

Revenue 2012/13 Budget Proposal and Analysis

The Status of the Budget

- 1.1 This second and final draft of the budget presented to the Executive has been subject to further validation of revenue, capital bids and efficiency savings and now incorporates the recommendations from Overview and Scrutiny
- 1.2 This final draft of the budget for 2012-13 shows a surplus of £3,299 which it is recommended should be a contribution to General Fund balances
- 1.3 The provisional settlement figures of the Government Grant we will be receiving in 2012-13 were issued on the 8 December 2011 and these have been incorporated within this final draft of the budget.
- 1.4 The amount available for distribution from the Collection Fund has been finalised and were prepared by the statutory deadline of 15 January 2012. It has therefore been confirmed that our share of the surplus equates to £130,417.
- 1.5 Since the last report on December 11 the Bank of England's has maintained interest rates at 0.5%.

General Fund Revenue Budget

- 1.6 The General Fund Revenue budget is shown below in Table 1.

Service Area	Approved Budget 2011/12	Proposed Budget 2012/13	Movement
Community & Environment	£8,305,435	£7,842,683	-£462,752
Resources	£4,964,760	£4,894,514	-£70,246
Development	£4,215,039	£3,904,128	-£310,911
Service Total	£17,485,234	£16,641,325	-£843,909
Executive Matters			
Centrally controlled items	£1,522,823	£1,644,312	£121,489
SNDC Joint Working Savings	-£333,000	-£230,000	£103,000
Credit for Capital Charges	-£3,218,477	-£3,323,392	-£104,915
	£15,456,580	£14,732,245	-£724,335
Contribution to (+) / from (-) Earmarked Reserves	£334,526	-£74,245	-£408,771
Contribution to (+) / from (-) General Balances	£68,834	£3,299	-£65,535
Net Budget Requirement	£15,859,940	£14,661,299	-£1,198,641
RSG Settlement	-£8,634,458	-£7,621,722	£1,012,736
Council tax Compensation Grant 2011/12	-£155,037	-£155,415	-£378
Council Tax -Single person discount review	£0	-£52,000	-£52,000
Collection Fund Surplus	-£130,417	-£141,399	-£10,982
Investment Income	-£723,407	-£439,810	£283,597
Amount to be funded from Council Tax	£6,216,621	£6,250,953	£34,332
Number of band D equivalents	50337	50615	278
2012-13 Cost of Band D equivalent	£123.50	£123.50	
2011-12 Cost of Band D equivalent	£123.50	£123.50	
	£6,216,620	£6,250,953	

- 1.7 The finalisation of support allocations and internal recharges may result in the service total of £16,641,325 being re-allocated across the 3 service areas but the bottom line totals and budget requirement will not change.
- 1.8 In order to balance the budget and secure the £165,228 deficit from Draft Budget 1, further reductions in costs, increases in income and review of reserves and provisions were taken into account. The main drivers for this are summarised in Table 2 below and as can be seen these adjustments have resulted in a surplus of £3,299.

BUDGET MOVEMENT DRAFT 2 TO FINAL (Main Drivers)	
Draft 1 Shortfall	£165,228
Old House Rental Income removed	£71,000
Review of Risk Provision - Utilities	£41,000
Various Budget Adjustments	£11,570
Scrutiny Recommendation - Reduction in Stationary Budgets	- £5,000
Additional Procurement Savings	-£13,500
Finalisation of Council Tax Base	-£22,971
Budget Reduction - Professional Fees	-£ 50,000
Revenue Implications of Capital Programme	-£56,441
Amended Notification of Revenue Support Grant	-£69,042
Pay Negotiations	-£75,143
Final Draft	-£3,299

- 1.9 Table 3 below includes a walk from the 2011/12 net service budget to the proposed 2012/13 net service budget highlighting the main drivers of cost pressures, impact of service income and cost reductions.

Budget Walk 2011/12 to 2012/13	
Adjusted Base Service Budget 2011/12	£15,859,940
Budget Virements	£136,267
Budget Pressure from 2011/12	£254,554
Budget Reductions	-£2,011,004
Changes in Reserves & Provisions	-£352,817
New Effects	£420,808
Inflation	£353,551
Draft Base Budget 2012/13	£14,661,299

- 1.10 These movements are further analysed in the tables below

Budget Virements

The Budget Virements figure of £136,267 incorporates both the virement of funding for service expenditure from ear marked reserves – (Insurance Risk Reserve / Wheeled Bin Reserves) and the realignment of costs in respect of the new organisational structure within 2011/12.

Budget Pressures from 2011/12

Budget pressures 2011/12 Budget Monitoring	
Net Reduction in Rental Income- Estates	£94,750
Reduction in Car Park Income	£52,321
Reduction in Grants and income received - Safer Communities	£39,750
Reduction in court cost income	£32,500
Additional Discretionary Rate relief - Revenues	£22,700
Reduction in Commission Sales / Exhibition Income - Museum	£15,414
Increased NNDR Costs - Estates	£10,000
Additional Software support Infrastructure Support	£7,119
Reduction in Management Fee - Housing Needs	-£20,000
	£254,554

Budget Reductions –

As detailed, the total value of reductions included in this budget now totals **£2,011,004**. These are detailed in Appendix 1a

Changes in Reserves & Provisions

Changes in Financing	
(Use of) Transfer to General Fund Balance	-£65,535
(Use of) Transfer to Earmarked Reserves	-£408,771
Movement in Risk and Pension Provisions	£121,489
	-£352,817

New Effects (Main Drivers)

New Effects (Main Drivers)	
Reduced Car park Income	£251,811
Reduction in Court Costs Recovered	£77,484
Transition of Advisory Services	£35,000
Reduced Licensing Income	£25,358
Gov Connect Charges	£25,000
Other minor growth items	£6,155
	£420,808

Council Tax

- 1.11 The level of council tax being proposed is £123.50 pa at Band D and this is in line with Council commitment of a zero increase. Table 1 above also details the 2nd year allocation of Council Tax Compensation Grant which the Council will receive from Central Government in 2012/13 - £155,415.
- 1.12 Additionally, as stated in the main body of this report the Council tax freeze grant of £156,970 specifically awarded for 2012/13 only has not been incorporated into this base budget, but will be treated as windfall income.

Joint Senior Management Team with South Northants District Council

- 1.13 The Joint Senior Management team has now been established and the full year effect of savings from this has been incorporated into the base budget for 2012/13. This can be seen detailed in Appendix 1A - £333k was incorporated into the 2011/12 base budget and a further £353k has been incorporated into the budget for 2012/13. The draft budget proposals for 2012 /13 also includes additional base budget reductions of £230k in respect of Joint working initiatives and infrastructure savings, again this can be seen detailed in Appendix 1A

Medium Term Financial Strategy 2013/14 – 2016/17

- 1.14 The coming years will present even further challenges which in the main will relate to the continued cuts to the level of government grants received, local government finance and housing benefit reform, inflation and interest rates.
- 1.15 The Council's has a strong track record and commitment to delivering efficiencies resulting in a 38% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £14.6m in 2012/13. A total of £2m (8%) has been delivered as part of the 2012/13 budget as a result of the forecasted funding reductions.
- 1.16 These reductions and forward planning together with the joint working with South Northamptonshire Council strengthens our position to meet the forecast challenges of future years.
- 1.17 The Council will update its forecast to be included in the 2012/13 budget book and present an updated strategy in June 2012.

Summary

- 1.18 This budget will be presented to the Executive on February 6th 2012 with a recommendation to produce the 2012/13 budget book on the basis of Appendices 1-7 and a recommendation to Council on 27 February 2012 to adopt the 2012/13 budget (as a key decision) and set council tax accordingly.