

Appendix 1



Rutland
County Council

The Budget

2014 - 15

Date: 5th December 2013

Overview

Delivering Council Services within the Medium Term Financial Plan is a key priority for the Council. This overview and remainder of this report give Members answers to some of the key questions relevant to the budget setting process. Further detail can be found in individual sections.

Key questions	Status	Ref
<i>Statutory and constitutional requirements (section 1)</i>		
1. Overall Position – Is the Council on track to meet its constitutional and statutory requirements?	Yes	1.1
<i>Funding and Medium Term Financial Plan (section 2)</i>		
2. What resource does the Council have available in 2014/15 and over the next five years and how certain is it?	The Council's resources are reducing year on year as government funding reduces. There is also more risk which means funding could be higher or lower than estimated.	2.1
3. What level of reserves should the Council be aiming to retain?	As a minimum £2m but a higher level of balances is needed in the short term to enable the Council to 'right' size expenditure in line with future funding estimates.	2.3
4. What choice does the Council have over the level of Council tax?	The Council can decide to take the freeze grant if it is offered (typically 1% of council tax for 2 years) or increase council tax.	2.4
5. Is the Council in a healthy financial position	In the short term yes, but over the medium term the Council's current forecasts indicate that spending plans exceed available resources. Action is required in terms of generating additional funding or savings.	2.5
<i>2014/15 budget (section 3)</i>		
6. What does the overall budget look like and how does it compare to prior year?	The net budget of £30.3m is less than the prior year.	3.1
7. Priorities – how does the proposed budget support the	The Council has continues to invest in Digital Rutland, Oakham	3.3

Key questions	Status	Ref
Council's priorities?	Enterprise Park and the Local Council tax support scheme.	
8. What new savings is the Council planning to make in 2014/15?	About £1m of new savings mainly in non-front line services.	3.4
<i>Capital (section 4)</i>		
9. Are there any additions/amends to the current capital programme?	No new schemes. Schemes may be added subject to going through an appraisal system and being approved by Cabinet.	4.2
<i>Consultation (section 5)</i>		
10. How will the Council consult on the budget?	Primarily on-line, a meeting with local business and the local parish forum	5.1

Section 1 – Statutory and constitutional requirements

1.1 Overall Position – are we on track to meet our constitutional and statutory requirements?

In setting a budget and level of council tax, the Council has to meet a number of statutory requirements and also ensure compliance with its constitution. The table below sets out how the Council intends to meet those requirements.

Requirement	Status
<i>Statutory requirements under Local Government Finance Act 1992:</i>	
To levy and collect council tax	To be reported to Council 17/02/2014
To calculate budget requirements and levels of council tax	To be reported to Council 17/02/2014
To consult representatives of persons subject to non-domestic rates about proposals for expenditure	Discussed in Section 4 of this paper January 2014
To approve the budget and set Council Tax by 11th March in each year	To be approved at Council 17/02/2014
<i>Statutory requirements under Local Government Act 2003:</i>	
Under section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the Council on the robustness of the estimates made for the purpose of setting the Council Tax and the adequacy of the proposed financial reserves.	To be reported to Council 17/02/2014
<i>Statutory requirements under Local Government Act 1999:</i>	
To consider, as a matter of course, the possibilities for provision of information to, consultation with and involvement of representatives of local persons across all authority functions.	Discussed in Section 4 of this paper.
<i>Requirements under constitution:</i>	
Cabinet to recommend the budget to the Council	Draft to Cabinet will be presented 04/02/2014
Council to approve the budget and set Council Tax	To be approved at Council 17/02/2014
The Chief Finance Officer shall report to Cabinet for consideration not later than 31 st December in each year on draft budgets for the following financial year to be subject to consultation.	Within this report

Requirement	Status
After the completion of the consultation period the Chief Finance Officer shall report for consideration by Cabinet not later than 28th February in each year on draft budgets for approval by the Council.	To be approved at Council 17/02/2014

Section 2 – Funding and Medium Term Financial Plan (MTFP)

2.1 Funding – what resource does the Council have available in 2014/15 and over the next five years and how certain is it?

Prior to the provisional local government finance settlement on 19th December 2013 a draft budget and MTFP have been produced for consultation. The 2013/14 settlement effectively gave two year settlement figures which were further updated in the Comprehensive Spending Review 2013. The Council's Start-Up Funding for 2015/16 was also published. The Start Up funding assessment is summarised below:

	2013/14	2014/15	2015/16
Revenue Support Grant (RSG)	£5,849,400	£4,738,000	£3,636,000
Business Rates Baseline	£4,056,200	£4,137,500	£4,250,200
Total	£9,905,600	£8,875,500	£7,886,200
% reduction	-	10.4%	11.1%

A full analysis of the basis of funding as set out in the MTFP and the risks around each funding stream is set out in Report 277/2013 (Medium Term Financial Plan) which Cabinet considered on 26 November 2013.

Since that report was published, there has been increasing coverage in the media in respect of Business Rates and concerns expressed by retailers and others about the level of rates paid and how the increase in rates is impacting on business. There is a growing lobby requesting that the Government freezes business rates and commits to reform the existing regime. One of the Government's key funding assumptions is that reductions in RSG will be recouped through local economic growth and hence higher rates income. Any changes to the Business rates scheme therefore could have a negative impact on Council funding. Officers will continue to monitor the situation.

The MTFP as reported in Report 277/2013 has been updated for minor changes as follows:

- Budget adjustments – minor adjustments to budgets for inflation and other amendments;
- Interest receivable – figures updated in line with spending plans and interest rate forecasts;
- Capital financing – figures re-profiled to reflect timing of expenditure plans;
- Collection Fund surplus – updated to reflect the position at the end of November 2013;
- Savings and pressures – amendments to proposed figures following scrutiny of proposals by the Strategic Management Team (SMT).

2.2 Spending Plans – How are spending plans expected to change over the next five years?

The MTFP at **Appendix 2** sets out the forecast spending profile of the Council and estimates the level of resources it will have available for 2014/15 and the years following. Details of how spending plans are compiled and assumptions made are covered in Report 277/2013 (Medium Term Financial Plan).

While the MTFP provides a useful modelling tool that can be used to demonstrate the effect of a range of variables on the Council's financial stability over the medium term, there are a number of inherent risks that could impact on spending plans that are outside of the Council's control (these are covered below):

Risk	Action to mitigate risk
<p>There is a risk that, with the localisation of council tax support, the Council will bear the financial burden of any increase in the number of residents claiming council tax support. In addition, there is a risk that collection levels will be lower than estimated with a subsequent impact on the future financial position of the Collection Fund.</p> <p>The Council has monitored the operation of the local council tax support scheme in year 1 and there has been no significant drop in collection rates or an increase in the amount of support being paid.</p>	<p>Proactive monitoring of collection levels for council tax and the collection fund will provide early indicators of any risks materialising.</p>
<p>The MTFP assumes that some service pressures can be contained within the forecast budgets. As part of the 2014/15 budget setting process, the following pressures have been highlighted:</p> <ul style="list-style-type: none"> • Fostering service - there has been an increasing demand for teenage foster placement in 2013/14 which has resulted in the need to procure external placements at greater cost. Alternative options are being considered; • Blue Badge scheme - the administration costs are greater than originally anticipated and options are being considered. • Older people - delayed discharges from hospital which are attributable to 	<p>This will be monitored through the monthly monitoring process and quarterly reports to Cabinet. Variances identified as recurring are highlighted to Cabinet and the longer term implications assessed.</p> <p>Sufficient balances will be maintained to cope with unforeseen cost pressures in the short-term.</p>

Risk	Action to mitigate risk
<p>the Council incur a cost. The Council continue to explore options to avoiding delays.</p> <ul style="list-style-type: none"> • Physical disabilities - the Council is picking up increased homecare costs where those with physical disabilities remain at home. 	
<p>Inflation may increase to a higher level than has been assumed in the MTFP.</p>	<p>Monitoring of actual increases compared to forecasts through the budget monitoring process.</p> <p>Procurement process to be used to negotiate improved rates in contracts.</p>
<p>Interest rates may fall thereby reducing the Council's ability to earn investment income.</p>	<p>Regular review of the position and consideration of the balance between investing surplus cash and using it to repay long term debt.</p>
<p>Capital financing costs have been estimated based on the assumption that capital receipts from asset disposals are used to reduce the borrowing requirement. Failure to dispose of assets will increase the capital financing costs.</p>	<p>The estimates within the capital programme are based on the latest information in respect of estimated receipts and the timing of sales. In conjunction with reviewing the investment and borrowing position, the progress of sales will be closely monitored and any slippage accounted for in the MTFP.</p>
<p>Responsibility for Public health is now with the Local Authority. Funding has transferred from the NHS and the current assumption is that the expenditure level required by the Council will be no more than the funding provided. This has been the case in 2013/14 but there is a risk that this may not be the case and additional budget will be required above that set out in the Public Health earmarked reserve.</p>	<p>Close management of the budget to understand the service needs and future delivery options will enable action to be taken at the earliest opportunity to address any issues arising.</p>
<p>The Social Fund transferred from DWP to local authorities in 2013/14 and local authorities were given funding for two years.</p> <p>The Council is unlikely to spend its full allocation in 2013/14 but there may be demand in future years when there will be no government funding available</p>	<p>Monitoring of demand in 2014/15 and review of whether the Scheme should continue with an assessment of whether it can be funded from existing budgets.</p>

Risk	Action to mitigate risk
<p>The Rutland Adult Learning Service is being reorganised so as to keep its offering and staffing structure within the funding level offered by the Skills Funding Agency (SFA). The 2014/15 budget will therefore be driven by the results of the restructure and outcome of outsourcing of an aspect of service provision.</p> <p>The provisional budget therefore may change as the reorganisation progresses.</p>	<p>The reorganisation is being monitored and financial implications revisited on an ongoing basis.</p>
<p>The contract with our leisure provider, SLL, is financially challenging following the loss of the swimming pool.</p> <p>Whilst the risk is low, if the Council was to have to assume responsibility for running leisure services or retender, there could be a cost.</p>	<p>The position is being closely monitored.</p>
<p>Care Home providers are seeking an increase in care costs from the Council. The Council is currently in negotiation with East Midlands Care Association (EMCARE) to review the current position. The 2014/15 budget does not include any one off increases for the costs of care.</p>	<p>The Council will continue to defend any claims for unreasonable increases in care costs.</p>
<p>The Demand for Disabled Facilities Grant has historically been met by the Council providing funds to top up the level of Government grant available.</p> <p>There is no revenue provision for any contribution from the Council but there may be some s106 funding that can be used. If this demand trend continues there will be pressure on the Council to identify funds to support the scheme.</p>	<p>The demand for DFG will be monitored and alternative sources of funding identified.</p>
<p>The National Joint Council Trade Union Side's pay claim for 2014/15 is for, "<i>A minimum increase of £1 an hour on scale point 5 to achieve the Living Wage and the same flat rate increase on all other scale points</i>". Some Councils have implemented this in full, some have</p>	<p>The Council will review its response but is minded to reject any calls for full implementation across all scale points.</p>

Risk	Action to mitigate risk
<p>rejected it and others have adopted a 'supplement' approach whereby a separate supplement is paid to impacted employees in parallel to the existing pay and grading structure. The Council has very few staff affected (less than 10) and has not yet formulated a response. Undertaking a 'supplement' approach would incur minimal cost. Implementing a flat rate increase across other scale points would cost in excess of £1m pa.</p>	
<p>Auto Enrolment requires all employers to enrol their workers into a qualifying workplace pension scheme if they are not already in one. As a defined benefit scheme, the Local Government Pension Scheme is a qualifying scheme and approximately 140 employees (just under 25%) within this Council are currently not in the pension scheme.</p> <p>The Auto Enrolment date for the Council was 1 November 2013 for new employees. The increase in employer contributions if everyone joined the scheme would be £346k per annum (but it is assumed that 90% of those currently outside the scheme will wish to remain outside the scheme) given that they have already chosen to do so in the past.</p>	<p>Monitoring of the extent to which there are new entrants to the scheme.</p>

Alongside the above risks, the Government's Autumn Statement saw the announcement of a number of measures that could impact on the Council's financial position, including:

- changes to the business rates system including capping the RPI increase in business rates to 2% in 2014-15; extending small business rate relief to April 2015; introducing a discount of up to £1,000 for retail premises with a rateable value of up to £50,000; and granting of a temporary reoccupation relief to business that occupy premises
- removal of the New Homes Bonus (NHB) from the Local Growth Fund although NHB itself will be reviewed by Easter 2014 to ensure it provides incentives;
- provision of capital funding to increase capacity in school kitchens and funding to pupils attending state-funded schools in reception, year 1 and year 2 a free school lunch;
- intention to offer council tax freeze grants in 2014/15 and 2015/16;

- allowing local authorities to use asset sales receipts to one-off costs of service reforms; and
- an increase in discretionary housing payments in 2014/15 and 2015/16.

As further information becomes available following the announcement and the Local Government finance settlement, expected 18th December, the MTFP will be updated and if necessary an update of this budget paper will be provided in early January 2014.

2.3 Reserves - What level of reserves should the Council be aiming to retain?

The Council's minimum reserves target is currently set at £2m. The basis of the recommended level is set out in Report 277/2013. The Report explained that

“the Council's spending plans show that in the later years of the MTFP, the Council is spending far more than it has available and Reserves are depleting at a fast rate. In that context, the existing level of General Reserves is required to give the Council time to make plans to redress the balance”.

2.4 Level of Council tax – What choice does the Council have over council tax levels?

In October 2012 the Government announced new support for local authorities in England to encourage them to freeze council tax for 2014/15. Whilst details of the support have not been given, it is assumed that:

- the support will be provided in financial years 2014/15 and 2015/16; and
- the support will be the equivalent to raising council tax by one per cent (approximately £208k per annum) and be given for two years.

Under current regulations a threshold has been set by Government that would enable the Council to raise council tax by up to 1.99% in April 2014. If the Council were to seek to increase Council tax by more than the threshold it could be required under the Localism Act 2011 to hold a referendum to seek approval for the increase. The result of the referendum is binding. The cost of the referendum would be in the region of £30 – £40k and would be met by the Council.

The MTFP assumes, following Cabinet direction, council tax rises of 2% from 2016/17 onwards. In 2014/15 and 2015/16, it is assumed that a freeze grant, if offered, will be accepted.

No decision will be made on council tax levels until Full Council on 17th February and full details of any freeze grant offer will be known.

For illustrative purposes only, the table below shows the difference between accepting the freeze grant in 2014/15 and 2015/16 not accepting the freeze grant and say increasing council tax by 2% with all assumptions for future years remaining the same.

	2014/15	2015/16	2016/17	2017/18	2018/19
Take freeze grant	0% increase	0% increase	2% increase	2% increase	2% increase
Grant	£420,800	£420,800	£210,400		
Council Tax Income	£20,127,300	£20,319,350	£20,945,800	£21,539,000	£22,087,500
Total	£20,548,100	£20,740,150	£21,156,200	£21,539,000	£22,087,500
Reject freeze grant	2% increase	2% increase	2% increase	2% increase	2% increase
Grant	£210,800				
Council Tax	£20,529,900	£21,140,300	£21,792,000	£22,409,100	£22,979,900
Total	£20,740,650	£21,140,300	£21,792,000	£22,409,100	£22,979,900
Extra income	£192,460	£400,150	£635,800	£870,100	£892,400

The Council effectively loses income of £2.9m if it accepts the freeze grant for the next two years. The view of the s151 officer is that Council should only consider a freeze on the basis that it agrees future actions to maintain the Council's financial health. Members may wish to consider their decision in the context of 2.5.

2.5 Financial health - Is the Council in a healthy financial position?

In Report 277/2013 (Medium Term Financial Plan), the Council's financial position was discussed in detail. The position can be summarised as follows.

For 2014/15, the Council's financial position looks stable:

- it has a level of reserves above the minimum recommended level of £2m;
- the draft budget results in the achievement of a surplus;
- an increase in council tax is not required to balance the budget in 2014/15;
- the Council is again making savings through efficiencies, procurement savings, and reducing some overhead budgets.

From 2015/16 onwards, the financial position begins to deteriorate:

- the level of funding begins to reduce substantially e.g. RSG reduces by c£900k in 2015/16 and a further £1m in 2016/17;
- the Council is spending more than the resources it has available despite only inflationary increases in expenditure;
- the Council plans to make further savings but, the level of savings is not sufficient to prevent a rapid drop in reserve levels by 2017/18.

Simply put, if the Council does nothing then by 2018/19, the level of reserves will be below the recommended level. However, the Council's prudent financial management over the years means that it has a level of reserves where it can plan for a reduction in expenditure in a controlled manner without resorting to some of the emergency measures proposed by other authorities.

For the Council's financial position to remain healthy, it will need to do a number of things:

- deliver savings already agreed;
- consider future council tax increases or further savings;
- continue to lobby Government for additional funding; and
- seek to maximise income generation opportunities.

2.6 Collection Fund – What is the estimated surplus at 31 March 2014?

The Council, as a billing authority for Council Tax, is required to keep a special fund, known as the Collection Fund. The fund is credited with the amount of Council tax it collects. Expenditure from the fund is in respect of Rutland County Council's own demand (i.e. General Fund expenditure net of revenue support grant and share of NNDR) and the precepts payable to the Police Authority and Fire Authority.

If a surplus or deficit remains in the Collection Fund at the year end it is subsequently distributed to, or borne by the billing authority (RCC) and the preceptors (Police and Fire Authorities). Billing authorities are required to estimate the expected Collection Fund balance for the year to 31 March in order that the sum can be taken into account by billing authorities and preceptors in calculating the amounts of Council Tax for the coming year. The difference between the estimate at 15 January, and actual position at 31 March will be taken into account in the following financial year. The estimated financial position on the Collection Fund at 31 March 2014 is set out below:

Estimated surplus at 31 March 2014	£507,791
Share of surplus	
Rutland County Council	£438,477
Leicestershire Police Authority	£51,892
Leicestershire Fire Authority	£17,422

The Regulations provide for the Council's share of the estimated surplus to be transferred to the General Fund in 2014/15 and this is reflected in the MTFP at **Appendix 6**.

Section 3 – Revenue budget proposals

3.1 Overview – what does the overall budget look like and how does it compare to prior year?

The table below show the net cost of services by Directorate in the draft budget for 2014/15:

Directorate	Draft budget 2014/15
People	£13,779,400
Places	£11,091,000
Resources	£5,177,700
Support for LCTS	£100,000
Inflation contingency	£241,900
Net cost of services	£30,390,000

The movement from the Approved budget for 2013/14 at Q1 (£31.940m) to the draft budget for 2014/15 can be seen in Directorate **Appendices 2 – 4**. The Q1 budget, rather than the approved budget, was selected as the start point for comparisons because the Q1 budget reflects both inclusion of grants received late after the budget was approved and also includes budget carry forwards.

The draft budget for 2014/15 is £1.6m less than the prior year resulting from a reversal of one off expenditure and savings (totalling £2.5m) less c£900,000 additional costs through inflation, pay increments, and other budget adjustments.

3.2 Development of budget proposals – how has the revenue budget been developed?

The starting point is the Approved Budget 2013/14 which is updated for any approved changes and adjustments as reported at the Q2 financial monitoring. Minor adjustments are made to individual budgets as part of the normal annual budget process. These include changes to:

- employee costs to align budgets to known pay rates of staff in post and corresponding employer National Insurance and Superannuation contributions;
- external funding streams resulting in adjustments to service spending levels;
- reflect use of reserves and external contributions which have been set aside for specific services.
- remove one-off budgets from 2013/14 and to reflect decisions made since the last budget setting relating to virements and supplementary estimates
- provide for inflation; the percentage applied depends on the type of budget, and this is in line with the assumptions contained within the MTFP.
- meet service specific pressures - details are provided in **Appendix 5**.
- encompass agreed savings - details are provided in **Appendix 5**.

There are a number of budgets where expenditure is likely to be incurred where the current budget is set as 'nil'. The reason for this is that the amount to be spent in 2014/15 will be determined by the budget unspent in 2013/14. For example, if the Digital Rutland budget of £200k is underspent by £50k, then this amount (£50k) will

be carried forward and become the new budget for 2014/15. The budgets in this category include:

- Digital Rutland
- Travel for Rutland
- Tourism
- Planning Delivery Grant

3.3 Priorities – how does the proposed budget support the Council’s priorities?

The Council continues to focus on delivering and maintaining core services during difficult financial times whilst investing in economic growth and infrastructure and Examples include:

- the continued support of the Local Council tax support scheme in 2014/15 and the Discretionary Fund recognising the need to support those in greatest financial need despite reductions in government grant funding of £1.2m (para 2.1);
- the continued development of Oakham Enterprise Park (OEP) as a means of providing better infrastructure for local businesses, further employment opportunities and generating additional business rate revenue for the Council;
- the development of our infrastructure through the ‘Digital Rutland’ project which is rolling out superfast fibre broadband across businesses and local communities; and
- transport improvements through our Travel 4 Rutland project and new Shorelink and Worklink bus services that provide an easy way for visitors and local residents to move around the county without needing to use their car.

3.4 Savings – what new savings are the Council planning to make in 2014/15?

In setting the budget for 2013/14 the council approved an MTFP that incorporated savings to be achieved not only in 2013/14 but in future years. The draft budget for 2014/15 therefore includes:

- Savings of £936,100 agreed in 2013/14 and now built into budgets (a list of these projects can be found in Part 1 Appendix 4, Report 47/2013);
- Savings of £1,758,400 of which £833,100 relate to projects approved in 2013/14 (Part 2 Appendix 4, Report 47/2013) and £925,300 which relate to new 2014/15 savings.

All of the savings have been now built into budgets. The savings line in the MTFP therefore represents a Savings Target for which projects have not been fully identified.

The table below shows that the level of savings built into the MTFP is greater than it was in 2013/14.

	13/14 MTFP			Latest MTFP		
	In cost centres	Savings Line	Total	In cost centres	Savings Line	Total
13/14	£903,100	£631,500	£1,534,600	£903,100	£631,500	£1,534,600
14/15	£936,100	£1,239,300	£2,175,400	£2,695,500	£0	£2,695,500

	13/14 MTFP			Latest MTFP		
15/16	£937,100	£1,763,800	£2,700,900	£2,756,600	£600,000	£3,356,600
16/17	£938,100	£1,852,000	£2,790,100	£2,756,600	£1,200,000	£3,956,600
17/18	£938,100	£1,868,100	£2,806,200	£2,756,600	£1,800,000	£4,556,600
18/19	£938,100	£1,868,100	£2,806,200	£2,756,600	£2,300,000	£5,056,600

A breakdown of the total MTFP savings can be seen in **Appendix 5.1**. The savings line in the MTFP in Appendix 6 has changed from the version reported in Report 277/2013 as it includes additional savings of £300k pa from 2015/16. The £300k was included in line D in that report but is now included in Line E in Appendix 6 in this report.

Officers were asked to put forward new savings proposals (and pressures which are discussed in 3.5) which were classified into one of the following categories:

- Corporate/Cross cutting
- Back office – no impact on front line services
- Back office – impact on other Council departments
- Back office – some impact on front line services
- Front line service impact

In considering which proposals should be recommended for inclusion in the draft budget the Senior Management Team sought to reject any savings where Front Line services might be significantly adversely affected and to reject any pressures which relate to back office services where there is no positive impact on front line services. However all budget considerations have to be balanced against the need to maintain a sound financial position throughout the life of the MTFP and there can be no guarantee that this can be achieved whilst continuing with all existing front line services.

Details of the new savings (£925,300) to be achieved in 2014/15 that are included within the MTFP are shown in **Appendix 5.2**.

3.5 Pressures – what services are requesting extra funding to cope with increased workload and other pressures?

Service pressures may arise from increased demand from service users, legislative changes that place additional duties or responsibilities on the Council or from policy changes. Examples of recent events that may result in future service pressures are the Government's proposals for limiting the contribution payable by an individual in need of residential social care and the implementation of the single pension scheme.

The Council aims to contain service pressures within existing budgets. In section 2, some of the areas where there are risks were discussed. Budgets have not been increased for 2014/15 for these pressures.

New pressures for 2014/15 that are included within the MTFP are shown in **Appendix 5.2**.

3.11 Earmarked Reserves – how will they be used to fund 2014/15 revenue expenditure?

Earmarked reserves are used as a means of building up funds to meet known or predicted liabilities. Their establishment and use is subject to Council approval and movements are reported as part of the quarterly financial monitoring reports.

The balances held in Earmarked Reserves at 1st April 2013 and estimated balances as at March 2014/15 are shown below. The table below shows whether reserves are still required and intended usage in 2014/15.

	Balance at 01 April 2013	Balance at 31 March 2014	Required?	To be used in 2014/15?
Reserve	£000	£000		
Invest to Save	430	327	Yes	Yes
Invest to Save Reserve is used to fund investment projects, costs of restructuring and other one-off projects that will yield economic or efficiency gains in future years. It is proposed that £200k of the ITS reserve be set aside as match funding for Oakham Castle project assuming that the Heritage Lottery Fund bid is successful.				
Planning Delivery Grant	125	61	Yes	Yes
Reserve held to support continued development of Local Planning Framework				
Internal Audit	17	4	Yes	Possibly
Reserve held to support shared Welland Internal Audit service. It can be used to support additional support costs if needed.				
Local Strategic Partnerships	86	0	N/A	N/A
Reserve held to support future initiatives approved by Rutland Local Strategic Partnership. The project finishes at the end of 13/14 and so there will be no expenditure from 14/15 onwards.				
Social Care	172	172	Yes	Possibly
A reserve was held for meeting additional costs resulting from changing adult demographics. It is proposed that the remit of this reserve is changed to provide additional funds as and when required for care packages and other exceptional costs arising from the Council's care work.				
Highways management	0	68	Yes	Yes
It is proposed that a new reserve is established for highway adoption fees received				

	Balance at 01 April 2013	Balance at 31 March 2014	Required?	To be used in 2014/15?
in 2013/14 to be used to match against expenditure over the next few years.				
Budget Carry Forward	851	929	Yes	Yes
The Budget Carry forward reserve is created from in-year budget under spends and is used to support the same projects/services in future years. At the year end, budget underspends to be carry forward are submitted to Cabinet for approval if they have not already been approved.				
Earmarked reserves total	1,681	1,539		

The MTFP currently shows transfers to/from reserves of £146,500 for 2014/15 to 2017/18 which consist of:

- £68,100 – Use of the Highways Development s38 earmarked reserve; and
- £78,050 – Use of the Budget Carry Forward earmarked reserve to fund the joint integrated care project (approved in report 27/2013).

There will be further use of reserves e.g. Invest to Save earmarked reserve to fund any redundancies that may potentially arise as a result of any restructuring of services. Any additional expenditure in 2014/15 for this type of expenditure or any other expenditure that will be funded by a transfer from reserves will not have an impact on the General Fund.

Section 4 – Capital programme

4.1 Overall programme – what does the overall programme look like?

The Capital Programme is developed around specific projects. These projects sometimes span across more than one financial year. Any projects already approved which are not yet completed will continue into 2014/15. The estimated spend in 2014/15 will depend primarily on the outturn for 2013/14. The overall programme is shown below. The table below is an update of that reported in Report 241/2013 Quarter 2 finance report where details of all schemes can be found. The key change is shown in 4.2.

Portfolio	Project Budget	Project Forecast	Spend to 2012/13	Current 2013/14 Budget	Budget 2014/15	Budget 2015/16 to 17/18
	£000	£000	£000	£000	£000	£000
Approved Projects						
People	1,000	968	4	356	160	480
Places	60,382	59,659	49,846	8,897	1,352	287
Resources	41	41	15	26	0	0
Total Approved	61,423	60,668	49,865	9,279	1,512	767
Unapproved Projects						
People	4,925	0	0	2,690	615	1,620
Places	6,442	0	0	0	1,792	4,650
Resources	0	0	0	0	0	0
Total Unapproved	11,367	0	0	2,690	2,407	6,270
Total Capital Programme	72,790	60,668	49,865	11,969	3,919	7,037
Financing:						
Grant	55,855	52,061	37,448	9,053	2,844	6,510
SCE(R) Supported borrowing	255	255	0	255	0	0
Prudential borrowing	8,350		4,854	2,134	1,075	287
Usable Capital Receipts Reserve	5,584	5,584	5,584	0	0	0
Revenue Contribution to Capital Outlay	1,059	1,113	403	416	0	240
Contributions	1,687	1,655	1,576	111	0	0
Total Financing	72,790	60,668	49,865	11,969	3,919	7,037

4.2 Changes – are there any additions/changes to approved projects?

Any new projects or schemes are approved by Cabinet or Council depending on the size of the project.

There have been no new projects added to the overall capital programme. The programme has been increased by £2.5m to reflect:

- The inclusion of an additional £80k per annum from 2014/15 onwards for Disabled Facilities Grants. These are already in the approved programme but the annual budget is currently £80k however expenditure is c£160k per annum. This is because the Council must support an eligible application for a grant if it meets the criteria. The additional expenditure can be funded by existing unapplied grant in 2014/15 and the Council will look to fund future years with unapplied grant if available. There is a risk that if this is not possible there will be a need to fund the additional expenditure from another source e.g. revenue or borrowing.
- The inclusion in the unapproved programme of expenditure for:
 - Devolved Formula Capital (£60k per annum from 2014/15 onwards)
 - Schools Basic Need (£180k per annum from 2014/15 onwards)
 - Schools Capital Maintenance (£300k per annum from 2014/15 onwards)

This expenditure has been estimated based on current year's expenditure levels. All of the above are fully funded by government grant.

Section 5 - Consultation

5.1 Consultation – how will we consult and when?

As outlined in the table in paragraph 1.2 above the Council has a statutory duty to consult on its budget proposals with representatives of non-domestic ratepayers and local persons.

It is proposed that consultation for 2014/15 includes:

- consideration by each of the Scrutiny Panels at special meetings in January 2014;
- a meeting with representatives of the local business community in January or February 2014;
- a presentation of the budget to the Parish Council Forum in January 2014; and
- consultation with local persons to include an online survey, static displays at libraries and publicity through the local print and broadcast media.

The outcome of the consultation will be reported to Cabinet on 4 February 2014 or Council on 17th 2014 depending on the timing of events to enable it to consider the views expressed when making its recommendation to Council on the budget.

5.2 Consultation – what key questions will we ask?

In order to encourage a high level of response to the consultation it is suggested that two key questions are asked with the opportunity for respondents to add their own views on any issues of particular interest to them. Suggested questions are:

Would you support a council tax freeze in April 2014?

Have you any other comments or suggestions about our draft budget proposals?
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Respondents would be encouraged to provide supporting comments on each of the questions to assist the Council in assessing the options when setting the budget and council tax in February 2014.