

## ADDENDUM TO REPORT RD61/10 – REVENUE ESTIMATES: SUMMARY OF OVERALL BUDGETARY POSITION 2011/12 TO 2015/16

This addendum provides an update to RD61/10 and details the changes which have occurred since the report was distributed on 14 December 2010.

### 1 Treasury Management Projections

Revised Treasury Management projections have now been assessed as a result of the changes to the capital programme such as loss of capital grant funding of £10million and the effect of the asset review. Revised estimates have also been produced for investment interest following revised interest rate forecasts received from Sector.

The effect of these changes is shown below compared to the figures included in report RD61/10

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
RD61/10	427	444	415	246	818
Revised Forecast	377	(32)	730	470	1,236
<b>Change</b>	<b>(50)</b>	<b>(476)</b>	<b>315</b>	<b>224</b>	<b>418</b>

### 2 Asset Review

The Asset Review figures quoted in the report have now been assessed and require amendment to the savings that have been included in report RD61/10.

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
RD61/10	0	(103)	(679)	(898)	(1,240)
Revised Forecast	55	69	(16)	(696)	(678)
<b>Change</b>	<b>55</b>	<b>172</b>	<b>663</b>	<b>202</b>	<b>562</b>

Note: The above figures are in addition to the £200,000 per annum additional income from assets built into the MTFP from 2013/14 . The above revenue savings increase to ££918,000 by 2016/17.

### 3 Pensions

The Triennial Actuarial valuation has recently been received and the implications on future budgets of the valuation are currently being examined.

#### 4 Revenue Support Grant

Draft figures have now been received for Revenue Support Grant allocations for 2011/12 and 2012/13. Report RD61/10 included an assumption that RSG would decrease by 11.8% in 2011/12 and a further 7.1% in 2012/13. The draft figures show that RSG is in fact reducing by 11.9% in 2011/12, and 8.9% in 2012/13. However, the amount of Concessionary Fares expenditure removed through the grant settlement is less than budgeted, which means that there is a small additional saving to the Council. Additional specific grant for Homelessness of £85,000 is to be received in 2011/12 and £61,000 in 2012/13. The reduction in Housing and Council tax Benefit Administration Grant is not as high as expected in 2011/12, being a £26,000 reduction as opposed to a £60,000 reduction included in RD61/10.

The table below shows the revised figures for RSG and Specific Grants

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
RD61/10 - RSG	709	1,443	1,540	2,181	2,181
RD61/10 - Specific Grants	60	120	180	235	235
<b>Revised Forecast</b>					
RSG Settlement	2,861	3,489	3,879	4,578	4,638
Concessionary Fares Saving	(2,226)	(2,282)	(2,339)	(2,397)	(2,457)
Specific Grants - Homelessness	(85)	(61)	0	0	0
Specific Grants - HB Admin Grant	27	120	180	235	235
<b>Change</b>	<b>(192)</b>	<b>(297)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

#### Provisional Settlement

In 2010/11, Carlisle received RSG of £1.315m and NNDR distribution of £9.056m, a total of £10.372m.

The following table sets out the settlement figures for 2011/12 – 2012/13

Formula Grant	2010/11 Final Settlement £	2011/12 Provisional Settlement £	Decrease over 2010/11 %	2012/13 Indicative Settlement £	Decrease over 2011/12 %	Decrease over 2 years %
RSG	1,315,112	1,649,762	25.4%			
NNDR	9,056,663	5,346,102	-41.0%			
<b>Total Actual grant</b>	<b>10,371,775</b>	<b>6,995,864</b>	<b>-32.5%</b>	<b>6,368,581</b>	<b>-9.0%</b>	
Concessionary Fares		2,142,000				
<b>Grant prior to Concessionary Fares Transfer</b>	<b>10,371,775</b>	<b>9,137,864</b>	<b>-11.90%</b>	<b>6,368,581</b>	<b>-8.97%</b>	<b>-17.90%</b>

It should be noted that the amount of concessionary fares removed from the Council is lower than the actual budget for 2011/12, therefore there is a slight saving.

The calculations to allocate RSG are known as the Four Block Option. The calculations are in the allocations of resources across four blocks. Carlisle's allocation across these blocks is shown below:

	2010/11 £000	2011/12 £000	2012/13 £000
Relative Needs Amount	4,497	3,505	3,165
Relative Resources Amount	(1,733)	(976)	(966)
Central Allocation	7,456	5,313	4,822
<b>Total Grant</b>	<b>10,220</b>	<b>7,842</b>	<b>7,021</b>
Floor Damping	152	(846)	(652)
<b>Total Grant adjusted for damping</b>	<b>10,372</b>	<b>6,996</b>	<b>6,369</b>

## 5 Transformational Savings

As a result of the above changes, additional Transformational savings will be required to be found in order to deliver a balanced budget and restore reserves to a prudent level. These savings are outlined below:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Additional Transformational Savings	(210)	(1,300)	(1,800)	(2,100)	(2,800)

The above figures include a saving of £30,000 for discretionary rate relief. The revised policy on this will go before Council in January 2011.

## 6 Reserves

The additional transformational savings identified above, together with the other adjustments have the following impact on the level of reserves.

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Projects Reserve	(2,199)	(922)	(336)	429	421
General Fund	3,800	3,800	3,800	3,800	3,800
<b>Net</b>	<b>1,601</b>	<b>2,878</b>	<b>3,464</b>	<b>4,229</b>	<b>4,221</b>