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**EXCERPT FROM THE MINUTES OF THE  
EXECUTIVE  
HELD ON 14 JANUARY 2015**

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**EX.01/15     BUDGET 2015/16 – CONSIDERATION OF CONSULTATION  
FEEDBACK**

(Key Decision – KD.25/14)

**Portfolio**     Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**     Resources

**Subject Matter**

The Finance, Governance and Resources Portfolio Holder reported the submission of the following documents in response to consultation on the Executive's draft Budget proposals:

- (a) Minutes of the budget consultation meeting with representatives of Non-Domestic Ratepayers and the Large Employers - 7 January 2015
- (b) Minutes of the budget consultation meeting with Trade Union representatives - 7 January 2015
- (c) Minutes of the Resources Overview and Scrutiny Panel - 5 January 2015

In response, the Finance, Governance and Resources Portfolio Holder commented upon each in turn:

- (a) The meeting with representatives of the Non-Domestic Ratepayers and Large Employers had been extremely constructive in nature. The City Council and the representatives shared a common agenda, particularly in terms of tourism and the problems in relation to car parking. The Executive was keen to continue to work with businesses throughout the year to develop priorities for the City and the Portfolio Holder thanked the representatives for their time and very useful contributions at the meeting.
- (b) The meeting with Trade Unions representatives was also very productive. Despite the need to make significant savings, the aim of the Labour Administration was to achieve those savings via non-staffing cuts, with compulsory redundancies being considered as a last resort.

Members of staff were the key resource within the authority. In recognition thereof the Council had introduced the living wage, and would encourage other authorities and businesses to do likewise. The Trade Union representatives were happy to work with the Executive and that would continue throughout the year.

- (c) The Resources Overview and Scrutiny Panel had been consulted as part of the consultation process and had scrutinised the Executive's draft Budget Proposals for 2015/16 as evidenced by the quite detailed Minutes submitted. Although no specific changes were proposed as a result of that exercise, the comments of Overview and Scrutiny were extremely useful in the formation of the Executive's Budget.

The Portfolio Holder stressed that, as well as seeking to achieve savings, the Executive was looking at areas of revenue income to achieve a balanced budgetary position as far as possible.

Copies of the following documentation received in response to the budget consultation process had also been circulated to the Executive prior to the meeting:

- 1. Response from Mr Nick Sandford, Government Affairs Officer, The Woodland Trust
- 2. Feedback from Mr Geoff Brazendale
- 3. The Director of Resources' written response to questions raised by Mr David Ward
- 4. Feedback from Mr Malcolm P Ward

The Finance, Governance and Resources Portfolio Holder then commented upon each response in turn:

- 1. The draft Budget proposals included a saving of £10,000 for landscape maintenance. The Woodland Trust had suggested that the figure could be increased by creating woodland in selected areas. Reference was also made to their report entitled "Trees or Turf" which looked at the costs of maintaining various types of urban green space and clearly showed that conversion of selected areas of short mown grass to woodland could deliver a range of social, environmental and economic benefits, but could also lead to significant reduction in landscape management costs.

The Portfolio Holder recommended that the "Trees or Turf" report be passed to the Director of Local Environment for consideration, with the request that she submit a report on the viability of the proposal (as an alternative to the £10,000 saving) to a future meeting of the Executive.

- 2. The 2015/16 draft Budget Proposals included a recurring budget for Council Events designed to promote Carlisle. There was a balance between hosting a highly organised public Fireshow and the dangers associated with people arranging their own firework displays in their gardens. The Fireshow was very much appreciated by both the local and wider community.

In the light of the concerns raised, the Executive would investigate potential sponsorship for the Fireshow and all other Council events.

3. Due to the complexity of the questions raised by Mr David Ward, the Director of Resources had provided a written response.
4. A written response would also be provided to Mr Malcolm Ward in due course.

**Summary of options rejected** None

## **DECISION**

1. That the Minutes of the consultation meetings with representatives of Non-Domestic Ratepayers and the Large Employers; and Trade Unions, attached as Appendices A and B; and the Extract from the Minutes of the Resources Overview and Scrutiny Panel be received.
2. That the consultation feedback be received, it being noted that the comments had been taken into account by the Executive when formulating its final recommendations for the City Council's 2015/16 Budget to be submitted later in the meeting.
3. That the Director of Local Environment be requested to consider the Woodland Trust's "Trees or Turf" report, and submit her conclusions to a future meeting of the Executive.

## **Reasons for Decision**

To take into account consultation feedback when formulating recommendations on the 2015/16 Budget

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## EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 14 JANUARY 2015

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**EX.02/15      \*\*BUDGET UPDATE REVENUE AND CAPITAL 2015/16 – 2019/20**  
(Key Decision – KD.25/14)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

**Portfolio**      Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**      Resources

### **Subject Matter**

Pursuant to Minute EX.136/14, the Finance, Governance and Resources Portfolio Holder submitted report RD.47/14 providing an update to the Director of Resources' report (RD.41/14) considered by the Executive on 15 December 2014.

The Portfolio Holder then outlined the outstanding issues and known changes affecting the budget as follows:

#### Revenue Support Grant Settlement/Retained Business Rates

Draft figures were received on 18 December 2014 and were broadly in line with expectations in the Medium Term Financial Plan (MTFP). Overall there was a £5,714 increase in grant funding/retained business rates as outlined in the table at 2.1 to the report.

#### New Homes Bonus

Draft figures were received on 16 December 2014 which indicated that the Council would receive an additional £122,540 over and above what was already included in the MTFP. That would be offset by the 2013/14 allocation of £388,000 ceasing from 2019/20, meaning a net additional £224,700 added to reserves by 2019/20.

#### Council Tax Surplus

The Council Tax surplus/Deficit Calculation could not be undertaken until 15 January 2015. The current estimates included provision for a £35,000 surplus. That was not anticipated to change significantly.

#### Council Tax Base

The draft Council Tax Base calculation showed an increase in the number of properties from 31100.82 to 31321.50 (220.68 increase). That would yield approximately £47,000 per year and so would increase reserves by £235,000 by 2019/20.

### Disabled Facilities Grants

The allocation of funding for Disabled Facilities Grants would be known in January 2015. It was not anticipated that would change from the amount currently budgeted (£663,000).

The Finance, Governance and Resources Portfolio Holder then moved the recommendations, which were agreed.

**Summary of options rejected**    None

### **DECISION**

That the Executive noted the changes and outstanding issues to the current revenue and capital budget projections for 2014/15 to 2019/20.

### **Reasons for Decision**

To prepare a draft budget proposal for 2015/16 for recommendation to the City Council

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 14 JANUARY 2015**

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**EX.04/15      \*\*EXECUTIVE RESPONSE TO THE BUDGET CONSULTATION AND  
RECOMMENDATIONS FOR THE 2015/16 BUDGET  
(Key Decision – KD.25/14)**

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

**Portfolio**      Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**      Resources

**Subject Matter**

The Leader made reference to the Executive's Budget proposals for 2015/16, copies of which were tabled at the meeting.

The Leader began by expressing a very big thank you to Officers of the City Council who had spent many hours preparing briefing papers and undertaken much hard work in order that the Budget proposals could progress to this point.

He also thanked Members of the Community; Environment and Economy; and Resources Overview and Scrutiny Panels for their input which had informed the Budget before Members today.

The Leader further echoed the Finance, Governance and Resources Portfolio Holder's comments in thanking all those who had taken the time to respond to the consultation, whether that be via the submission of feedback or attendance at consultation meetings.

The comments received had been very helpful and had provided focus for the 2015/16 budget and for years to come.

There was no doubting the difficult times faced by all local authorities as a result of reduced Government grant. Significant savings had to be found within the next five year period amounting to £4.686 million in total, with £1.211 million to be found by 2015/16 and £3.4 million in later years.

The Executive's aim was to protect front line services, build in the necessary savings, and ultimately to set a budget which would deliver new homes, jobs, increased leisure and tourism thus contributing towards a vibrant City with a future.

The Council's assets would also be used wisely and the Executive was committed to service delivery and to attracting new business to the City.

The Leader also thanked all those who had stepped up to the mark and had worked in partnership with the Council.

He added that:

- The Executive was recommending a Council Tax freeze for 2015/16, the fifth year of maintaining such a freeze.
- In a very short space of time attention would be given to delivery of the Carlisle District Local Plan which would guide development, and provision had been included within the Budget for that process.
- The Arts Centre was scheduled to open in May 2015 (the necessary funding having formed part of the 2013/14 Budget) and the Executive looked forward to it delivering growth for the City. Funding was also included to replace the Pools by 2018/19.
- A clear priority was to deliver a clean city, one which all could be proud of. To that end, it was now proposed that funding be provided for the rapid response teams for a further two year period.
- Work had commenced on the Phase II development of the Old Town Hall and the Executive looked forward to delivery of the Visitor Centre there.
- Funding was included for the Harraby Campus, a significant capital project being delivered in conjunction with Cumbria County Council.
- Currently victims of sexual assault had to travel to Preston for assessment. That was unacceptable, and a request had been received from the Police Commissioner for funding to support the Sexual Assault referral service across Cumbria in association with the Police and other Cumbrian Authorities.

It was proposed that the City Council make a contribution of £20,000 per annum for three years, which had been built into the Budget. The views of the other Cumbrian Councils were not yet known and therefore a further report would come back to the Executive in due course to seek the release of that funding.

In conclusion, the Leader moved the Executive Budget Proposals 2015/16.

The Finance, Governance and Resources Portfolio Holder formally seconded the Budget, commenting that this was the third year in which he had been involved in the Budget process.

Sadly the Executive's Budget Proposals came on the back of a continued and sustained attack on local authority finance by the Coalition Government, meaning that additional savings had to be made.

The budget proposals assumed that significant savings must be found within the next five year period; £4.686million in total, with £1.211million to be found by 2015/16 with £3.4million in later years. Therefore there were very difficult times ahead,

The Executive had a history of achieving savings, having identified and achieved approximately £6 million since 2010/11, whilst minimising the need for compulsory redundancies.

Despite having to make those savings, which included an approximate 38% reduction in Government grant, due to prudent financial management, the Council had a sound financial base upon which to set its 2015/16 Budget.

The Portfolio Holder then outlined the positive messages contained within Executive's Budget proposal:

- Car parking charges would be frozen for the fourth year running and long stay charges reduced which it was hoped would attract people into the City
- The Council's ambitious Capital Programme was maintained, including the Arts Centre, which it was anticipated would be delivered on time and within budget
- Additional funding would be provided for Council events in promoting Carlisle on a permanent basis, together with the investigation of potential sponsorship of events
- The popular 'Clean Up Carlisle' initiative would be maintained for a further two years
- There would be additional funding for Ward Councillors to support Small Scale Community Projects in their Wards
- Funding would be provided in support of Sexual Assault referral service across Cumbria in association with the Police and other Cumbrian Authorities

As stated earlier, the Executive was also recommending not increasing Council Tax for 2015/16, the fifth year of maintaining a Council Tax freeze.

In conclusion, the Finance, Governance and Resources Portfolio Holder emphasised that the Executive was ambitious in their aim to grow the City; did not wish to make cuts and was looking to increase revenue on assets wherever possible.

**Summary of options rejected** A number of options which had been considered as part of the Council's 2015/16 budget deliberations as identified in various reports

## **DECISION**

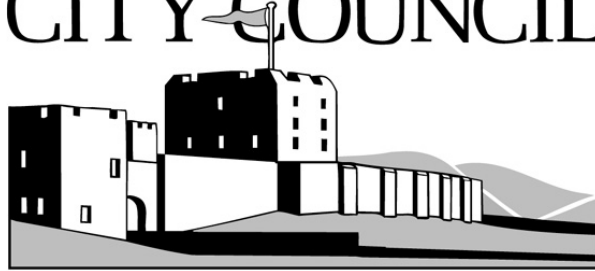
That the Executive Budget Proposals for 2015/16, attached as Appendix C, be forwarded to the City Council for approval on 3 February 2015.



## **Reasons for Decision**

To produce the Executive's budget proposals for 2015/16 for recommendation to the City Council

# CARLISLE CITY COUNCIL



**[www.carlisle.gov.uk](http://www.carlisle.gov.uk)**

## **Executive Budget Proposals 2015/16** **14<sup>th</sup> January 2015**

Councillor C Glover  
Leader of the Council

Councillor Dr L Tickner  
Portfolio Holder Finance, Governance & Resources

Jason Gooding  
Chief Executive

Peter Mason CPFA  
Director of Resources

## **EXECUTIVE BUDGET PROPOSALS 2014/15 to 2019/20**

This document contains the budget proposals of the City Council's Executive set out as follows.

<b>Section</b>	<b>Detail</b>
<b>A</b>	<b>Background and Executive Summary</b>
<b>B</b>	<b>Revenue Budget 2014/15 to 2019/20</b> <ul style="list-style-type: none"><li>• Schedule 1 - Existing Net Budgets</li><li>• Schedule 2 - Proposed Budget Reductions</li><li>• Schedule 3 - Recurring Budget Increases</li><li>• Schedule 4 - Non-Recurring Budget Increases</li><li>• Schedule 5 - Summary Net Budget Requirement</li><li>• Schedule 6 - Total Funding and Provisional Council Tax</li></ul>
<b>C</b>	<b>Capital Programme 2014/15 to 2019/20</b> <ul style="list-style-type: none"><li>• Schedule 7 - Estimated Capital Resources</li><li>• Schedule 8 - Proposed Capital Programme</li><li>• Schedule 9 - Summary Capital Resource Statement</li></ul>
<b>D</b>	<b>Council Reserves Projections to 2019/20</b> <ul style="list-style-type: none"><li>• Schedule 10 - Usable Reserves Projections</li></ul>
<b>E</b>	<b>Budget Discipline and Saving Strategy</b>
<b>F</b>	<b>Statutory Report of the Director of Resources</b>
<b>G</b>	<b>Glossary of Terms</b>

These budget proposals are based on detailed proposals that have been considered by the Executive over the course of the last few months. In particular the following reports of the Director of Resources were considered at the Executive meeting of 15<sup>th</sup> December 2014. All of the detailed reports are available on the Council's website.

1. RD41/14 – Budget Update 2014/15 to 2019/20
2. RD42/14 - Draft Treasury Management Strategy Statement and Investment Strategy and Minimum Revenue Provision Strategy 2015/16

## **SECTION A – BACKGROUND AND EXECUTIVE SUMMARY**

### **Council Priorities**

The Council's priorities are now encompassed in the Carlisle Plan. This aims to deliver a vision of "In everything we do, we aim to promote Carlisle as a prosperous City, one in which we can all be proud." This will be delivered through priorities which are outlined below and which all have specific actions in order to enable their delivery:

- Support business growth to improve opportunities and economic prospects for the people of Carlisle
- Develop sports, arts and cultural facilities to support the health and wellbeing of our residents
- Work effectively with partners, being prepared to lead or follow as necessary to drive positive change for Carlisle
- Continue to improve the built environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle
- Address current and future housing needs to protect and improve residents' health and wellbeing
- Promote Carlisle regionally, nationally and abroad as a place with much to offer - full opportunities and potential
- Balance the books – prepared to make the difficult decisions to focus on our priorities

### **Budget Policy Framework**

The preparation of the budget proposals is an ongoing process, which starts in the summer with the agreement by Council to the Medium Term Financial Plan, Corporate Charging Policy, Capital Strategy and Asset Management Plan. These strategy documents set out the Council's policies in guiding the budget process and in particular set out the five year financial projections that the Council is faced with prior to starting the new budget process.

### **Approving a Balanced Budget**

The Council is obliged to ensure proper financial administration of its affairs in accordance with Section 151 of the Local Government Act 1972. For Carlisle City Council, this is the responsibility of the Director of Resources and the Council must consider the advice of the Director in setting the budget. One of the responsibilities is to ensure that the Council approves a balanced budget meaning that the planned expenditure must not exceed the resources available. Base budgets must be robust and sustainable and any savings identified must be achievable and the level of Council reserves must be adequate. The Council must determine what levels of borrowing, if any, it wishes to make under the Prudential Code that now governs local authority borrowing.

### **Council Tax Reduction Scheme**

The Local Support for Council Tax Scheme ("The Council Tax Reduction Scheme" or CTRS) is required to be approved annually as part of the Budget Process. There are no intentions to make any changes to the reductions given to recipients of the discount scheme for 2015/16, proposals to make any revisions or replace the current scheme and as such the continuation of the current scheme is recommended.

### **Major Financial Challenges facing the Council**

The Council is facing many financial challenges over the next five-year planning period and forecast resources are not anticipated to cover the expenditure commitments without major 'transformational' savings being identified in accordance with the Council's Savings Strategy (section E).

Some of the main issues are:

- Government Finance Settlement - RSG and NNDR
- Welfare Reform Act
- Transformation
- Reduced capital resources

### Summary Budget Proposals

The key issues in this budget document, which is expanded on further in the proposals, are as follows:

- The budget proposes no increase in Council Tax for the City Council for 2015/16 (Parishes Precepts will be an additional charge in the parished rural areas).
- Based on current projections, the budget proposed will result in the following requirement to be taken **to/(from)** Council reserves to support Council expenditure over the period as follows:

Additional contribution to / (from) reserves	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Original MTFP recurring surplus/(deficit)	1,000	44	138	(128)	(841)
Changes to Funding - Decrease in RSG Settlement	(24)	(54)	(54)	(54)	(54)
Changes to Funding - Decrease in Business Rates Baseline	(25)	0	0	0	0
Changes to Funding - Increase in Taxbase	94	95	99	100	103
Recurring budget reductions (Schedule 2)	459	1,258	1,399	1,541	1,384
Recurring Budget Increases (Schedule 3)	(1,536)	(278)	(963)	(464)	(832)
<b>Reserves (required) to fund Net Recurring Expenditure</b>	<b>(32)</b>	<b>1,065</b>	<b>619</b>	<b>995</b>	<b>(240)</b>
Original MTFP non-recurring surplus/(deficit)	106	0	0	0	0
Non-Recurring budget reductions (Schedule 2)	9	0	0	0	0
Non-Recurring budget increases (Schedule 4)	(600)	(450)	(20)	0	0
<b>Reserves required to fund Non-Recurring Expenditure</b>	<b>(485)</b>	<b>(450)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
<b>Total contribution (required) from Reserves</b>	<b>(517)</b>	<b>615</b>	<b>599</b>	<b>995</b>	<b>(240)</b>

- The above table shows a requirement to fund expenditure from Reserves in 2015/16 but there will be net contributions to reserves in 2016/17 onwards. If all new pressures and savings proposed were approved, there will be difficulties in containing pressures within existing Council resources. A strategy (detailed in Section E) for identifying recurring savings within the

revenue budget has been proposed and this strategy will continue to be developed.

- (iv) Given the increasing financial pressure the Council is facing, the scope to support new recurring spending and initiatives in future years will be very challenging.

### **Consultation Responses:**

Formal consultation meetings have been held and views sought from council tax payers. The Executive, at their meeting on 14<sup>th</sup> January, considered the consultation responses, culminating in their final budget proposal to Council on **3rd February 2015**.

Although provisional estimates have been included, it should be noted that at this point in time there are a number of issues which have not yet been finalised and which may impact on the final budget proposals to Council on 3<sup>rd</sup> February 2015. Any minor changes will be funded from appropriations to/from revenue reserves and details provided for the Council meeting in February.

A glossary of terms is included at the end of this document to aid understanding of the proposals. Further details on these proposals including detailed reports are available on the Council's website or by contacting the Director of Resources at the Civic Centre, Carlisle, CA3 8QG.

## **SECTION B - REVENUE BUDGET 2014/15 to 2019/20**

### **1. REVISED REVENUE BUDGET 2014/15**

- 1.1 The Executive recommends that the Council's revised net budget for 2014/15 be approved totalling £13.267m compared to the original budget of £12.501m. The increase of £0.766million can be summarised as follows:

<b>Detail:</b>	<b>£000</b>	<b>£000</b>
<b>Original Net Budget</b>		12,501
Non-Recurring Expenditure:		
Use of Transformation Reserve	(2)	
Carry Forward Requests from 2013/14(See 1.2)	768	
<b>Total Changes</b>		<b>766</b>
<b>Revised Net Budget</b>		<b>13,267</b>

- 1.2 The increased budget for 2014/15 is principally as a result of the carry forward of budgets from previous years for work not completed at the financial year-end. Although the 2014/15 budget is increased, there is a corresponding decrease for the previous financial year and so there is no impact on the Council's overall financial position.

### **2. REVENUE BUDGET 2015/16 to 2019/20**

#### **2.1 Existing Net Budgets**

The Executive recommends that the net budgets for 2015/16 to 2019/20 submitted in respect of existing services and including existing non-recurring commitment and estimated Parish Precepts are as shown in **Schedule 1** below:

#### **Schedule 1 – Existing Net Budgets**

<b>Existing Net Budgets</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
City Council					
- Recurring (schedule 5)	10,872	12,066	12,111	12,521	13,380
- Non-Recurring (Sch. 5 note 2)	(106)	0	0	0	0
Parish Precepts	490	502	515	528	541
<b>Total</b>	<b>11,256</b>	<b>12,568</b>	<b>12,626</b>	<b>13,049</b>	<b>13,921</b>

## 2.2 **Proposed Savings and Budget Reductions**

The Executive further recommends that the existing budgets set out in **Schedule 1** be reduced by proposals for budget reductions as detailed in **Schedule 2**. Full details of all of the proposals are contained within various reports considered by the Executive at various stages during the budget process to date.

### **Schedule 2 – Proposed Budget Reductions**

<b>Proposed Budget Reductions</b>	<b>Note</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
<b>Expenditure Reductions/Increased Income:</b>						
Inflation Savings	1	0	(100)	(100)	(100)	(100)
Pay Award Savings	2	0	(70)	(70)	(70)	(70)
Treasury Management	3	(167)	(446)	(587)	(729)	(572)
Income	4	(144)	(144)	(144)	(144)	(144)
New Transformation Savings Required (Cumulative)	5	0	(350)	(350)	(350)	(350)
Neighbourhood Forum Grant	6	(24)	(24)	(24)	(24)	(24)
New Homes Bonus 2015/16	7	(124)	(124)	(124)	(124)	(124)
Specific Grants included in RSG	8	(9)	0	0	0	0
<b>Total Expenditure Reductions/Increased Income</b>		<b>(468)</b>	<b>(1,258)</b>	<b>(1,399)</b>	<b>(1,541)</b>	<b>(1,384)</b>
<b>TOTAL BUDGET REDUCTION PROPOSALS</b>		<b>(468)</b>	<b>(1,258)</b>	<b>(1,399)</b>	<b>(1,541)</b>	<b>(1,384)</b>
Split:						
Recurring		(459)	(1,258)	(1,399)	(1,541)	(1,384)
Non-Recurring		(9)	0	0	0	0

**Note 1:** Inflation is currently included in the MTFP based on higher levels of Net Expenditure. Due to savings being made, this base level can be reduced and therefore the amounts set aside for inflation can also be reduced.

**Note 2:** The Medium Term Financial Plan includes provision for pay awards at 2.5% for 2016/17 onwards. The savings above reflect reducing this to 2% in line with other inflationary pressures.

**Note 3:** Treasury Management projections have been updated to reflect changes in interest rate forecasts and changes to the Capital Programme.

**Note 4:** Additional income is anticipated in Hostels, £116,000, Land Charges £23,700 and Sports Pitches, Dogs and Allotments £3,600.

**Note 5:** Additional Transformation Savings will be required in order to bring reserves up to minimum levels. The revised profiling of transformation savings is shown below.

**Note 6:** The grant for the neighbourhood forums is being removed and replaced with an enhanced Small Scale Community Projects budget as outlined in Schedule 3.



**Note 7:** Additional New Homes Bonus awarded for 2015/16 onwards above what was included in the 2014/15 budget process.

**Note 8:** This includes Council Tax Support New Burdens Funding of £25,000 and a reduction in the New Homes Bonus Returned Funding of £16,000 (from the £26,000 shown in Schedule 9).

	Cumulative Savings identified as 2014/15 Budget £000	Additional Cumulative Savings Required £000	Reprofiled Savings £000	Revised Cumulative Savings required £000	Revised in Year Savings Required £000
2015/16	(1,839)	0	628	(1,211)	(1,211)
2016/17	(1,839)	(350)	(623)	(2,812)	(1,601)
2017/18	(2,939)	(350)	82	(3,207)	(395)
2018/19	(3,939)	(350)	(397)	(4,686)	(1,479)
2019/20	(3,939)	(350)	(397)	(4,686)	0

### 2.3 **Proposed Budget Increases**

The Executive further recommends that the existing budgets set out in **Schedule 1** be increased by new budget pressures detailed in **Schedules 3 and 4**. Full details of all of the proposals are contained within various reports considered by the Executive at various stages during the budget process to date.

#### **Schedule 3 – Recurring Budget Increases**

Recurring Budget Pressures	Note	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Car Parking income	1	314	314	314	314	314
On Street Parking	1	83	83	83	83	83
Refuse and Recycling	2	173	173	173	173	173
Development Control Income	3	100	100	100	100	100
Events	4	130	130	130	130	130
Events Sponsorship Income	4	(13)	(20)	(40)	(60)	(80)
DFG Fee Income	5	60	60	60	60	60
Licensing	6	8	8	8	8	8
Local Plans	6	1	1	1	1	1
Reprofiling of Transformation Savings	7	628	(623)	82	(397)	(397)
Small Scale Community Projects	8	52	52	52	52	52
New Homes Bonus Ceasing	9	0	0	0	0	388
<b>Total Recurring Budget Pressures</b>		<b>1,536</b>	<b>278</b>	<b>963</b>	<b>464</b>	<b>832</b>

**Note 1:** The continued decline in parking income and the loss of Cecil Street and William Street car parks to the County Council and the County Council taking control of on-street parking enforcement.

**Note 2:** This represents the pressure from falling income from recyclates and the additional costs of servicing new homes.

**Note 3:** The charges report highlights the fact that Development Control Income will not meet the MTFP target.

**Note 4:** This represents the funding to continue with a City Events programme. This is to be offset by the raising of sponsorship Income.

**Note 5:** The amount of fees that is chargeable to the DFG Capital budget has reduced.

**Note 6:** The charges reports highlight that income from Licensing and Local Plans will not meet the MTFP target

**Note 7:** Proposals to meet the £3.939million transformation requirement have been drawn up, however some savings will not be achievable to the original timescales.

**Note 8:** A recurring budget equivalent to £1,000 per Member for use for Small Scale Community Projects. This replaces the previous non-recurring nature and also allows for the reduction to the Neighbourhood Forum Grant being removed.

**Note 9:** The 2013/14 New Homes Bonus Grant ceases from 2019/20.

#### **Schedule 4 – Non-Recurring Budget Increases**

Non-Recurring Budget Pressures/Savings	Note	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Car Parking Income	1	100	100	0	0	0
Rapid Response Team	2	114	114	0	0	0
Enterprise Centre Income	3	40	40	0	0	0
Temporary Posts in Economic Devt	4	38	38	0	0	0
Lanes Income	5	138	138	0	0	0
External Funding Support	6	30	0	0	0	0
External Funding Support - Income	6	(30)	0	0	0	0
Asset Management Plan	7	150	0	0	0	0
Sexual Assault Referral Service Grant	8a	20	20	20	0	0
<b>Total Non-Recurring Budget Pressures</b>		<b>600</b>	<b>450</b>	<b>20</b>	<b>0</b>	<b>0</b>

**(a):** Subject to further reports to the Executive prior to the release and expenditure of these budgets.

**Note 1:** Car Parking Income is forecast to reduce in 2015/16 and 2016/17. (See Recurring budget pressure in Schedule 3).

**Note 2:** This pressure relates to the continuation of the rapid response team for cleaning up Carlisle

**Note 3:** The income achieved from the Enterprise Centre is falling short of the MTFP target.

**Note 4:** This relates to planning officer post within Economic Development where there is no funding beyond 2014/15.

**Note 5:** Income from the Lanes is not expected to increase back to MTFP levels for 2015/16 and 2016/17.

**Note 6:** To utilise a resource to identify sources of grant funding the Council can utilise. To be funded from top-slicing any grant identified.

**Note 7:** This relates to expenditure on delivering the Asset Management Plan.

**Note 8:** Provision of a grant to match fund sexual assault referral services projects by Cumbria Police subject to matching contributions from the other Cumbrian Councils.

## 2.4 **Revised Net Budget Requirement**

As a consequence of the above, the Executive recommends that the Net Budget Requirement for Council Tax Purposes for 2015/16, with projections to 2019/20, be approved as set out in **Schedule 5** below:

### **Schedule 5 – Summary Net Budget Requirement for Council Tax Purposes**

2014/15 Revised £000	Summary Net Budget Requirement	2015/16 Budget £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000
	<b>Recurring Revenue Expenditure</b>					
	Existing Expenditure (Schedule 1)	10,872	12,066	12,111	12,521	13,380
	Budget Reductions (Schedule 2)	(459)	(1,258)	(1,399)	(1,541)	(1,384)
	New Spending Pressures (Schedule 3)	1,536	278	963	464	832
<b>12,698</b>	<b>Total Recurring Expenditure</b>	<b>11,949</b>	<b>11,086</b>	<b>11,675</b>	<b>11,444</b>	<b>12,828</b>
	<b>Non Recurring Revenue Expenditure</b>					
158	Existing Commitments (Schedule 1)	(106)	0	0	0	0
(1,392)	Budget Reductions (Schedule 2)	(9)	0	0	0	0
1,016	Spending Pressures (Schedule 4)	600	450	20	0	0
787	Carry Forward	0	0	0	0	0
<b>13,267</b>	<b>Total Revenue Expenditure</b>	<b>12,434</b>	<b>11,536</b>	<b>11,695</b>	<b>11,444</b>	<b>12,828</b>
	<b>Less Contributions (from)/to Reserves:</b>					
<b>290</b>	Recurring Commitments (Note 1) Sub Total	<b>(32)</b>	<b>1,065</b>	<b>619</b>	<b>995</b>	<b>(240)</b>
	Non Recurring Commitments					
(158)	- Existing Commitments (Note 2)	106	0	0	0	0
(787)	- New Commitments	(591)	(450)	(20)	0	0
<b>(945)</b>	Sub Total	<b>(485)</b>	<b>(450)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
<b>12,612</b>	<b>Total City Council Budget requirement</b>	<b>11,917</b>	<b>12,151</b>	<b>12,294</b>	<b>12,439</b>	<b>12,588</b>
478	Parish Precepts	490	502	515	528	541
<b>13,090</b>	<b>Projected Net Budget Requirement for Council Tax purposes</b>	<b>12,407</b>	<b>12,653</b>	<b>12,809</b>	<b>12,967</b>	<b>13,129</b>

**Note 1:** This is the projected contribution to reserves in relation to recurring expenditure.

**Note 2:** Non - recurring Revenue commitments arising from existing approved commitments from earlier years are as follows:

Existing Non Recurring Commitment Approvals	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Apprentice Scheme	56	0	0	0	0
Homelessness	66	0	0	0	0
New Homes Bonus Returned Funding	(26)	0	0	0	0
Homelessness Grant	(66)	0	0	0	0
Council Tax freeze Grant 2014/15	(68)	0	0	0	0
Council Tax freeze Grant 2015/16	(68)	0	0	0	0
<b>Total</b>	<b>(106)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 2.5 **Funding and Provisional Council Tax Projections**

As a consequence of the above and having made the appropriate calculations required under Section 32 of the Local Government Finance Act 1992, the Executive is putting forward a proposal for no increase in Council Tax for 2015/16. The detail of this is set out in **Schedule 6** below.

### **Schedule 6 – Total Funding and Provisional Council Tax Projections**

2014/15	Total Funding and Council Tax Impact	2015/16	2016/17	2017/18	2018/19	2019/20
31,014.29 £000	Estimated TaxBase	31,585.86 £000	31,673.98 £000	31,762.35 £000	31,850.97 £000	31,939.84 £000
12,612	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
478	- City	11,917	12,151	12,294	12,439	12,588
	- Parishes	490	502	515	528	541
<b>13,090</b>	<b>Total</b>	<b>12,407</b>	<b>12,653</b>	<b>12,809</b>	<b>12,967</b>	<b>13,129</b>
(5,999)	Funded by:					
(3,108)	- Council Tax Income	(6,110)	(6,248)	(6,391)	(6,536)	(6,685)
(2,970)	- Revenue Support Grant	(2,245)	(2,223)	(2,128)	(2,029)	(2,029)
	- Retained Business Rates	(3,027)	(3,145)	(3,240)	(3,339)	(3,339)
	- Business Rate					
(500)	Growth/Pooling	(500)	(500)	(500)	(500)	(500)
	- Estimated Council Tax					
(35)	Surplus	(35)	(35)	(35)	(35)	(35)
(54)	- Parish CTRS Grant	(54)	(54)	(54)	(54)	(54)
(424)	- Parish Precepts	(436)	(448)	(461)	(474)	(487)
<b>(13,090)</b>	<b>TOTAL</b>	<b>(12,407)</b>	<b>(12,653)</b>	<b>(12,809)</b>	<b>(12,967)</b>	<b>(13,129)</b>
£ 193.43	<b>City Council Tax</b>					
	Band D Council Tax	£ 193.43	£ 197.27	£ 201.20	£ 205.20	£ 209.29
£0.00	Increase over Previous year:					
0.00%	£	£ -	£ 3.84	£ 3.93	£ 4.00	£ 4.09
	%	0.00%	1.99%	1.99%	1.99%	1.99%

2.6 It should be noted that the funding projections in **Schedule 6** are based upon:

- Final confirmation of the 2015/16 year settlement figures will be received in January 2015.
- The Council Tax Surplus and Taxbase are currently estimated and final figures will be available in the January 2015.
- The Council is continuing to participate in the Cumbria Business Rates Pool with the other Councils within Cumbria in order to manage Business Rates. It is expected that this will give greater potential to benefit from any growth in income collected from Business Rates and as such, an estimated additional £500,000 growth is included in this budget process.
- The projections of Council Tax for 2015/16 onwards are indicative only and exclude parish precepts.

## **SECTION C - CAPITAL PROGRAMME 2014/15 TO 2019/20**

### **1. REVISED CAPITAL BUDGET 2014/15**

- 1.1 The Executive recommends that the revised 2014/15 Capital Programme be approved at £7.926m compared to the original budget of £9.716m as set out in the report of the Director of Resources. The decrease of £1.790m is due to schemes being re-profiled to future years or schemes being removed from the programme.

### **2. CAPITAL BUDGET 2015/16 TO 2019/20**

- 2.1 The Executive recommends that the estimated Capital Resources available and proposed Capital Programme for 2015/16 to 2019/20 be approved to be financed and allocated as detailed in **Schedule 7 and 8** below:

#### **Schedule 7 – Estimated Capital Resources**

Estimated Resources	Note	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Capital Grants:						
- DFG	1	(663)	(663)	(663)	(663)	(663)
- External Borrowing	2	0	0	0	(5,000)	0
Capital Receipts						
- Generated in Year (General)	3	(260)	(260)	(260)	(260)	(260)
- Generated in year (Asset Business Plan)	4	(4,539)	0	0	0	0
- Generated in Year (PRTB)	5	(150)	(150)	(150)	0	0
Direct Revenue Financing	6	(101)	(66)	(66)	(34)	(2)
<b>TOTAL</b>		<b>(5,713)</b>	<b>(1,139)</b>	<b>(1,139)</b>	<b>(5,957)</b>	<b>(925)</b>

**Note 1:** Disabled facilities grant (DFG) allocation will be received in the new year, and it has been indicated that this grant will be protected at the 2014/15 levels

**Note 2:** External borrowing to fund Leisure Facilities.

**Note 4:** Capital receipts from the sale of fixed assets, including the sale of the Council's interest in land on the Raffles estate and other specific asset disposals.

**Note 5:** Capital receipts from the sale of Assets as part of the Asset Management Plan have been reprofiled between years to reflect sales and purchase activity to date.

**Note 6:** The Preserved Right to Buy (PRTB) sharing arrangement with Riverside Group is for a fifteen year period with the Council being entitled to a pre-agreed reducing percentage of the receipts. Right to Buy sales are predicted to be in line with the original projections.

**Note 7:** Direct revenue financing in relation to invest to save schemes and Clean Up Carlisle.

## **Schedule 8 – Proposed Capital Programme**

Capital Scheme	App/ Para	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>Current Commitments:</b>						
Disabled Facilities Grants		863	863	863	863	863
Planned Enhancements to Council Property		150	150	150	150	150
Vehicles & Plant	1/2	1,109	1,221	1,113	383	265
Asset Review	1/3	1,800	0	0	0	0
Harraby School Community Campus Contribution	4	500	0	0	0	0
Old Town Hall / Greenmarket	1/5	390	0	0	0	0
Leisure Facilities (invest to save)	1/6	0	0	0	5,000	0
ICT	1/7	100	100	100	100	0
<b>Total Existing Commitments</b>		<b>4,912</b>	<b>2,334</b>	<b>2,226</b>	<b>6,496</b>	<b>1,278</b>
<b>TOTAL POTENTIAL PROGRAMME</b>		<b>4,912</b>	<b>2,334</b>	<b>2,226</b>	<b>6,496</b>	<b>1,278</b>

**Note 1:** Subject to further reports to the Executive, including a full Business Plan, prior to the release of any earmarked reserve and any expenditure being incurred.

**Note 2:** The anticipated additional budgets for replacement of the Council's vehicle fleet are included in the table above and have been amended to reflect revised requirements within service areas.

**Note 3:** Provision for expenditure in accordance with the Asset Management Plan reprofiled from 2014/15.

**Note 4:** The final contribution to the Harraby Community Campus is scheduled for 2015/16

**Note 5:** The work to complete the phase two project at the Old Town Hall is scheduled to be completed in 2015/16

**Note 6:** Capital expenditure for enhancement work to Leisure facilities has been profiled from 2015/16 to 2018/19 to reflect the timeline in relation to contract end dates.

**Note 7:** The provision for ICT replacement programme.

A summary of the estimated resources compared to the proposed programme is set out in **Schedule 9** below:



**Schedule 9 – Summary Capital Resource Statement**

Summary Programme	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Estimated Resources 31 March 2015	(2,098)				
In Year Impact:					
- Estimated resources available in year (Schedule 7)	(5,713)	(1,139)	(1,139)	(5,957)	(925)
- Proposed Programme (Schedule 8)	4,912	2,334	2,226	6,496	1,278
<b>Year End Position</b>					
<b>- Capital Resources</b>	<b>(2,899)</b>	<b>(1,704)</b>	<b>(617)</b>	<b>(78)</b>	<b>275</b>

## **SECTION D – USABLE RESERVES PROJECTIONS**

1. The Executive recommends, as a consequence of Sections A, B and C detailing the Council's Revenue and Capital budgets, the overall use of the Councils usable Reserves as set out in **Schedule 10** below.

### **Schedule 10 – Usable Reserve Projections**

<b>Council Reserves</b>	<b>Actual 31/03/2014 £000</b>	<b>Revised 31/03/2015 £000</b>	<b>Projected 31/03/2016 £000</b>	<b>Projected 31/03/2017 £000</b>	<b>Projected 31/03/2018 £000</b>	<b>Projected 31/03/2019 £000</b>	<b>Projected 31/03/2020 £000</b>
<b>Revenue Reserves</b>							
General Fund Reserve	(3,945)	(2,559)	(1,442)	(2,057)	(2,600)	(2,600)	(2,600)
Project Reserve	0	0	0	0	(56)	(1,051)	(811)
Collection Fund	112						
EEAC Reserve	(52)						
Transformation Reserve	(436)	(438)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)
Building Control	(20)						
Cremator Reserve	(212)						
Welfare Reform Reserve	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Conservation Fund	(117)	(117)	(117)	(117)	(117)	(117)	(117)
Residents Parking	116						
<b>Total Revenue Reserves</b>	<b>(4,754)</b>	<b>(3,314)</b>	<b>(2,797)</b>	<b>(3,412)</b>	<b>(4,011)</b>	<b>(5,006)</b>	<b>(4,766)</b>
<b>Capital Reserves</b>							
Usable Capital Receipts	(5,273)	(1,738)	(2,539)	(1,344)	(257)	(78)	275
Asset Disposal Reserve	(370)	(360)	(360)	(360)	(360)	0	0
Unapplied Capital Grant	(191)	(191)	(191)	(191)	(191)	(191)	(191)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
Lanes Capital Reserve	(369)	(384)	(399)	(414)	(429)	(444)	(459)
<b>Total Capital Reserves</b>	<b>(6,773)</b>	<b>(3,243)</b>	<b>(4,059)</b>	<b>(2,879)</b>	<b>(1,807)</b>	<b>(1,283)</b>	<b>(945)</b>
<b>Total Available Council Balances</b>	<b>(11,527)</b>	<b>(6,557)</b>	<b>(6,856)</b>	<b>(6,291)</b>	<b>(5,818)</b>	<b>(6,289)</b>	<b>(5,711)</b>
<b>Other Reserves (i)</b>	<b>(104,055)</b>						
<b>Total Reserves</b>	<b>(115,582)</b>						

- (i) These reserves are of a technical nature and are not cash backed. They are not available either to fund expenditure or to meet future commitments.

## **SECTION E - PROPOSED BUDGET DISCIPLINE AND SAVING STRATEGY**

1. The Council has adopted a 5-year financial strategy as set out in its Medium Term Financial Plan to assist in the integration of financial planning with the priorities set out in the Carlisle Plan. The current medium term financial projections point to a shortfall in the Council's budgets, which will require additional savings to be identified. In addition, the scope for the Council to continue support for initiatives in future years and to redirect resources to priority areas will be dependent on the extent to which the Council is successful in realising savings and redirecting resources. The requirement to identify savings or raise additional income in future years is a continuing and increasing pressure facing the Council.
2. The savings outlined in this document are necessary to ensure that the Council continues to meet the challenges of an approximate 38% reduction in RSG (and significant reductions in other revenue and capital grants) over the five years commencing 2011/12. However due to its success to date in identifying transformational savings, the Council now has a solid financial base in order to set its 2015/16 budget. In the circumstances the Council can adopt a more measured approach in spreading the further savings required over the next 5 years whilst maintaining a safe and healthy financial future for the Council.
3. The savings strategy will continue to concentrate on the following areas to deliver the savings required to produce a balanced longer term budget, however the exact work programme will be dependant on progress with the Transformation programme.
  - Asset Review – this focuses on producing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.
  - Service delivery models – As part of the transformation programme, alternative options for service delivery are being considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
  - As part of the transformation programme a review of those services which do not fall within the Council's core priorities or which are not statutory will continue to be undertaken to ensure that services are properly aligned to what the Council wants to achieve.

Additionally the Council will look at:

- (i) Major review of Waste Services;
  - (ii) Discretionary funding to major partners, e.g. Tullie House
  - (iii) Vacancy Management / One off expressions of interest in voluntary redundancy limited to strict business case criteria
  - (iv) Digital by default – Council wide exercise to encourage residents to interact with the Council electronically, e.g. savings in postage, printing, stationery.
  - (v) Channel Shift and utilising single customer record and moving customer contacts to front office.
4. Members and Officers are reminded that it is essential to maintain a disciplined approach to budgetary matters and as such:

- Supplementary estimates will only be granted in exceptional circumstances.
  - Proposals seeking virement should only be approved where the expenditure to be incurred is consistent with policies and priorities agreed by the Council.
5. In order to continue the improvements in the links between financial and strategic planning, the Joint Management Team will continue to meet regularly to progress forward planning on these issues.

## **STATUTORY REPORT OF DIRECTOR OF RESOURCES**

1. In setting its Budget Requirement, the Council is required under the Local Government Act 2003 (Section 25) to consider:
  - (i) The formal advice of the statutory responsible financial officer (Director of Resources) on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides;
  - (ii) The Council has to determine what levels of borrowing, if any, it wishes to make under the Prudential Code that governs local authority borrowing.

### **2. Robustness of the Estimates**

Whilst relevant budget holders are responsible for individual budgets and their preparation, all estimates are scrutinised by Financial Services staff, the Senior Management Team and the Joint Management Team prior to submission to members.

The Council's revenue and capital budgets are integrated in that the financial impact of the proposed capital programme is reflected in the revenue estimates.

The Council has no history of overspending against budget, indeed, until recently there has tended to be a degree of underspending. However improved budget monitoring backed up by specific action where appropriate and base budget procedures have proven effective in addressing this issue.

There are risks however involved in projecting budgets particularly over the medium term and the year-end position will never exactly match the estimated position in any given year. Areas of specific risk in the current five-year period under consideration are:

- The Transformation programme is expected to achieve savings of £4.686million between 2015/16 and 2019/20, in order to meet the expected cuts in grants from central government and other budgetary pressures identified in this budget process. This will ensure that a balanced budget is produced and where Council reserves are replenished over the longer term.
- The level of interest receipts and return on Treasury Management activities are subject to market rates. Members are advised of this risk every year and it should be noted that in the current economic climate with low base rates, investment income returns in the medium term are very difficult to predict. The Council is also having to deal with a reduced number of counterparties it is able to place deposits with. Coupled with this is the increasing cost of Minimum Revenue Provision through the reduction in the amount of available capital receipts the Council has. Both of these factors place a significant pressure on the Revenue budget over the next 5 year period.

**The main risks to the robustness of the estimates is the impact of the Transformation programme. The use of reserves will be necessary to fund this budget in the short term however it is not acceptable in the longer term and should only be seen as a short term fix. The proposals to be put in place need to bring reserve levels back to an acceptable level in the following 5 years. This is dependant upon the necessary steps being taken to resolve the ongoing projected deficit, as part of the Transformation programme. Specifically it will require the delivery of the**

**savings proposals identified and continuing work to deliver further savings. Regular budget monitoring, particularly in the area of the Transformation programme is imperative during this period. The level of the Council's future Capital Programme in taking account of a significant reduction in capital receipts is fully funded other than the 2018/19 leisure facilities which is an invest to save initiative. However, no capital reserves are available to fund new capital projects other than invest to save initiatives funded from revenue reserves.**

- Central contingencies – there have been no contingency budgets built in to the existing estimates. This means that any unforeseen expenditure that cannot be contained within existing budgets will require a supplementary estimate to cover any costs. The budget proposals will significantly limit the capability to deal with any of these events and these may have to be found from within other budgets and reserves should the need arise.

3. Adequacy of Reserves

The level and usage of the Council's Reserves is undertaken annually as part of the Medium Term Financial Plan.

The appropriateness of the level of reserves can only be judged in the context of the Council's longer term plans and an exercise has been undertaken to review the level of reserves through the use of a risk assessment matrix. The findings of this exercise suggested that the minimum level should be set at £2.6m as a prudent level of General Fund Reserves which will be required as a general working capital/ contingency to cushion the Council against unexpected events and emergencies. However, given the short term commitments highlighted in the budget proposals, it is necessary that the current General Fund reserve be used to fund the short term deficits. Stringent plans will be required in order to replenish the level of reserves in the following years and the budget proposed must identify the steps necessary to do this.

The Councils policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit and steps taken to address the situation in the following years. The deficit projections must therefore be addressed and the Executive must set out in its Budget Discipline and Saving Strategy how it expects Officers to address the situation in setting the 2015/16 budget and preparing for the 2016/17-budget cycle.

**Based on current projections, Council Reserves will fall to below minimum recommended levels in the years 2014/15 to 2017/18. Necessary steps are being taken to resolve the ongoing projected deficit by the delivery of savings proposals currently identified and identification of further savings via the Transformation Programme. It is accepted that the level of reserves will need to reduce until the impact of the transformation is effective and that the £2.6m General Fund Reserve is breached in the short term but that this is replenished over the following 5 years through a stringent savings strategy.**

4. Determination of Borrowing

The new Prudential Accounting regime enables the Council to borrow subject to meeting criteria of affordability. The draft Prudential Indicators have been established and these will be finalised for Council approval once decisions on the overall Capital Programme have been made.

**For the period under review the need for borrowing will be kept under consideration and will be dependent on the level of capital receipts being**

generated and the potential of future capital projects. Due to projects currently under consideration, the capital programme for 2015/16 to 2019/20 may require the use of Prudential Borrowing (including internal borrowing) to sustain levels depending on the levels of capital receipts that can be generated in the future. If borrowing is required, full option appraisals will be carried out.

## **SECTION G – GLOSSARY OF TERMS**

### **BUDGET**

- **GROSS** – the total cost of providing the council's services before taking into account income from service related government grants and fees and charges for services.
- **NET** – the Council's gross budget less specific government grants and fees and charges, but before deduction of RSG and other funding from reserves.
- **ORIGINAL BUDGET** – the budget for a financial year approved by the council before the start of the financial year.
- **REVISED BUDGET** – an updated revision of the budget for a financial year.
- **NET BUDGET REQUIREMENT FOR COUNCIL TAX PURPOSES** – the estimated revenue expenditure on general fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

**CAPITAL EXPENDITURE** - Expenditure on the acquisition of a fixed asset or expenditure, which adds to and not merely maintains the value of an existing fixed asset.

**CAPITAL RECEIPTS** – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within rules set down by the government, but they cannot be used to finance revenue expenditure.

**COMPREHENSIVE SPENDING REVIEW (CSR)** - announcements made by the Government to inform the budget process for future years.

**CONTINGENCY** – money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

**COUNCIL TAX** – the main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

**DISABLED FACILITIES GRANT (DFG)** – individual government grants towards capital spending on providing disabled adaptations to housing.

**EXECUTIVE**- consists of elected Members appointed by the Leader of the Council to carry out all of the local authority functions which are not the responsibility of any other part of the local authority.

**FEES AND CHARGES** – income raised by charging users of services for the facilities.

**INTEREST RECEIPTS** – the money earned from the investment of surplus cash.

**NATIONAL NON-DOMESTIC RATE (NNDR)** - this is a levy on businesses, based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy. Also known as 'business rates', the 'uniform business rate' and the 'non-domestic rate'.



**NON-RECURRING EXPENDITURE** – items which are in a budget for a set period of time.

**PRECEPT** – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

- **PRECEPTING AUTHORITIES** – those authorities which are not billing authorities, ie do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are 'major precepting authorities' and parish, community and town councils are 'local precepting authorities'.

**RESERVES** – amounts set aside in one year to cover expenditure in the future, which all Authorities must maintain as a matter of prudence. Reserves can either earmarked for specific purposes or general.

**RETAINED BUSINESS RATES** - collected by billing authorities on behalf of central government and the precepting authorities (Central Government, County Councils and Billing Authority) and redistributed in accordance with a prescribed formula set by the DCLG taking into account top up and tariffs.

**REVENUE EXPENDITURE** – day to day running costs of the Authority, including employee costs, premises costs and supplies and services.

**REVENUE SUPPORT GRANT (RSG)** – a grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

**SENIOR MANAGEMENT TEAM (SMT)** – a group of senior officers consisting of the Chief Executive, Deputy Chief Executive and Directors.

**SUPPLEMENTARY ESTIMATE** – an amount, which has been approved by the authority, to allow spending to be increased above the level of provision in the original or revised budget.

**TAXBASE** – the number of Band D equivalent properties within each Local Authority area used to determine the RSG by the DCLG and to calculate the Council Tax yield by each authority.

**VALUE FOR MONEY** – a much-used term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness of a local authority service, function or activity.

**VIREMENT** – the permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.