

General Fund Revenue Profile 2009/10 to 2013/14 - Position including Proposed Service and Budget Savings

Date Produced: 15th January 2010

Central Case:	(Agreed Feb 2009)				
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£	£	£	£	£
Base Budget (inclusive of Efficiency Factor)	17,862,860	18,645,610	18,900,900	18,805,989	18,743,487
Pay, Pension Fund, Other Inflation and Recharges	1,097,060	209,060	580,010	470,910	440,020
Housing Transfer - Service Level Agreements	238,140	745,220	(189,550)	(127,500)	-
Budget variations (expenditure and income)	1,185,090	476,300	276,750	(186,150)	40,000
Total Reductions Previously identified	(1,737,540)	(323,070)	(50,900)	0	0
Requests for Funding		131,140	(53,750)		
Savings - Changes to service provision and/or policy		(416,270)	(117,400)	(75,000)	
Savings - Approved by Management		(491,770)	(67,910)	(12,560)	
Savings - Budget Reductions		(75,320)	(13,900)	0	
Savings - anticipated lower running costs at new Leisure Centre, Witham				(300,000)	
Savings target (after allowing for 3.33% reduction in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and £300,000 saving from net running costs of new pool from 2012/13)	0	0	(458,261)	167,798	(519,455)
Revised Base Budget	18,645,610	18,900,900	18,805,989	18,743,487	18,704,052
Contribution (from)/to Balances	(278,000)	0	0	0	0
Government Grant	(9,941,212)	(10,231,363)	(9,890,659)	(9,561,300)	(9,242,908)
Collection Fund Balance	(24,980)	(13,910)	0	0	0
BDC Requirement from Council Taxpayers	8,401,418	8,655,627	8,915,330	9,182,187	9,461,144
Tax base	52,889	53,164	53,430	53,697	53,965
Council Tax (Band D)	£ 158.85	£ 162.81	£ 166.86	£ 171.00	£ 175.32
Council Tax per week	£ 3.05	£ 3.13	£ 3.21	£ 3.29	£ 3.37
Percentage Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Increase per week	£ 0.07	£ 0.08	£ 0.08	£ 0.08	£ 0.08
Amount of council tax from a 1% change		£ 86,126			

Best Case:					
Savings target (after allowing for Nil increase in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and £500,000 saving from net running costs of new pool from 2012/13)	0	0	(117,557)	697,157	(201,064)
Worst Case:					
Savings target (after allowing for 6.66% reduction in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and nil saving from net running costs of new pool from 2012/13)	0	0	(798,965)	(438,870)	(794,731)

Sensitivity Analysis

The following provides an analysis of key variables within the proposed budget for 2010/11 and medium term forecasts and how changes may impact on plans.

Investment Income

Investment income is dependent upon two main factors: Rate of return at which investments are made; and the level of cash balances available to invest.

Changes to Reinvestment Rate

The table below shows the impact of the following:

- Half percentage +/- on the re-investment rate currently assumed
- The impact of a 1% re-investment rate in 2010/11 with half point increments in the subsequent years.

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Current Re-investment Rate Assumed in Budget Plans	1.50%	2.25%	3.00%	3.00%
Impact of +/- ½% on Gross Interest	+/-£172,000	+/-£178,000	+/-£180,000	+/-£187,000
Of which General Fund share =	£111,000	£111,000	£174,000	£182,000
Impact on Gross Interest of 1% re-investment rate in 2010/11 + ½% increments year-on-year Vs current re-investment rate assumption	-£172,000	-£267,000	-£359,000	-£187,000
Of which General Fund share =	-£111,000	-£170,000	-£353,000	-£181,000

From 2012/13 the HRA related interest will accrue to the General Fund

Change in Investment Balances

The table below shows the impact of a change in investment balances of +/-£1 million.

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Assumed Average Cash Balances	£39.810m	£36.412m	£35.978m	£37.442m
Impact on Gross Interest per +/- £1million at assumed re-investment rate	£15,000	£22,500	£30,000	£30,000

Pay Award and Other Inflation

The budget plans are based on the inflation assumptions as set out in Section A.2. The following table shows the effect of a +/- ½% change in the inflation assumptions (excluding utility costs).

Impact of a +/- ½% Change in Costs:	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Pay Award	£74,750	£74,470	£75,760	£76,900
Other Inflation	£25,690	£25,890	£26,400	£26,930

In addition to the Pay Award the salary budgets assume a level of incremental progression which equates to 1.3% of salaries in 2010/11, and then reducing year-on-year as staff move towards the top of the pay scale to an increase of 0.5% in 2013/14. A variation in this incremental growth of +/- ½% would have similar impact as the Pay Award set out in the table above.

Benefit Subsidy

Council Tax and Housing Benefits are largely met by subsidy received from Central Government. The estimated expenditure for 2010/11 is £43.5m, and it is assumed that 99.8% of this will be recovered by subsidy leaving a net cost of £95,530. This in turn is generally more than offset by overpayment recoveries.

The level of cover through subsidy is based on previous years' experience. However, factors can vary that determine the actual level of subsidy recovery and a change of +/- 0.1% in this rate gives can give rise to a difference of +/-£43,500 in subsidy receivable.

Income

The budget plans include assumptions about levels of income from fees and charges. Many of these are subject to external influences which can be difficult to predict. The main sources of income, with estimated amounts for 2010/11 along with the effect of +/-1% change are detailed in the table below:

Main Sources of Income from Rents, fees, charges, and other recoveries	Estimate for 2010/11	Variance of +/- 1%
Car Parks – off street	£801,000	+/-£8,010
Building Control	£430,190	+/-£4,302
Development Control	£631,660	+/-£6,317
Local Land Charge Searches	£179,950	+/-£1,800
Property and Commercial Rents – Net of void allowance	£1,208,670	+/-£12,087

APPENDIX H

Main Sources of Income from Rents, fees, charges, and other recoveries	Estimate for 2010/11	Variance of +/- 1%
Trade Waste	£699,570	+/-£6,998
Local Tax and Benefit Overpayment Recoveries	£640,280	+/-£6,403
Licensing	£230,110	+/-£2,301
Community Halls	£171,430	+/-£1,714

HRA Estimated Account

	<u>2009/10 Q2</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	£	£	£	
Expenditure				
Supervision & management - General	20,000	-	-	
Supervision & management - General (Appx expenses)	45,000	45,000	45,000	
Supervision & management - Special	28,150	28,150	28,150	
Supervision & management - Repairs	34,250	20,000	20,000	
Other - mainly energy costs etc		-	-	
Council Tax	15,728	15,000	15,000	
Mortgage administration	3,509	3,510	3,510	
Contribution to Pension Fund	312,183	242,800	251,250	
Depreciation/ MRA	-	-	-	
RCCO - capital	22,100			
Debt Management Expenses	37,290	37,290	37,290	
Amortised premia	1,187,190	1,140,550	918,300	
	1705400	1532300	1318500	0
Income				
Dwelling rents	(35,520)	(35,520)	(35,520)	
Non-dwelling rents	(10,000)	(10,000)	(10,000)	
Service charges	(16,880)	(16,880)	(16,880)	
HRA Subsidy	(1,184,089)	(1,137,450)	(915,200)	
Interest on investments	(278,680)	(237,600)	(289,400)	
Mortgage interest	(3,101)	(3,100)	(3,100)	
	(1,528,270)	(1,440,550)	(1,270,100)	0
Net Deficit	177,130	91,750	48,400	0