

CABINET

10 January 2012

Budget 2012/13 Update

Report of the Strategic Director for Resources

STRATEGIC AIM:	ALL		
KEY DECISION	YES	DATE ITEM FIRST APPEARED ON FORWARD PLAN	January 2012

1. PURPOSE OF THE REPORT

- 1.1 To agree detailed budget proposals for 2012/13 for consultation.
- 1.2 To inform Members of the estimated position on the Collection Fund at 31 March 2012

2. RECOMMENDATIONS

That Cabinet approves for consultation:

- 2.1 The savings proposals set out in Appendix 1
- 2.2 The service pressures contained within Appendix 2
- 2.3 The indicative Directorate budgets per Appendices 3, 4 and 5
- 2.4 The draft capital programme as shown at appendix 6
- 2.5 That Cabinet notes the estimated surplus of £29,300 on the Collection Fund as at 31 March 2012 of which £25,400 is the Rutland share

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 The Council is required to undertake consultation on its budget proposals prior to setting the budget and Council Tax for 2012/13 in February 2012.
- 3.2 Regarding the collection fund, the Council is required by the Local Authorities (Funds)(England) Regulations 1992 in exercise of the powers under section 99(3) of the Local Government Finance Act 1988, to make an estimate on 15 January of the amount of the deficit or surplus on the Collection Fund as at 31/3/2012.

4. GENERAL FUND BUDGET 2012/13

- 4.1 At their meeting of 20 December 2011, Cabinet considered the Medium Term Financial Plan (MTFP) and Budget 2012/13. To deliver a balanced budget for 2012/13, Cabinet approved a savings target of £600,000.
- 4.2 The report also set out the risk of the 2012/13 settlement being reduced as a result of the current consultation by the Department for Education (DfE) on

the Academies Funding Transfer for 2012/13. The final settlement will not be known until early 2012.

- 4.3** The savings target was set at a net level of £600,000, which means that it is the net total of service pressures and savings. The total of the gross service pressures and savings proposals are as follows:

Savings	(£1,193,500)
Service Pressures	£ 550,400
Total	(£ 643,100)

- 4.4** Detailed proposals for the savings and services pressures can be found at **Appendices 1 and 2** respectively.

- 4.5** The proposals have been built into the indicative Directorate budgets, which are shown at **Appendices 3, 4 and 5**. These detailed schedules show the movement from the latest approved 2011/12 budget to the proposed budget for 2012/13 and the movements are analysed as follows:

- Current budget 2011/12 – this is the current approved budget as report as part of the Q2 financial monitoring (Report 172/2011)
- Reversal of one off items – this removes any items that were only approved for 2011/12 for example in year non-recurring savings, one off budgets for specific items/projects.
- Adjustments – this column shows transfers between cost centres that have been requested by budget managers and other approved changes to the budget since the Q2 report
- Pressures – detailed explanation of the numbers in the pressures column is provided in **Appendix 2**
- Savings – detailed explanations are provided in **Appendix 1**
- **Inflationary Savings** – where there are amounts shown in this column this means that the budget manager has stated that the budget can be cash limited i.e. they can deliver the service without an inflationary increase
- **Inflationary Adjustments** – this represents the inflationary increase applied to the budget. The percentage applied depends on the type of budget, in line with the assumptions contained within the MTFP.

5. CAPITAL PROGRAMME

- 5.1** Cabinet approved an indicative three-year capital programme for 2012/13 to 2014/15 on 20 December. However, as reported at the meeting, allocations for schools capital have since been confirmed. Allocations are in line with the programmes reported to Cabinet but have been reduced proportionately to reflect the number of schools that have converted to Academy status. A revised capital programme incorporating these changes is shown at **Appendix 6**.

6. CONSULTATION

- 6.1** The budget proposals will be considered by each of the Scrutiny Panels at their special meetings on 18 and 19 January 2012. Consultation will also be held with the local business community and the public.
- 6.2** The outcome of the consultation will be reported to Cabinet in February to enable it to consider the views expressed when making its recommendation to Council on the budget.

7. ESTIMATED COLLECTION FUND SURPLUS/DEFICIT AT 31 MARCH 2012

- 7.1** 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 and Non Domestic Rates (NNDR) it collects. Expenditure from the fund is in respect of Rutland County Council's own demand (ie General Fund expenditure net of revenue support grant and share of NNDR), the precepts payable to the Police Authority and Fire Authority and payment to the national NNDR pool.
- 7.2** 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.
- 7.3** The estimated financial position on the Collection Fund at 31 March 2012 is set out below

	£
Collection Fund Surplus at 31 March 2011	(112,100)
Transfer in respect of estimated surplus at 31 March 2011	136,100
Reduction in collectable debit 2011/12	122,800
Higher collection rate than anticipated in tax base calculation, offset by increase in the provision for bad debts	(176,100)
Estimated surplus at 31 March 2012	<hr style="width: 20%; margin-left: auto; margin-right: 0;"/> (29,300)

- 7.4** The collection fund surplus at the end of 2010/11 was £112,141. This was £23,961 lower than the estimate prepared when the 2011/12 budget and Council Tax was set, due to a small reduction in council tax income.
- 7.5** The reduction in collectable debit can be attributed to a reduction in tax base levels due to increased discounts, exemptions and banding changes.
- 7.6** A full analysis of council tax arrears has been completed and the level of bad debt provision reviewed. This has resulted in an increase to the provision of £65,000.

7.7 The Regulations provide for the Council's share of the estimated surplus to be transferred to the General Fund. Rutland's share will be £25,400.

10. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The Council is on course to agree its budget and set its Council Tax for 2012/13 within the timetable required by statute
Viability	Low	The Council is required to set a balanced budget and retain general reserves at a reasonable level
Finance	Medium	The Council's resources are constrained by statutory rules and demands for its services continue to increase.
Profile	High	Service standards and the level of Council Tax attract high interest, both nationally and locally
Equality and Diversity	Low	An equality impact screening has been completed which indicates that a full equality impact assessment is needed. This will be completed following the budget consultation.

Background Papers

None

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.