

BABERGH DISTRICT COUNCIL

FROM: Director of Finance

REPORT NUMBER L160

TO: Council

DATE OF MEETING 23 February 2012

BUDGET 2012/13

1. **Purpose of Report**

- 1.1 To set out the final details relating to setting the 2012/13 Budget following approval of the package of Budget proposals (Papers L123 and L123R) by the Council on the 26 January 2012 and further consideration by strategy Committee of related matters on the 9 February 2012 (Paper L146).

2. **Recommendations to Council**

- 2.1 See Council agenda, the resolutions attached in Paper L159 and the Policy and Budget Framework document attached.

3. **Financial Implications**

- 3.1 The Council's Policy & Budget Framework for 2012/13 has been arrived at following very careful consideration by officers and Members of the Council's medium-term financial position and achieving the right balance between savings, service provision and council Tax levels.

4. **Risk Management**

- 4.1 Paper L119, which was considered by the Joint Overview and Scrutiny Committees on the 13 December 2011 sets out the key risks.
- 4.2 A more detailed risk assessment on the robustness of the Budget and the adequacy of reserves, as required by Section 25 of the Local Government Act 2003, is attached for Members consideration and approval.

5. **Consultations**

- 5.1 Covered in Papers L119 and L123.

6. **Equality Analysis**

- 6.1 An equality analysis has been undertaken on key aspects of the Budget proposals and details are incorporated in the final Policy and Budget Framework.

7. **Shared Service / Partnership Implications**

7.1 Covered in Papers L119 and L123.

8. **Key information**

8.1 Full Council approved a package of General Fund Budget proposals for 2012/13 on the 26 January 2012 (Papers L123 and L123R). Further information was provided to Strategy Committee on the 9 February 2012 (Paper L146 refers).

8.2 The final level of Government grant for next year has been confirmed. Over the 2 years 2011/12 and 2012/13, Babergh has suffered over a 25% grant cut.

8.3 The Budget resulting from these decisions is contained in the final detailed Policy & Budget Framework document, including changes in charges for services that have been approved by Members and inflation-based increase in some other charges.

8.4 Council approval to the Budget, including cost pressures and the savings, efficiencies and additional income of £1.7m referred to in the Budget summary below is sought:

	2011/12 Budget £000	2012/13 Budget £000
• Previous year's Net Revenue Expenditure/Base Budget (before use of reserves)	10,938	9,676
• Inflation and other Cost Pressures	+ 663	+750
• Concessionary Fares spending transferred to SCC	- 772	-
• Efficiencies, savings and additional income	-1,244	-1,102
• Allowance for uncertainties on cost pressures, and risk on savings and income	+ 91	-
Net Revenue Expenditure	9,676	9,324
• Use of reserves	-210	-160
• Use of New Homes Bonus	-	-134
• Government Formula Grant	-4,692*	-4,090
• Council Tax Freeze Grant (2011/12 only)	-115	-116
• Collection Fund Deficit/Surplus	-20	+6
	4,639	4,830
Council Taxpayers		
• Council Taxbase	33,373	33,573
Council Tax for Band D property	£139.01 (no change)	£143.86 (+3.5%)

* Excludes one-off transitional grant, which has been transferred to Earmarked Reserves.

8.5 In relation to the further savings, efficiencies and additional income of over £1.1m for next year, the main areas are:

- Staff savings from voluntary redundancies and integration with Mid Suffolk of £550k
- Additional savings, efficiencies and budget savings of £381k, including £75k from the Shared Revenues Partnership
- Additional income from fees and charges of £125k

In addition, there is the continuation of staff PRP and other savings under the Collective Agreement of in excess of £250k.

8.6 On Government grant, given that the Government's own Spending Review indicated that Local Government would face around a real terms 28% cut over the next four years, a 25% cash reduction in just two years continues to suggest that we are still looking at more like the prospects of a worst-case 35% to 40% cut over the next four years.

8.7 A balanced Budget can only be achieved by reflecting the following savings:

- The significant further additional reductions in staffing levels and salary budget savings
- Continuation of PRP and other staffing savings
- The efficiencies, other Budget reductions and additional income from charges.

Budget Scrutiny

8.8 The proposals have been fully scrutinised by both Overview and Scrutiny Committees.

Integration with Mid Suffolk

8.9 The Budget includes appropriate provision for the savings and initial transitional costs relating to the integration and merger programme, as provided for in the updated Business Case and updated for latest information.

8.10 Actual net expenditure will depend on a number of factors, including the extent to which costs are capitalised in accordance with the £1.5m (joint) capitalisation direction received for 2011/12. An application for capitalisation will also be made for 2012/13.

8.11 Initial transitional costs will be more than met in future by ongoing annual staff and other savings from the integration and transformation proposals. The majority of these will be funded by either earmarked reserves that the Council has set aside or through the capitalisation arrangements referred to above.

Council Tax

- 8.12 There will be no increase in Suffolk County Council's Council Tax. It is understood that the Police Authority is considering a potential increase of 3.75%. Indications are for an average increase by Town and Parish Councils of around 4.6%.
- 8.13 Based on these assumptions, the overall Council Tax position for next year for a Band D property could be as follows. Babergh's Council Tax will still be the second lowest in Suffolk:

	2011/12	2012/13	Change
Suffolk County Council	1,126.53	1,126.53	-
Suffolk police Authority	160.74	166.77	+3.75%
Babergh District Council	139.01	143.87	+3.5%
Town/Parish Councils (average)	63.71	66.61	+4.6%
Total	1,489.99	1,503.78	+0.9%

Reserves

- 8.14 In terms of general reserves, it is estimated that these will be at or slightly above the minimum level of £1.2m by the end of next year (around 13% of the Budget requirement). The precise amount will depend on actual expenditure and savings that are achieved, specifically in relation to the integration programme. The position is also dependent on any additional unbudgeted costs e.g. outstanding legal cases.
- 8.15 Any amount above the minimum level would be available to support future Budgets or meet unbudgeted costs. The minimum level of reserves at Mid Suffolk is just over £1m. Consideration will be given in future years' SFP processes, depending on the Council's financial position and risks/ cost pressures, as to whether any reduction in Babergh's minimum level of reserves is appropriate.
- 8.16 Earmarked Reserves are largely made up of the BMI reserve (currently standing at just over £0.7m). It is proposed that a further transfer is made to this earmarked reserve at the end of the current financial year to provide additional capacity for the integration and transformation programme - depending on the financial outturn for the year. In addition, the Budget for 2012/13 includes a £0.1m transfer to Earmarked Reserves for the potential costs of the Government's future welfare reforms.
- 8.17 Although an estimated £134k of the New Homes Bonus is being used to support the 2012/13 Budget, this still leaves around £0.8m to be allocated towards projects that stimulate economic growth and jobs.

Medium Term Financial Strategy

- 8.18 It is essential that Members are aware of and understand what the Council's future medium term financial picture look like. The current position was reported in Paper L119.
- 8.19 Officers from both Mid Suffolk and Babergh will be reviewing and updating the Medium Term Financial Strategy (MTFS) that will set out the future savings targets facing both Councils over the three year period 2013/14 to 2015/16 and the approach and plans that will be needed to tackle these.
- 8.20 This will reflect changes in the economic situation and assumptions in terms of inflation, interest rates and other factors that will affect future Budgets.

Capital Programme

- 8.21 The proposed 3-year General Fund Capital Programme and how this could be financed is summarised in the Policy & Budget Framework document. The projects and schemes included have been thoroughly reviewed to ensure only essential/high priority schemes are included. Non-committed schemes in 2012/13 are subject to Strategy Committee approval as necessary.
- 8.22 Prudential Indicators relating to these and the associated borrowing limits relating to capital finance matters, which all Councils are required to approve, are covered separately on today's agenda).
- 8.23 Linked to these, the Minimum Revenue Provision (MRP) Statement for 2012/13, which determines how much has to be set aside each year to repay borrowing to fund the capital programme, is also detailed in the Policy & Budget Framework document. This is unchanged from last year.

9. **Appendices**

None.

10. **Background Papers**

None.

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Director of Finance

GENERAL FUND REVENUE BUDGET SUMMARY

Line	2011/12 Original £	2012/13 Budget £
1 CORPORATE MANAGEMENT/ORGANISATION	2,234,550	2,002,980
2 CORPORATE RESOURCES	2,583,670	2,496,320
3 COMMUNITIES	1,299,530	1,300,300
4 HOUSING	398,550	422,600
5 ECONOMY	1,265,980	1,178,000
6 ENVIRONMENT	2,844,650	3,205,020
7 MSDC Integration	130,000	460,000
8 Unallocated Savings	0	(34,000)
9 Net Service Cost	10,756,930	11,031,220
10 Reduced Staffing Costs / Vacancy Mgt.	(125,000)	(125,000)
11 Additional Savings & Income	(75,000)	(75,000)
12 Contingency - lower income/savings	91,000	0
13 Total Net Service Costs	10,647,930	10,831,220
14 Capital charges / Asset Management & Investment Income	(888,230)	(1,167,860)
15 New Homes Bonus / Transition Grant	(356,560)	(629,000)
16 Transfers to / (from) Earmarked Reserves	272,560	615,000
17 Transfer from Integration Reserve		(460,000)
18 Net Revenue Expenditure	9,675,700	9,189,360
19 Use of Reserves - General	(80,000)	(160,000)
20 MSDC Integration / Transformation	(130,000)	
21 Budget Requirement	9,465,700	9,029,360
22 Deficit / (Surplus) on Collection fund	(19,630)	6,230
23 Government Support	(4,691,890)	(4,089,760)
24 Add'l Gov't Support for CTax freeze (2011/12)	(115,000)	(115,980)
25 Council Tax	4,639,180	4,829,850
26 Council Tax Base	33,373	33,573
27 Council Tax for Band D Property	139.01	143.86

GENERAL FUND BUDGET SUMMARY - NET SERVICE COSTS

CORPORATE MANAGEMNT/ORGANISATION	2011/12 Original £	2012/13 Budget £
Corporate Management	575,320	550,740
Law, Governance & Monitoring Officer	865,140	765,920
Elections/Returning Officer	114,700	35,960
Corporate Improvement & Communications	292,150	261,160
Organisational Development	161,140	161,140
Internal & External Audit	226,100	228,060
TOTAL CORPORATE ORGANISATION	2,234,550	2,002,980

CORPORATE RESOURCES	2011/12 Original £	2012/13 Budget £
Finance (includes Pension Deficit costs)	1,668,250	1,619,820
ICT & Information Management	335,600	300,940
Customer Services	179,930	179,930
Land & Facilities/Commissioning	399,890	395,630
TOTAL CORPORATE RESOURCES	2,583,670	2,496,320

COMMUNITIES	2011/12 Original £	2012/13 Budget £
Strong Communities	423,500	387,100
Healthy Communities	661,930	692,100
Safe Communities	214,100	221,100
TOTAL COMMUNITIES	1,299,530	1,300,300

HOUSING	2011/12 Original £	2012/13 Budget £
Housing Options	91,700	114,480
Supported Housing	31,130	41,010
Other Housing Services	37,030	35,620
TOTAL HOUSING	398,550	422,600

GENERAL FUND BUDGET SUMMARY - NET SERVICE COSTS

ECONOMY	2011/12 Original £	2012/13 Budget £
Building Control	21,210	(11,670)
Economic Development & Tourism	255,950	258,360
Strategic Planning Policy	338,900	333,650
Development Management (including Enforcement)	649,920	597,660
TOTAL ECONOMY	1,265,980	1,178,000

ENVIRONMENT	2011/12 Original £	2012/13 Budget £
Environmental Protection/Enforcement	271,080	256,870
Food & Safety & Licensing Admin	218,510	205,140
Open Spaces, Street care, Car Parks	1,267,150	1,467,910
Waste Services	965,800	1,142,330
Other Environmental Services	122,110	132,770
TOTAL ENVIRONMENT	2,844,650	3,205,020

MSDC Integration (BMI)	130,000	460,000
Unallocated Savings	0	(34,000)
NET SERVICE COST	<u>10,756,930</u>	<u>11,031,220</u>

Note:

The above is a very indicative and provisional analysis based on the integration proposals but not reflecting all of the latest Tier 4 proposals. The Budgets will be updated as these proposals and the associated staffing structures are implemented in 2012/13

ESTABLISHMENT & MANPOWER BUDGET

Staffing and Associated Costs

Line	2011/12 Original £	2012/13 Budget £
1 Salaries & Wages (inc. NI & Pensions)	7,120,720	6,789,390
2 Other Employee Costs	320,080	315,080
3 Supplies and Services	1,212,050	1,177,950
4 Transport Expenses	224,680	230,640
5 Contract Costs	10,960	10,960
6 Miscellaneous Income	(86,350)	(86,350)
7 Total	8,802,140	8,437,670
8 Capital Charges	426,450	573,180
9 TOTAL	9,228,590	9,010,850

ROBUSTNESS OF BUDGET AND ADEQUACY OF RESERVES

1. Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund Budget and level of Council tax, to take account of a report from its Section 151 Officer on the robustness of estimates included in the Budget and the adequacy of reserves. This report fulfils that requirement for the setting of the budget and Council Tax for 2012/13.
2. This is to ensure that when deciding on its budget for a financial year, Members are made aware of any issues of risk and uncertainty, or any other concerns by the Chief Financial Officer (CFO). The Council is also expected to ensure that its Budget provides for a prudent minimum level of reserves to be maintained, which the CFO has assessed should remain at £1.2m (the same figure as 2011/12).
3. Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its CFO and is heading for financial difficulty. The Section 151 officer and Members, therefore, have a responsibility to ensure in considering the Budget that:
 - It is realistic and achievable and that appropriate arrangements have been adopted in formulating it
 - It is based on clearly understood and sound assumptions and links to the delivery of the Council's Strategic Plan and priorities
 - It includes an appropriate statement on the use of reserves and the adequacy of these.
4. In forming the advice for this report, the CFO has considered the following:
 - The requirement established in the Council's Medium Term Financial Strategy to ensure that a safe contingency level of reserves is maintained.
 - The degree to which the Council's financial plans are aligned to the Council's statutory obligations, local priorities and policy objectives.
 - The adequacy of the information systems underpinning the Council's financial management processes.
 - Risks associated with the Council's activities, as identified within the Significant Business Risks register.
 - The level of earmarked reserves and unearmarked (general) reserves within the General Fund and the degree to which uncertainties exist within the proposed 2012/13 budget.
5. In terms of the overall approach to financial planning and setting the Budget, the following aspects increase confidence in the robustness of estimates.

- A strategic and integrated approach to service and financial planning, based on the Strategic Plan and Medium-Term Plans has been adopted, providing a robust framework ensuring that the Budget reflects the council's priorities.
 - The Member Strategic Financial Planning (SFP) Task Group has carefully considered and scrutinised potential areas for savings, efficiencies and income generation opportunities.
 - Key Assumptions have been made and updated during the Budget process to reflect the changing economic position and latest information. Risks and uncertainties have been identified and carefully considered.
 - Detailed scrutiny, review and challenge of budgets undertaken by Finance Officers and Senior Management.
 - The Scrutiny Committees jointly undertook a review of the General Fund Budget options for 2012/13 at its meeting on 13 December 2011 and the Overview and Scrutiny (Community Services) Committee scrutinised draft HRA Budget proposals on the 31 January 2012.
6. No Budget can, however, ever be completely free from risk and these are increasing in the current financial climate of finding very significant savings and the changes required of Councils. Babergh's integration plans with Mid Suffolk are A key example of this. Assumptions, therefore, have to be made, which means that the Budget will always have an amount of uncertainty. The following are the main areas identified:
- **Benefits Caseload and Welfare Reforms** – Pressures could increase as a result of the economic climate. The Budget for 2012/13 has been put together on the assumption that current levels of activity will continue throughout next year and an unearmarked reserve has been established to deal with cost pressures and the Government's welfare reforms, which could result in further pressure on the Budget. (Medium Risk)
 - **Shared Revenue Partnership (SRP)** - The SRP between Ipswich Borough Council and Babergh and Mid Suffolk District Councils became operational from May 2011 in Grafton House, Ipswich. The Council's Budget for 2012/13 includes its agreed contribution to SRP under the business case. A lot of detailed work has and continues to be undertaken to ensure that the new service will be successful and the Joint Committee is now established and overseeing the new shared service, but there are still some financial risk for each of the partner councils. (Low/Medium Risk)
 - **Refuse Collection Contract.** Within the Budget for 2012/13 there are still some areas of the service that are being developed. The garden waste service is expected to expand further and whilst prudent estimates of income and expenditure have been included in the budget, these are uncertain. It is possible that further variances (up or down) will occur in 2012/13. (Low Risk)

- **Capital Financing Costs** - These are influenced by variable factors such as cash flow, variations in the capital programme, interest rates, availability of capital receipts and other sources of capital funding and borrowing/financing costs. Complex regulations also exist, which contribute to the difficulty in producing totally reliable estimates. (Medium Risk)
- **Income** - Whilst the Budget for 2012/13 has been prepared on the basis of trying to ensure that income budgets are realistic and achievable, it is unknown as to how the economy will fare during next year. The amounts included in the Budget, along with estimates for some new/increased charges being introduced from April 2012, are therefore unproven and variances may occur. (Medium Risk)
- **Inflation and other cost pressures** – the Budget allows for a small pay increase although the Government’s stated policy is for a continuation of a pay freeze. Other allowances for inflation have been made on some budgets including major contracts, where there is a contractual requirement to do so. Where appropriate, higher inflation allowances have been allowed for major contracts where multi-cost indexing mechanisms apply that reflect energy, fuel and other costs. (Low Risk)
- **Salary savings from staff vacancies management and other unidentified savings** – there is an allowance in the budget of £200k for these. These are seen as achievable as those levels of savings have been exceeded in recent years. The savings will be achieved through the ongoing rigorous challenge of the need to fill vacant posts and by identifying areas where additional efficiency savings are possible (Medium Risk)
- **Integration with Mid Suffolk District Council** - The Section 151 Officers of Babergh and Mid Suffolk have prepared estimates based on the business case approved in late 2011 and latest information on the potential costs and savings for the integration between the two councils. An assessment has been made as to the level of costs and savings that are forecast to arise in 2011/12 and 2012/13 and included within the budget. Within this there is an assumption that the two councils will capitalise some of the one-off staff severance costs resulting from the integration of senior management and services. There are a number of variables within this project, including finalising the integrated staffing structure and the resulting savings in 2012/13, which could impact on the 2012/13 Budget and the amounts to be met from revenue reserves. (Medium/High Risk).

7. Taking all of the above issues into consideration, the Section 151 Officer’s opinion is that the Council’s Budget and estimates for 2012/13 are as robust as can be reasonably achieved given the uncertainties and changes facing the Council. Therefore, although he is unable to provide a full assurance that there will be no unforeseen adverse variances, this is not an unexpected situation and is acceptable for any organisation that has to deal with a large number of variables and also reflects the context of the world economy and the challenges currently

facing Councils. Provided that the minimum safe level of reserves is maintained, any variations that arise compared to the Budget should be manageable.

8. There is no available guidance on the minimum level of reserves that should be maintained. In 2003 CIPFA stated that each authority should determine a prudent level of reserves based upon their own circumstances, risk and uncertainties. Regard has been had to recent guidance that has been issued to CFO's.
9. Although General Fund Budget requirements are reducing as a result of the public sector spending reductions, cost pressures and the huge changes, including very significant savings (of £1.3m for 2012/13) increase the margin of risk. For this reason, the CFO's opinion is that the minimum level of unearmarked reserves can, for the time being, be maintained at the current level of £1.2m without increasing the risk to the Council.
10. Subject to the risks identified, the Council's unearmarked (general) reserves will remain above the minimum level of £1.2m at the end of 2012/13. However, if significant adverse variations arise, that would affect the position.
11. There is uncertainty, for example, on a major legal case related to potential uninsured claims and costs against the Council (estimated at up to £0.3m - worst case) which would not be covered in the event of the case being lost in the Supreme Court. In addition, the reserves position would need further consideration if there are any significant variation in risks before the budget is approved by Council on 23 February 2012.
12. Levels of earmarked reserves are currently just over £1m, which includes the integration and transformation reserve, this year's New Homes Bonus and a small provision for legal costs. These will be reviewed at the end of the current financial year and any changes/additions proposed as appropriate - but they are currently seen as appropriate and adequate to meet the integration programme and other potential cost commitments at this point in time.
13. Any improvement in the 2011/12 financial outturn could be used to increase the integration and transformation reserve. In the case of the New Homes Bonus, this will be mainly used for projects that contribute towards economic growth and job creation in the District.

Barry Hunter
Director of Finance

31 January 2012.

Area	Amount £000	Comments	Equality Analysis Assessment
Car parking excess notices	40	Increase from £25 to £35. Impact: Low	Following a relevance test it was concluded that this proposal does not require an equality analysis. It would not adversely impact upon any protected characteristic, as by its nature it will only apply to those who park illegally.
Fees for footpath diversions	1		Following a relevance test it was concluded that this proposal does not require an equality analysis. It would not adversely affect any protected characteristic.
<u>Savings</u>			
Sport & Leisure	6	Withdraw from Suffolk Sport. Countrywide issue Impact: Medium	No evidence to suggest that there would be a negative impact on the protected characteristics as a direct result of this proposal.
Reduce Payments to Community Bodies from Bring Sites income	22	Pay over only one third of the income in future. Easy to achieve but will be unpopular with communities. Impact: Medium (last resort)	This proposal if carried out could have a negative impact on several of the protected characteristics depending on the impact the saving would have on the ability of each community body to continue operating. It may also have a socio-economic impact on vulnerable communities.
General leisure/play project budgets	TBA	Transfer to a Social Enterprise model – most of the savings would not arise until 2013/14. Impact: TBA	No immediate impact as this proposal, if adopted, will not come into effect until 2013. A comprehensive Equality Analysis assessment will be undertaken during 2012.
Community Grants	8	Impact: Low	All recipients of community grants have been consulted for their views on the impact these savings would have on their ability to operate. The Community Grants pot has already been subject to significant funding reductions in recent years. Any further savings will

Area	Amount £000	Comments	Equality Analysis Assessment
Public Conveniences (proposals relating to seven Babergh owned public convenience sites in rural locations)	20	Continue to pursue proposals. Impact: Medium	<p>have a negative impact in respect of various protected characteristics. However, the equality analysis demonstrated that the impact is significantly reduced and low if the saving is limited to £8K or less.</p> <p>There is no impact where the immediate future has been secured (this applies to two sites). For the five sites where closure is the last resort a negative impact has been identified in respect of certain protected characteristics (age, disability, pregnancy and maternity and carers) and it is partly for this reason that two conveniences will be retained by the Council as there is evidence of significant usage by those groups.</p>
Private sector housing standards	20	Cut discretionary grants (capital) Additional to staff savings from integration. Impact: Low/Medium	<p>The £20K reduction in the Decent Homes grant budget represents a potential reduction of the maximum grant to four properties that are classified as non decent. Decent homes grants are means-tested and therefore there will be a socio-economic impact. That is to say this decision will impact more upon poorer low income households already likely to be in receipt of means-tested benefits.</p> <p>However, the disabled facilities grant budget is unaffected by this capital reduction, maintaining our commitment to homeowners requiring adaptations to their properties as a result of their disabilities.</p>
Open Spaces Contract	50	Reduce street cleansing and grounds maintenance standards/service provision. Impact: Low/Medium	<p>The proposal if carried out could have a negative impact on the following protected characteristics: Age, Disability, Pregnancy and Maternity. It would also have a socio-economic impact.</p>

Area	Amount £000	Comments	Equality Analysis Assessment
			The total saving is between £50K & £60K overall and how this is found within the contract would have to be considered carefully to minimize the negative impact on these protected characteristics, whilst still enabling the essential savings to be made to achieve a balanced budget.

Note 1

A range of waste charges (**Impact: Low/Medium**)

- i) Removal of benefit discount on garden waste - £12K
- ii) Garden waste bin delivery - £3K
- iii) Bulky waste increase - £2K
- iv) Charge for new properties - £1K
- v) Charge for hazardous waste - £5K

Cost Pressures – 2012/13 Budget

	Amount £000
Pay/Inflation (including staff increments)	194
Pension Contributions	35
HB/CTB costs (including welfare benefit changes)	25
Elections Fund	20
One-off saving in 2011/12	50
Borrowing/interest costs	170
Reduced income/savings*	114
Business rates –revaluations/transitional relief	47
SSL energy costs (contractual)	30
Other **	68
Reduction in specific Govt. grants	10
Investment Income	(13)
	750
Reduction in Formula Grant	602
Collection Fund (Surplus in 2011/12)	26
Council Tax Base increase	(28)
Total Cost Pressures	1,350

*On car parking, public conveniences and community alarms – net of contingency in 2011/12 Base Budget

**Open Spaces contract, B&B (homelessness), CRED, core strategy, Postage, banking and audit fees

2012/13 Budget – main areas of additional savings and income

Area	Amount £000	Comments
<u>Key Savings</u>		
Integration and Transformation	550	£450k staff savings/£100k other
Shared Revenues Partnership	75	As Business Case forecast
Other efficiencies and savings	180	Includes Babergh Matters
Total	805	
<u>Charging proposals</u>		
Waste	23	See note
Street Naming and Numbering	9	Align with Mid Suffolk
Pre-applications planning advice	12	From October 2012. Impact: TBA
Car parking excess notices	40	Increase from £25 to £35. Impact: Low
Increases in other charges	16	Minor increases/inflation
Long stay parking charges	25	Increase from £1.50 to £2
Total	125	
<u>Further Savings/income</u>		
Promotion of brown bin scheme	20	More subscribers – additional income
Public Conveniences – rural sites	20	Continue to pursue proposals to transfer to Parish Councils etc. Impact: Medium
Private sector housing standards	-	Cut discretionary grants by £20k (capital). Impact: Low/Medium
Open Spaces Contract	50	Reduce street cleansing and grounds maintenance standards/service provision. Impact: Low/Medium

Sport & Leisure	6	Withdraw from Suffolk Sport. Countywide issue Impact: Medium
Reduce Payments to Community Bodies from Bring Sites income	22	Pay over only one third of the income in future. Easy to achieve but will be unpopular with communities and Members. Impact: Medium (last resort)
General leisure/play project budgets	TBA	Transfer to a Social Enterprise model – most of the savings unlikely to arise until 2013/14. Impact: TBA
Community Grants	8	A 5% reduction in the total grants pot for next year would be £18k but only an £8k saving without a higher impact. Impact: Medium
Total	126	
Grand Total – savings and additional income	1,056	Excludes use of New Homes Bonus and Council Tax increase

Note re waste charges (Impact: Low/Medium)

Removal of benefit discount on garden waste - £12K

Garden waste bin delivery - £3K

Bulky waste increase - £2K

Charge for new properties - £1K

Charge for hazardous waste - £5K

Charges & Fees - Changes	2011/12 Charge		2012/13 Charge		% Change in Charge to Public	Notes
	Charge Less VAT (20%)	Charge to the Public	Charge Less VAT (20%)	Charge to the Public		
Trade Waste						
- 240 litre bin		423.00		436.00	3.1%	
- 360 litre bin		474.00		489.00	3.2%	
- 660 litre bin		609.00		627.00	3.0%	
- 1100 litre bin		791.00		813.00	2.8%	
Recyclable Trade Waste						
- 240 litre bin		358.00		370.00	3.4%	
- 360 litre bin		377.00		389.00	3.2%	
- 660 litre bin		431.00		443.00	2.8%	
- 1100 litre bin		495.00		507.00	2.4%	
Bulky Refuse Collections						
- Per visit for up to 5 items		22.00		25.00	13.6%	
- Per additional item thereafter		5.00		5.00		
Garden Waste Collection						
Brown Bin Scheme		40.00		40.00		
- Charge for the delivery of the bin:						
- For those on Benefit		2.50		5.00	100.0%	
- For those not on Benefit		5.00		5.00		
Bulky Bag: for each collection						
- For those on Benefit		15.50		32.00	106.5%	
- For those not on Benefit		31.00		32.00	3.2%	
Hazardous Waste Collection		22.00		22.00		
New-build property refuse bin + recycling bin		30.00		50.00	66.7%	
Existing Property - Larger bin required		25.00		30.00	20.0%	
Downgrade to smaller bin - delivery charge		5.00		5.00		
Stolen refuse bin (no charge for stolen recycling bin)		30.00		30.00		
Car Parking						
- Excess Parking Charge (if paid within 14 days)		25.00		35.00	40.0%	
Street Naming & Numbering						
House Name Changes				100.00		
New Developments: -						
1 plot				100.00		
2-5 plots				200.00		
6-10 plots				300.00		
11-20 plots				500.00		
21-50 plots				1,000.00		
51-100 plots				1,500.00		
101+ plots				1,500.00		
Street sign (brand new)				30.00		
Signage - 100mm text per letter				1.24		
Signage - 50mm text per letter				0.90		
Signage - T sign added				5.00		
Signage - arrow				2.00		
Carriage charges (per unit)				4.00		
Installation Charges: -						
Removal & installation to hard ground				72.00		
Removal & installation to soft ground				69.00		
Installation only - hard ground				52.00		
Installation only - soft ground				49.00		
Installation - wall mounted				25.00		
Licensing						
Dog Breeding Establishments						
- Annual		84.15		110.21	31.0%	
Kennel/Cattery						
- Annual				120.82		
Riding Establishments						
- Annual		129.54		193.64	49.5%	In line with MSDC
+ Vets' Fees				+ Vets' Fees		
Dangerous Wild Animals						
- Annual		168.30		252.35		
- Two-yearly						
+ Vets' Fees				+ Vets' Fees		
In-house licensing courses						Potential to charge for in-house licensing courses for licencees. To be determined and applied by officers.

Charges & Fees - Changes	2011/12 Charge		2012/13 Charge		% Change in Charge to Public	Notes
	Charge Less VAT (20%)	Charge to the Public	Charge Less VAT (20%)	Charge to the Public		
Planning						
Pre-application planning advice						Proposals for charging yet to be finalised
Parking or driving on verges - fine				100.00		Not previously listed.
Local Land Charges						
Searches in respect of a single parcel of land						
Paper/printed requests:						
- Official Certificate of Search (LLC1) & Replies to Part 1 (CON29) Enquiries.		140.00		145.00	3.6%	
- Part 1 CON29 Enquiries only (less Statutory fee for Certificate of Search)		115.00		119.00	3.5%	
- Search of the Land Charges register only (LLC1)		25.00		26.00	4.0%	
Enquiries made via the National Land and Information Service:						
- Official Certificate of Search (LLC1) & Replies to Part 1 (CON29) Enquiries. (Note 4)		140.00		145.00	3.6%	
- Part 1 CON29 Enquiries only (less Statutory fee for Certificate of Search) (Note 4)		115.00		119.00	3.5%	
- Search of the Land Charges register only (LLC1)		25.00		26.00	4.0%	
Enquiries made via Suffolk Searches:						
- Official Certificate of Search (LLC1) & Replies to Part 1 (CON29) Enquiries.		140.00		145.00	3.6%	
- Part 1 CON29 Enquiries only (less Statutory fee for Certificate of Search)		115.00		119.00	3.5%	
- Search of the Land Charges register only (LLC1)		25.00		26.00	4.0%	
- Charge for all Non-Public Questions		45.00		Discontinued		
Sale of Electoral Register						
- Complete copy of whole register (Paper Copy & Posted)		370.00		375.00	1.4%	
- Complete copy of whole register (Paper Copy & Collected)		360.00		365.00	1.4%	
- Complete copy of whole register (on disc)	211.00	253.20	212.50	255.00	0.7%	
- Edited copy (Paper & Posted)		230.00		285.00	23.9%	
- Edited copy (Paper & Collected)		220.00		275.00	25.0%	
- Edited copy (on disc)	175.00	210.00	166.50	175.20	-16.6%	
- Copy of 1 Parish - Depends on Number of Electors.		15.00		15.00		
- e-mail full register	206.00	to £30.00 247.20	207.50	to £30.00 249.00	0.7%	
- e-mail edited register	170.00	204.00	186.50	223.80	9.7%	
- e-mail monthly updates	193.50	232.20	193.50	232.20		
- Overseas electors' list - data	21.50	25.80	21.50	25.80		
- Overseas electors' list - paper		15.00		15.00		

A number of charges have been increased or will be introduced next year in line with the charges made by Mid Suffolk DC. In addition to the above, there are a range of other fees & charges which have been increased by an average of 3% where possible (for some this was not practicable due to roundings of figures to nearest half or whole pounds etc). There are also a number of statutory charges set by the Government over which the Council has no control. Some or all of these may be increased for 2012/13 but at this time it is not possible to provide a definitive list of changes.

GENERAL FUND RESERVES

General Reserves

	2010/11	2011/12		2012/13
	Actual	Original	Revised	Budget
	£000	£000	£000	£000
Opening balance - 1 April	1,624	1,513	2,043	1,413
(Use)/Addition	419	(210)	(630)	(160)
Closing balance - 31 March	2,043	1,303	1,413	1,253

Earmarked Reserves

	Capital Projects	BMI	Legal Costs	Elections Fund	Welfare Benefits Reform	New Homes Bonus	Total
	£000	£000	£000	£000	£000	£000	£000
Opening Balance 1/04/2011	632	0	150	0	0	0	782
Inter-Reserve Transfer*	(632)	632					0
Addition 2011/12		107				295	402
Use 2011/12		(198)	(84)				(282)
Estimated Balance 31/03/2012	0	541	66	0	0	295	902
Addition 2012/13				20	100	629	749
Use 2012/13		(460)				(134)	(594)
Estimated Balance 31/03/2013	0	81	66	20	100	790	1,057

* Strategy Committee agreed to transfer £512k to the BMI reserve in July 2011.
Additional £120k transferred to meet potential BMI costs in 2011/12

Capital Programme Summary

Service/Project	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
<u>Private Sector Housing</u>					
Affordable Housing Grants	263	297	50	50	660
Mandatory Disabled Grants	233	270	335	335	1,173
Discretionary Grants	56	90	100	100	346
<u>Community Development Grants</u>	337	129	129	129	724
<u>Asset Management</u>					
Hadleigh Community Facilities	998	1,200			2,198
Kingfisher extension	707				707
Carbon Reduction Schemes	118	100	100	100	418
Waste Transfer Station	4	15	600		619
Refuse Fleet replacements		360	135	135	630
Green Waste Vehicle	135				135
Play Equipment	28	25	25	25	103
Planned Maint/Enhancements:					
- Kingfisher	49	111	112	114	386
- Hadleigh Pool	25	25	25	25	100
- Car Parks	70	80	40	40	230
- HQ	35	35	35	35	140
- Other corporate buildings / assets	47	40	40	40	167
Street Parking Improvements (HRA)		8	8	8	24
Pin Mill Regeneration	11				11
<u>ICT</u>					
Infrastructure	118	80	50	50	298
Applications	20	40			60
Broadband		50			50
<u>Environment & Economy</u>					
Air Quality Management	12	5			17
Redevelopment of Sudbury Bus Station	64				64
<u>Mid Suffolk Integration & Transformation</u>					
Redundancies – Pension costs	750				750
ICT integration	25	115	444	252	836
ICT transformation	64	45			109
Total Capital Programme	4,169	3,120	2,228	1,438	10,955

Potential Financing:					
Capital Receipts	548	1,350	500	100	2,498
Earmarked Reserves	214				214
Grants/External Funding	829	419	247	222	1,717
Borrowing	2,578	1,351	1,481	1,116	6,526
	4,169	3,120	2,228	1,438	10,955

Notes:

1. Affordable Housing Grants exclude any additional S106 funding that may be allocated.
2. Private Sector Housing Discretionary Grant levels will be reviewed as part of the integration programme.
3. The redundancy costs relating to integration with Mid Suffolk are likely to be lower than £750k in 2011/12 due to timing. The £750k shown represents the maximum permissible sum that could be capitalised based on the Government's capitalisation direction.
4. Schemes for 2013/14 onwards are subject to review as part of the annual Strategic and Financial Planning process.
5. Schemes in the 2011/12 and 2012/13 programme are subject to Strategy Committee approval where appropriate. Grants and routine ICT projects are delegated to officers but the latter is subject to Member approval in relation to key integration and transformation projects.

MRP Statement 2012/13

1. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision (MRP) has been issued by the Secretary of State and local authorities are required to “have regard” to such guidance under Section 21 (1A) of the Local Government Act 2003.
2. The four MRP options available are:
 - Option 1: Regulatory Method
 - Option 2: CFR (Capital Financing Requirement) Method
 - Option 3: Asset Life Method
 - Option: 4 Depreciation Method
3. MRP in 2012/13: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.
4. The MRP Statement will be submitted to Council before the start of the 2012/13 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
5. The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
6. MRP in respect of leases brought on Balance Sheet under the IFRS based Code of Practice will match the annual principal repayment for the associated deferred liability.