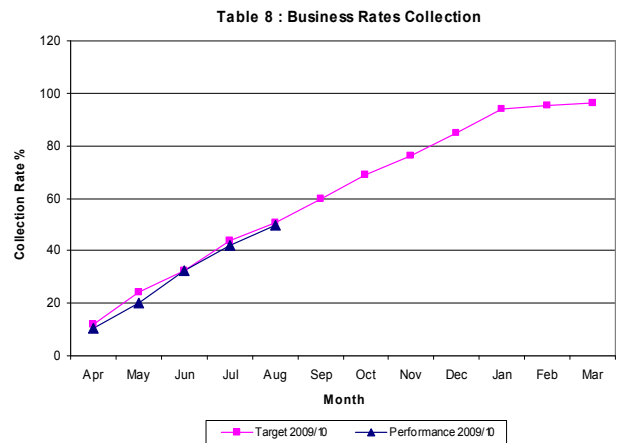
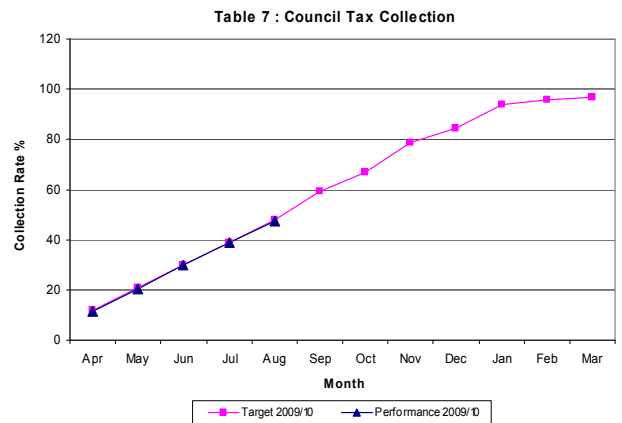
The following tables 7 and 8 show the performance for collection of Council Tax and Business Rates for the period to date.

Council Tax

The collection rate for Council Tax at the end August 2009 is 47.52% against a target of 47.99% (down 0.47%). This figure does tend to move both up and down on a weekly basis; however the current deficit seems to be around the 0.25% mark although the end of the month figure for August is slightly higher. As reported previously there has been a move of instalments on profile to the end of the financial year, which now stands at around £824,000. This is around £624,000 more than it was at the start of the year and about £250,000 more than it was at the same time last year.

Business Rates

The collection rate for Business Rates at the end of August 2009 is 49.61%; this is -0.88% down on the published target of 50.49%. Although the result is reporting just under a 1% deficit against target this is not a true reflection as the PCC accounts were applied much earlier for the current financial year which will not show an accurate reflection of the position against the same period last year. It is estimated that the deficit in collections is likely to be around 1.5% and the actual effect will not really show in collections until the end of September 2009.



Medium Term Financial Plan - 2009/10 - 2014/15

Key Figures

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | £k | £k | £k | £k | £k |
| Funding | | | | | |
| Dedicated Schools Grant | 120,806 | 123,222 | 125,687 | 128,200 | 130,764 |
| Formula Grant & NNDR | 77,014 | 78,384 | 79,768 | 81,166 | 82,577 |
| Parish Precepts | 276 | 280 | 280 | 280 | 280 |
| Council Tax Base | 58,618 | 60,691 | 62,826 | 65,040 | 67,332 |
| Council Tax Increase | 1,465 | 1,517 | 1,571 | 1,626 | 1,683 |
| Council Tax Growth | 608 | 618 | 644 | 667 | 690 |
| Collection Fund Surplus | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 258,788 | 264,712 | 270,775 | 276,979 | 283,327 |
| Gross Departmental Control Totals | 274,898 | 282,074 | 287,747 | 293,732 | 298,708 |
| Area Based Grant | 15,148 | 15,451 | 15,760 | 16,075 | 16,397 |
| Net Control Totals | 259,750 | 266,623 | 271,987 | 277,657 | 282,311 |
| Less:Savings - efficiencies | -5,815 | -7,238 | -7,238 | -7,238 | -7,238 |
| service policy variations | -1,775 | -1,775 | -1,775 | -1,775 | -1,775 |
| Capacity Bids - Services | | | | | |
| Credit Crunch | -128 | 388 | 388 | 388 | 388 |
| Inescapable | 1,124 | 3,577 | 3,577 | 3,577 | 3,577 |
| Essential | 2,002 | 879 | 879 | 879 | 879 |
| Capacity Bids - Capital Financing | 938 | 1,926 | 2,863 | 4,483 | 5,483 |
| Sub Total | 3,936 | 6,770 | 7,707 | 9,327 | 10,327 |
| Risk Management Contingency | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total Expenditure | 257,096 | 265,380 | 271,682 | 278,971 | 284,626 |
| Budget Surplus/Deficit(-) | 1,691 | -669 | -907 | -1,992 | -1,299 |

Key Figures Statement – Notes to Appendix 3

1. Revenue Support Grant - a nominal 1.75% increase to Revenue Support Grant and NNDR has been assumed for 2011/12, with a further 1% for 2012/13. DSG is assumed to increase by 2%.
2. Provision for pay and other related items will be held centrally
3. The Council Tax Base figures shown above are in line with the latest mid year estimates for 2009/10 with a 1% increase assumed for future years.

Budget Scenarios

The following scenarios outline how the position above would change if the financial climate saw a worsening of the Council's grant settlement. It should be noted that the apparent surplus in 2010-11 is before emerging pressures are addressed, and is likely to remain a challenging year.

| Scenario 1 - Latest Position | 2010/11 £k | 2011/12 £k | 2012/13 £k | 2013/14 £k | 2014/15 £k |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Funding | 258,788 | 264,712 | 270,775 | 276,979 | 283,327 |
| Total Expenditure | -257,096 | -265,380 | -271,682 | -278,971 | -284,626 |
| Budget Surplus / Deficit (-) | 1,691 | -669 | -907 | -1,992 | -1,299 |

Scenario 2 - Grant Freeze for every year from 2011/12

| | 2010/11 £k | 2011/12 £k | 2012/13 £k | 2013/14 £k | 2014/15 £k |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Funding | 258,788 | 263,342 | 265,556 | 267,849 | 270,221 |
| Total Expenditure | -257,096 | -265,683 | -269,829 | -274,941 | -278,352 |
| Budget Surplus / Deficit (-) | 1,691 | -2,342 | -4,273 | -7,092 | -8,131 |

Scenario 3 - 5% grant cut and then grant freeze from 2011/12

| | 2010/11 £k | 2011/12 £k | 2012/13 £k | 2013/14 £k | 2014/15 £k |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Funding | 258,788 | 260,091 | 264,770 | 269,576 | 274,513 |
| Total Expenditure | -257,096 | -266,441 | -273,051 | -280,655 | -286,632 |
| Budget Surplus / Deficit (-) | 1,691 | -6,350 | -8,281 | -11,078 | -12,119 |

Scenario 4 - 10% grant cut and then grant freeze from 2011/12

| | 2010/11 £k | 2011/12 £k | 2012/13 £k | 2013/14 £k | 2014/15 £k |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Funding | 258,788 | 256,240 | 260,919 | 265,726 | 270,662 |
| Total Expenditure | -257,096 | -266,441 | -273,051 | -280,655 | -286,632 |
| Budget Surplus / Deficit (-) | 1,691 | -10,201 | -12,132 | -14,929 | -15,970 |