



**LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION**

Cabinet

Tuesday, 22 January 2013

The following report was received after publication of the main agenda for this meeting and was marked 'to follow'. It is now enclosed, as follows:

Agenda Item Number	Page	Title
9	1 - 15	BUDGET & POLICY FRAMEWORK UPDATE 2013/14

**CABINET**

**Budget and Policy Framework Update 2013/14 –  
General Fund Revenue Budget and Capital Programme  
22 January 2013**

**Report of the Head of Resources**

<b>PURPOSE OF REPORT</b>					
To provide information on the latest budget position for current and future years, to inform Cabinet’s budget and policy framework proposals and to allow it to make final recommendations to Council regarding council tax levels for 2013/14.					
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>	<b>Referral</b>	<input checked="" type="checkbox"/>
<b>Date of notice of forthcoming key decision</b>		December 2012.			
<b>This report is public.</b>					

**OFFICER RECOMMENDATIONS:**

1. That the general budgetary position and future forecasts be noted, including the expected need to make substantial savings from 2014/15 onwards.
2. That the 2012/13 Revised Budget of £19.193M be referred on to Budget Council for approval, with the net underspending of £997K transferring into Balances.
3. That Cabinet considers the draft budget information and options as set out in the report and:
  - makes recommendations to Council regarding City Council tax increases for 2013/14;
  - makes recommendations regarding a balanced set of revenue budget proposals for 2013/14 drawing on the advice given in section 9.4 of the report, together with proposals for the 5-year capital programme;
  - makes recommendations regarding council tax targets for 2014/15 onwards;
  - adopts the approach set out in section 3.4 of the report, for developing a plan of action for tackling the 2014/15 budget and managing reserves and balances;

**and that all the above be referred on to Council for their initial consideration in early February, as well as being presented for scrutiny by Budget and Performance Panel in late January.**

## **1 INTRODUCTION**

1.1 In strategic terms, the main challenge of budget setting is to match priorities and corporate planning objectives against what is affordable financially. As for local government generally, the Council is facing major funding reductions from 2014/15 onwards and the expectation should be that fewer and/or lower levels of service will be provided in future, particularly over the medium term.

1.2 Accordingly, Cabinet is advised to make initial recommendations to Council regarding its budget proposals for 2013/14, together with outline proposals for achieving balanced budgets in future years also. In this way, the Council can seek to achieve sustainable and deliverable policies and objectives over the medium term.

## **2 GENERAL FUND BUDGET: CURRENT YEAR UPDATE**

2.1 As reported to Cabinet in December an estimated net underspending of £981K was forecast in the current year. The majority of savings had come from salaries, transport and reduced borrowing costs.

2.2 Since then, several other comparatively minor budget changes have been identified and an additional transfer of £180K has been made into the Municipal Buildings Reserve, as highlighted in section 3 below. The resulting draft Revised Budget for 2012/13 now stands at £19.193M, giving a net underspending of £997K. A budget summary is included at **Appendix A**.

2.3 Cabinet is now requested to refer the Revised Budget to Budget Council for approval, with the underspending transferring into General Fund Balances.

## **3 PROVISIONS AND RESERVES**

3.1 Provisions and reserves (as set out at **Appendix B**) help the Council to deliver against its corporate priorities and manage the many financial risks it faces. Under current legislation the Section 151 Officer is required to give explicit advice to Council on the minimum level of reserves and balances.

### **3.2 General Fund Balances**

3.2.1 Generally advice has been that balances should be kept at £1M. After transferring in this year's forecast net underspending, balances would amount to around £2.6M by 31 March 2013. Should the outturn prove in line with this forecast, it would mean that the Council has increased flexibility to help manage its position.

### **3.3 Earmarked Reserves**

3.3.1 For other earmarked reserves, the main points to note are as follows:

- The Capital Support Reserve (£324K), Lancaster Market Reserve (£648K) and the Invest to Save Reserve (£1.555M) will all be affected to some degree by the outcome of the application for judicial review of the planning decision regarding land

at south Lancaster (adjoining the Council's holdings), as well as the outcome of the planned headlease surrender for Lancaster Market.

- Municipal Buildings (£340K). This has been increased by £180K to address revenue risks and future condition survey needs, linked to the report elsewhere on the agenda. The Reserve balance is equivalent to 10% of the available capital programme provision. The balance is therefore considered reasonable but by no means excessive.
- Welfare Reforms (£200K). This would be used if the costs of council tax support exceed the £10.5M estimate for next year, but financial risks are now lower in 2013/14, given the very recent decision of Council. The exact timing and implications of Universal Credit implementation are still uncertain.
- Renewals (£854K). This is forecast to increase significantly over the medium term and a renewals programme needs to be established to inform spending patterns – but in due course this will be influenced by what facilities are retained.
- Job Evaluation / Restructuring (£538K combined). Again these will depend on the Council's future plans and direction.

## 3.4 General Advice on Balance and Reserves

3.4.1 The Authority has only recently received information on its medium term funding forecasts and it will be impossible to work through all the implications by the time of Budget Council. A plan of action to tackle the medium term budget deficit will also take more time to develop. Similarly, the biggest financial issues and risks (Lancaster Market headlease, Luneside East Lands Tribunal appeal, other property/capital receipts matters) will not have been resolved fully by Budget Council either, although some progress should be made in the first half of 2013/14.

3.4.2 In view of the current position, a sensible approach would be to:

- retain existing levels of Reserves and Balances for now but with a firm commitment to establish, by the end of September 2013, clear plans for reducing net spending from 2014/15 onwards. The recent budget reviews would be used to inform such plans.
- To support delivery of those plans, a full reassessment of Reserves and Balances would be completed to ensure that monies were allocated appropriately. The whole exercise would be reflected in the mid year review of the Corporate Plan and Medium Term Financial Strategy.
- This would mean that by late Autumn, the Council should be far clearer about how it will tackle its budget deficit and work could focus on ensuring implementation, rather than still being at the planning stage.

3.4.3 Once Cabinet's full budget proposals are known, formal advice regarding the level of reserves and balances will be provided to Cabinet; this will allow the s151 Officer to consider whether there are any major shifts in financial risk attached to Cabinet's proposals.

#### 4 LOCAL GOVERNMENT FINANCE SETTLEMENT

4.1 The provisional Local Government Finance Settlement was announced on 19 December 2012 and was out to consultation until 15 January. Detailed information and briefings are available on the various websites ([www.local.communities.gov.uk](http://www.local.communities.gov.uk) or [www.lga.gov.uk](http://www.lga.gov.uk)). The Settlement introduces provisions for some local retention of growth in business rate income. Various other points are highlighted below.

4.2 The Government has retained the concept of 'spending power'. Essentially this gives an annual comparison of the total of general Government funding and income from council tax (based on a freeze for next year), but in effect it disregards the impact of funding changes for localised council tax. The City Council's published figures are as follows:

	<b>£'000</b>	
2012/13 Adjusted Spending Power	22,221	
2013/14 Spending Power	<u>21,737</u>	
Year on Year Reduction	484	or 2.2%

4.3 As well as revenue support grant and redistributed business rate income, the above figures also include previous tax freeze allocations, new homes bonus, homelessness prevention and other minor grants.

4.4 Government is due to complete the next Comprehensive Spending Review (CSR) in Spring 2013. Initial indications are that local government should expect to see the same sort of reductions over the next two years as it has seen on average over the current CSR period, so year on real terms reductions of say 7.5% may be a reasonable assumption at this stage (assumed to be around 5% in cash terms). More work will be done to refine such assumptions.

4.5 In cash terms and excluding the impact of council tax support and some minor grants, the Council's general Government funding can be summarised as follows:

Year	General Government Funding *	Reduction	
		£'000	%
<b>2013/14 (MTFS Assumptions)</b>	12,092		
<b>2013/14 (Provisional)</b>	13,182	**170	1.4%
<b>2014/15 (Provisional)</b>	11,711	1,471	11.2%
<b>2015/16 (Indicative Only)</b>	11,029	682	5.8%

\* General Govt Funding covers the main sources: Formula Grant (RSG, Business Rate Income) Tax Freeze Compensation and New Homes Bonus.

\*\* This is after an adjustment of for council tax support funding (£1.260M).

4.6 For 2014/15, the Council's basic funding is now expected to reduce by a further £1.5M (or around 11%). This allows for updated, increased assumptions for new homes bonus.

4.7 Regarding this bonus, the draft budgets make the following income assumptions:

<b>Year</b>	<b>£'000</b>
2012/13	462
2013/14	729
2014/15	886
2015/16	944

4.8 Although the new Settlement arrangements will allow for some retention of growth in business rates in future, there is considerable uncertainty attached to forecasting. Unfortunately, the Council's exposure from disproportionately large rateable properties (such as power stations) means that currently there is much more downside risk from successful appeals, than there is scope for business rate income increasing.

## 5 COUNCIL TAX REFERENDUMS

5.1 Under the Localism Act, if an authority's council tax increase exceeds the principles set by the Secretary of State, then it must hold a local referendum.

5.2 The proposed principles for next year are set out below. These were subject to consultation and they will be finalised alongside the Settlement:

- i. The City Council could increase its council tax for next year by up to 2%. Above this threshold, the Authority would need to hold a local referendum.
- ii. In broad terms, the 2% threshold applies to police, fire and all local authorities (excluding parishes). Those whose current tax rate is in the lower quartile have a little extra discretion.

5.3 Based on the City Council's tax rate of £192.25 for a Band D property, the current maximum increase of 2% (to avoid a referendum) amounts to around £3.85 per year or 7 pence per week.

## 6 2013/14 COUNCIL TAX BASE

6.1 Setting the tax base has been a much more complex task than usual. It must now take account of the Council's new scheme for localised council tax support as well as second homes/empty property changes.

6.2 The adjusted tax base for next year now stands at 37,100 Band D properties, as compared with the current year's of 43,500. In simple terms the movement can be accounted for as follows:

	<b>Band D Properties</b>
2012/13 Tax Base	43,500
Second/Empty Property Changes	+ 468
Council Tax Support	- 6,900
Other General Changes	+ 32
	<b><u>37,100</u></b>

## 7 2013/14 DRAFT REVENUE BUDGET

7.1 The draft 2013/14 budget has been updated further and it now stands at £19.430M. Details are set out at **Appendix A**. The budget has reduced by £370K since December, the main changes being as follows:

- The Provisional Settlement is now reflected in the figures, as is the Council's approved Localised Council Tax Support Scheme.
- General underspendings and efficiency savings are included, as identified during the budget review meetings.
- Various savings and growth options have been allowed for provisionally, but clearly these are subject to consideration by Cabinet and are therefore likely to change. Some of these are the subject of specific reports elsewhere on this agenda.

7.2 If no further changes were made and all quantified savings and growth options taken forward, the current draft budget would translate into around a 2.2% reduction in council tax for next year. This highlights the flexibility that Cabinet has, but for one year only.

## 8 COUNCIL TAX AND SAVINGS REQUIREMENTS

8.1 If all the base budget changes, savings and growth options shown in **Appendix A** were accepted, the basic options for council tax would be as follows. A 1% change in council tax now has around £73K impact on the budget.

Council Tax Scenarios	Budget Impact		
	2013/14 Estimate	2014/15 Estimate	2015/16 Indicative
<b>A: Objective:</b> Maintain a steady increase to help protect service delivery, taking account of current referendum thresholds  <b>2% in all years, subject to local referendum thresholds</b>	£296K scope for one-off growth / increase balances	£1.212M net savings requirement	£2.568M net savings requirement
<b>B: Objective:</b> Take account of tax freeze compensation but then revert to steady increase to help protect service delivery.  <b>0% then 2% each year, subject to local referendum thresholds</b>	£237K scope for one-off growth / increase balances	£1.274M net savings requirement	£2.716M net savings requirement

8.2 In reality there are numerous other combinations of targets that could be applied across the years, but more fundamentally, this table highlights the scale of the challenges ahead for the City Council. Members could consider reducing council tax – but given the Council's future forecasts, this is advised against.

8.3 Cabinet is therefore requested to decide what level of council tax increase to recommend for next year and what targets to propose for 2014/15 onwards. In doing so, Cabinet is advised to consider:

- the provisional 2% threshold, above which a local referendum must be held;
- the £85K compensation allowed for in 2013/14 and 2014/15 if next year's council tax is frozen, but recognising the extra pressure this adds on making savings in subsequent years. To highlight this, by 2015/16 all compensation grant allocations will have dropped out of the budget. By then, it may be viewed that the Council will have foregone a cumulative tax increase of 7.25% (or say around £530K per year) as a result of taking up freeze grants – and this would increase to 9.25% (around £670K per year) if next year's offer is accepted.
- future years' general Government funding reductions and the need to make big savings in future;
- financial sustainability. In short, it is not possible to keep tax increases lower than planned, without needing even more savings in 2014/15 and beyond. More savings cannot be delivered without having greater adverse impact on services and communities – and the forecasts are already bleak enough.

8.4 Cabinet is reminded that its council tax recommendation for 2013/14 will be final, for subsequent consideration by Council. Targets for 2014/15 and beyond will be reviewed in future years, in accordance with the Medium Term Financial Strategy (MTFS).

## 9 RE-DIRECTION OF RESOURCES AND PRIORITIES (SAVINGS AND GROWTH)

9.1 At its December meeting Cabinet highlighted a small number of areas for service review that could affect its budget and policy framework proposals for 2013 to 2016. A brief update on these is provided below.

- **Energy Sign Up Scheme:**  
This is covered by a separate report elsewhere on the agenda. As well as providing community benefits, the scheme would generate a small amount of revenue.
- **Empty Homes Officer:**  
No budgetary provision exists for an additional post and no growth is currently quantified. The Council has approved other actions (Chatsworth Gardens, council tax charging policies) that will help tackle empty homes and there may be opportunities to redirect staff resources into this area.
- **Renewable Energy Project:**  
In January Cabinet agreed to consider the development of an energy strategy as part of the budget process (one-off growth of £20K). Any project proposals would follow, for specific consideration as part of future years' budgets. By then, it would be clearer how much resources were still available through Invest to Save and other Reserves and Balances.



9.2 Updates on other investment priorities are as follows:

- **Lancaster Market Leasehold Surrender:**

Until such time as this has been completed, the Council will need to retain sufficient flexibility within its Reserves and its borrowing limits. This is already provided for within the draft budget.

- **Localised Council Tax Support Scheme**

The decision of Council on 16 January means that this is high priority for 2013/14 and the retention of existing support levels ("Option 2") is provided for within next year's draft budget. The working assumptions for 2014/15 are currently that Option 2 would continue, but with no grant support being provided to parishes. This would seem a reasonable net budget assumption (with impact of around £140K) but Cabinet's views are sought.

9.3 Various other matters, such as the adoption of the living wage, floodlighting of buildings, and community charters etc, have been referenced or considered in some form during the year. Some are included as budget options already, as appropriate, or included elsewhere on this agenda for Cabinet's consideration. As background:

- An approach has been made by the British Legion for the Council to sign up to a Community Covenant – a mutual pledge of support for serving and ex- service men and women. The Council already provides some support but there may be resource implications attached to any Covenant, depending on what it covers. In due course a report will be prepared for Members to consider but this would be based on the Covenant being cost neutral, unless Cabinet indicates otherwise.

- With regard to the floodlighting of the Ashton Memorial, this was the subject of a Council motion back in July 2011. It was to be considered as part the 2012/13 budget in the context of plans for the park, but unfortunately the condition of the building and steps and the need for structural works has taken priority to date.

9.4 Cabinet is now requested to set out a balanced set of 2013/14 budget proposals for consultation through Budget and Performance Panel, and for initial consideration by Council, taking account of the information above. Advice is to avoid any recurring growth where possible and work within the one-off flexibility provided by whatever council tax increase is proposed. (As an example, there is currently £237K scope available if a tax freeze is put forward).

## 10 GENERAL FUND CAPITAL PROGRAMME

10.1 Other than the proposals regarding investment needs for the Council's property holdings, there is little else to report in capital terms at this stage. The fundamental issues are:

- to what extent Cabinet wishes to make provision or any other commitment for improving / rationalising the property portfolio in 2014/15 during this budget round; and

- whether it wishes to consider any other capital growth and if so, how and that could be afforded.

10.2 The draft capital position as reported to December Cabinet is summarised overleaf and a more detailed statement is included at **Appendix C**.

General Fund Programme	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Total Gross Programme</b>	<b>6,903</b>	<b>3,977</b>	<b>1,838</b>	<b>1,155</b>	<b>1,085</b>	<b>814</b>	<b>15,772</b>
<b>Financing:</b>							
Grants & Contributions	1,444	1,224	1,229	909	943	743	6,492
Direct Revenue Financing	357	87	30	30	30	0	534
Reserves Financing	1,012	347	70	184	70	60	1,743
Capital Receipts Applied	618	9,413	0	0	0	0	10,031
Increase / (Reduction) in Underlying Borrowing Need	3,472	(7,094)	509	32	42	11	(3,028)
<b>Total Funding</b>	<b>6,903</b>	<b>3,977</b>	<b>1,838</b>	<b>1,155</b>	<b>1,085</b>	<b>814</b>	<b>15,772</b>
<b>Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

10.3 Cabinet is now recommended to formulate a balanced set of capital investment proposals for initial consideration by Council.

## 11 DETAILS OF CONSULTATION

11.1 Cabinet has previously considered information arising from earlier public consultation and public sector engagement events; this report provides an updated financial context in which to reconsider proposed priorities and any resulting service changes. Cabinet's budget proposals are also due to be considered by Budget and Performance Panel at its meeting on 29 January, prior to February Council.

## 12 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

12.1 Options are dependent very much on Members' views on spending priorities balanced against council tax levels. As such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time to do this. Outline options are highlighted below, however.

- Regarding council tax, various options are set out at section 8 of the report.
- With regard to considering or developing savings and growth options to produce a budget in line with preferred council tax levels, any proposals put forward by Cabinet should be considered alongside the development of priorities and in light of public engagement. Emphasis should be very much on the medium to longer term position.

12.2 Under the Constitution, Cabinet is required to put forward budget proposals for Council's consideration, in time for them to be referred back as appropriate. This is why recommendations are required to feed into the Council meeting in early February, prior to the actual Budget Council later that month.

**13 OFFICER PREFERRED OPTION AND COMMENTS**

- 13.1 Generally Officer preferred options are reflected in the recommendations.
- 13.2 In view of the level of savings needed in 2014/15 onwards, the Chief Executive has implemented a freeze on permanent recruitment, to help manage budget pressures until such time as the Council is clear about how and where it will achieve the necessary budget savings. Accordingly, in terms of council tax his (and the Head of Resources') preferred option would be for a 2% increase, given the extra impact that a freeze would have on the budget from 2015/16 onwards and the fact that as yet, the Council has no plans in place to tackle its future budget deficit – and establishing those plans will be exceptionally difficult. This preferred option would change only if the Council fundamentally reduces its ambitions regarding service delivery and this was evidenced through the adoption of clear plans as part of this budget. As an indication, in future a tax freeze may equate to around 5 or 6 posts.

**14 CONCLUSION**

- 14.1 The provisional Settlement means that whilst next year's budget is manageable, the Council has only limited time to tackle the financial challenges expected from 2014/15 onwards. These challenges will require fundamental changes to the Council's current service delivery. Cabinet is advised to have regard to the medium term in determining its budget and council tax proposals for 2013/14, and to avoid adding even more pressure to 2014/15 and beyond. It is also advised to set out broad plans for tackling the 2014/15 budget.

<b>RELATIONSHIP TO POLICY FRAMEWORK</b> The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.	
<b>CONCLUSION OF IMPACT ASSESSMENT</b> (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.	
<b>FINANCIAL IMPLICATIONS</b> As set out in the report.	
<b>SECTION 151 OFFICER'S COMMENTS</b> The section 151 Officer has prepared this report, and her comments and advice are reflected accordingly.	
<b>LEGAL IMPLICATIONS</b> Legal Services have been consulted and have no further comments.	
<b>MONITORING OFFICER'S COMMENTS</b> The Monitoring Officer has been consulted and has no further comments.	
<b>BACKGROUND PAPERS</b> None. Any public background information is already available through previous reports or the Government website.	Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: <a href="mailto:nmuschamp@lancaster.gov.uk">nmuschamp@lancaster.gov.uk</a>

**2013/14 GENERAL FUND BUDGET**  
**Including Provisional Savings and Growth Options**  
**For Consideration by Cabinet 22 January 2013**

**Savings Requirement Changes**

	2013/14 £000	2014/15 £000	2015/16 £000
<b>As Per Original Budget Approved 29 February 2012</b>	<b>408</b>	<b>440</b>	<b>-</b>
<b>Updated MTFs Cabinet 06 November 2012:</b>			
Budget Approvals	(130)	31	
Base Budget Changes	135	(218)	
Reduction in Council Tax increase from 3.5% to 2%	125	258	
<b>Updated Savings Requirement</b>	<b>539</b>	<b>511</b>	<b>-</b>
<b>Budget Report Cabinet 04 December 2012:</b>			
Budget Review Changes (App A Variance Analysis) : Mainly Employee & Vehicle Savings	(464)	(536)	-
<b>Updated Savings Requirement / (Provisional Surplus)</b>	<b>75</b>	<b>(25)</b>	<b>-</b>
<b>Update following provisional settlement Cabinet 22 January 2013:</b>			
Base Budget Changes & Additional Grants	(625)	(710)	(700)
Pending Member Decisions	-	-	-
Provisional Savings & Growth Options	(141)	(99)	136
Government Support & Net Tax Base Changes	396	2,047	3,132
<b>Updated Savings Requirement / (Provisional Surplus)</b>	<b>(296)</b>	<b>1,212</b>	<b>2,568</b>

*Tax Base*      43,500      37,100      37,150      37,200

**Latest Council Tax projections based on above:**

<b>Band D Basic City Council Tax</b>	<b>£188.12</b>	<b>£232.65</b>	<b>£273.04</b>
<b>Percentage Increase Year on Year</b>	<b>-2.2%</b>	<b>21.0%</b>	<b>17.4%</b>

**Council Tax Increase Scenarios**

<b>A - ASSUMING A 2% INCREASE IN COUNCIL TAX FOR 2013/14 ONWARDS</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
Band D Basic City Council Tax	£196.10	£200.02	£204.02
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>SAVINGS REQUIREMENT / (PROVISIONAL SURPLUS)</b>	<b>(296)</b>	<b>1,212</b>	<b>2,568</b>
<b>B - ASSUMING A 0% INCREASE IN COUNCIL TAX FOR 2013/14 THEN 2% ONWARDS</b>	<b>0.0%</b>	<b>2.0%</b>	<b>2.0%</b>
Band D Basic City Council Tax	£192.25	£196.10	£200.02
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>SAVINGS REQUIREMENT / (PROVISIONAL SURPLUS)</b>	<b>(237)</b>	<b>1,274</b>	<b>2,716</b>

## Detailed breakdown of changes

	2012/13 Budget £000	2013/14 Budget £000	2014/15 Projection £000	2015/16 Projection £000
<b>ORIGINAL REVENUE BUDGET AND PROJECTIONS (Council 29 Feb 2012)</b>	<b>20,190</b>	<b>20,655</b>	<b>21,000</b>	<b>-</b>
<b>UPDATED BUDGET PROJECTIONS (Cabinet 04 December 2012)</b>	<b>19,209</b>	<b>20,196</b>	<b>20,277</b>	<b>20,806</b>
<b>Base Budget Changes:</b>				
Pensions / NI Increases	-	-	?	?
Review of contributions to HRA for communal areas	(54)	(41)	(35)	(35)
Festivals - Events storage savings	-	(8)	(8)	(8)
Additional Legal fees income	(75)	-	-	-
Feed-in Tariff income	(15)	(25)	(25)	(25)
Review of energy costs	(19)	(33)	(33)	(33)
Additional development control income	-	(50)	(50)	(50)
Morecambe Area Action Plan surplus budget for general services	-	(40)	-	-
Additional car parking income following reassessment	-	(20)	(20)	(20)
Various ICT savings	-	(47)	(58)	(51)
Health & Housing : vacant support service officer post deleted	-	(16)	(16)	(16)
3p tax savings on fuel	-	(10)	(10)	(10)
Waste collection : 2.5 vacant refuse collector posts deleted	-	(44)	(47)	(49)
Council Tax Support Grant for Parish Councils (Council 16 Jan 13)	-	76	-	-
Minor base budget changes	(15)	(14)	22	28
	<b>(179)</b>	<b>(271)</b>	<b>(280)</b>	<b>(270)</b>
<b>Specific Grants:</b>				
Additional New Homes Bonus Grant	-	(211)	(310)	(311)
Homelessness (increase to final allocation)	-	(9)	(9)	(9)
Community Right to Bid	-	(8)	(8)	(8)
Community Right to Challenge	-	(9)	(9)	(9)
Council Tax Support New Burdens Funding	-	(84)	(94)	(94)
Council Tax Support - Transitional Grant Funding	-	(34)	-	-
	<b>0</b>	<b>(354)</b>	<b>(430)</b>	<b>(430)</b>
<b>Cabinet 22 January 2013:</b>				
Car Parking Fees and Charges	-	?	?	?
Community Safety Priorities - Domestic Violence Advocate surplus funding	(18)			
Out of Office Hours Response to Severe Weather	-	?	?	?
	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reassessment of Reserves:</b>				
Municipal Buildings Reserve	<b>180</b>	-	-	-
<b>Provisional Savings Options</b>	-	<b>(255)</b>	<b>(254)</b>	<b>(253)</b>
<b>Provisional Growth Options</b>	-	<b>113</b>	<b>155</b>	<b>389</b>
<b>ADDITIONAL CONTRIBUTION TO/(FROM) BALANCES</b>	<b>997</b>	-	-	-
<b>RESULTING NET REVENUE BUDGET</b>	<b>20,190</b>	<b>19,430</b>	<b>19,468</b>	<b>20,242</b>
Government Support (Including Council Tax Support)	11,818	12,451	10,825	10,085
Collection Fund Surplus	(9)	0	0	0
<b>COUNCIL TAX REQUIREMENT</b>	<b>8,363</b>	<b>6,979</b>	<b>8,643</b>	<b>10,157</b>

## Provisional Savings Options

			2013/14 Budget £000	2014/15 Projection £000	2015/16 Projection £000
<b>INCOME GENERATION</b>	<b>SERVICE</b>	<b>NOTES</b>			
Three Stream Waste - charging for bins & boxes	Environmental Services		(60)	(82)	(83)
Collective Energy Switching Referral Fees	Community Engagement	Cabinet 22 Jan 2013	(5)	(5)	(5)
		<b>Sub-Total</b>	<b>(65)</b>	<b>(87)</b>	<b>(88)</b>

<b>BUDGET REDUCTIONS</b>	<b>SERVICE</b>	<b>NOTES</b>			
Your District Matters - online publication only	Community Engagement		(13)	(14)	(15)
Voluntary sector grants - only apply 1% inflation	Community Engagement		(6)	(6)	(6)
Morecambe BID	Regeneration & Planning	To be reinstated when needed	(40)	-	-
Member training budget reduction	Governance	Excluding election year	(6)	(6)	-
		<b>Sub-Total</b>	<b>(65)</b>	<b>(26)</b>	<b>(21)</b>

<b>EFFICIENCY PROPOSALS</b>	<b>SERVICE</b>	<b>NOTES</b>			
Salt Ayre Sports Centre review	Community Engagement		(75)	(92)	(94)
Community Engagement Management Review	Community Engagement		?	?	?
Museums Partnership	Community Engagement		(50)	(50)	(50)
		<b>Sub-Total</b>	<b>(125)</b>	<b>(142)</b>	<b>(144)</b>

<b>Total Savings (as totalled on previous page)</b>	<b>(255)</b>	<b>(254)</b>	<b>(253)</b>
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## Provisional Growth Options

			2013/14 Budget £000	2014/15 Projection £000	2015/16 Projection £000
<b>DETAILS</b>	<b>SERVICE</b>	<b>NOTES</b>			
<b>Recurring Revenue Growth:</b>					
Living Wage	Governance	Council 14 Nov 2012	48	52	35
Municipal Buildings (Revenue Cost of Capital)	Resources	Cabinet 22 Jan 2013	(54)	103	354
<b>One-Off Revenue Growth:</b>					
Energy Renewal Strategy	Environmental Services	Cabinet 04 Dec 2012	20	-	-
PCSO's	Environmental Services	Cabinet 22 Jan 2013	99	-	-
		<b>Sub-Total</b>	<b>113</b>	<b>155</b>	<b>389</b>

<b>Total Growth (as totalled on previous page)</b>	<b>113</b>	<b>155</b>	<b>389</b>
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# PROVISIONS AND RESERVES STATEMENT : For consideration by Cabinet 22 January 2013

	31/03/12		31/03/13		31/03/14		31/03/15		31/03/16	
	£	£	£	£	£	£	£	£	£	£
<b>PROVISIONS</b>										
B&D Debts-General Fund	512,091		512,091		512,091					
Derelict Land Clawback	56,932		56,932		-56,932					
Insurance Excess	452,786		452,786							
<b>TOTAL</b>	<b>1,021,809</b>	<b>0</b>	<b>1,021,809</b>	<b>0</b>	<b>-56,932</b>	<b>0</b>	<b>964,877</b>			
<b>RESERVES</b>										
Apprenticeship (funding subject to growth approval)	0	63,300	-19,500	29,200	-19,600	29,200	-7,900	29,200	-7,900	96,000
Capital Support	1,004,714		-681,000							323,714
City Lab	44,595		-34,100		-10,495					0
Highways	44,673		-44,673		0					0
Homelessness Support	0	65,000			-35,000					30,000
Invest to Save	1,229,183	325,500								1,554,683
Job Evaluation	52,897		-49,000							3,897
Lancaster Indoor Market	647,549		647,549							647,549
Municipal Buildings	464,152	180,000	-304,000							340,152
Olympic Torch Event	0	40,000	-40,000							0
Open Spaces Commuted Sums	204,650	57,600	-57,800		-40,600					128,450
Performance Reward Grant	223,513		-98,400		-54,300					70,813
Planning Delivery Grant	26,705		-23,405		-3,300					0
Renewals (all services)	699,362	375,600	-220,800	431,000	-359,000	394,000	-84,400	391,200	-190,000	1,436,962
Restructuring	586,099		-52,500							533,599
S106 Commuted Sums - Affordable Housing	920,780		920,780							920,780
S106 Commuted Sums - Highways, crossing & cycle paths	715,185	18,100	-357,400		-5,000					360,885
Vacant Shops Fund	22,632		-22,632		0					0
Welfare Reforms	200,000									200,000
Youth Games	18,500	18,500		18,500	-55,500			15,000		30,000
<b>Reserves Held in Perpetuity :</b>										
Graves Maintenance	22,201		22,201					22,201		22,201
Marsh Capital	47,677		47,677					47,677		47,677
<b>TOTAL</b>	<b>7,175,065</b>	<b>1,143,600</b>	<b>-2,005,210</b>	<b>6,313,455</b>	<b>-582,795</b>	<b>438,200</b>	<b>-137,700</b>	<b>6,509,860</b>	<b>-232,300</b>	<b>6,712,960</b>
<b>General Fund Balances</b>	<b>2,673,735</b>	<b>997,400</b>	<b>-1,035,400</b>	<b>2,635,735</b>				<b>2,635,735</b>		<b>2,635,735</b>

Note - For various provisions and reserves, not all spending needs are reflected (eg. the majority of the renewals balance will be applied for future vehicle replacements) and so over the period their balances will reduce from the levels shown above, as and when spending commitments and their timing are confirmed.

GENERAL FUND CAPITAL PROGRAMME

Appendix C

Service / Scheme	2012/13			2013/14			2014/15			2015/16			2016/17			2017/18		
	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme	Revised Budget	External Funding Grants & Contributions	Net Programme
<b>Environmental Services</b>																		
Hala Park Playground Improvements	50,000	50,000																
Car Park Improvement Programme	80,000		80,000															
Clay Pits Recreation / Play Facilities Development	92,000		92,000															
Priorsgate playground works	14,000	14,000																
Mainway Recycling Bins	4,000		4,000															
Toilet Works	90,000		90,000	60,000		60,000			90,000		90,000							
Allotment Extension - Scotforth	49,000		49,000															
Allotment Improvements (subject to expenditure plan)	47,000		47,000															
Vehicle Renewals	209,000		209,000															
<b>Community Engagement</b>																		
The Platform Improvements (subject to business case)	110,000		110,000															
Warm Homes Scheme	50,000		50,000															
Williamson Park - Woodland Improvement Grant	23,000		23,000															
Williamson Park - Steps	183,000		183,000															
Williamson Park - Other renewal and enhancement	75,000		75,000															
Salt Ayre Sports Centre - Swimming Pools Hydraulic Floors	45,000		45,000															
Salt Ayre Works Programme	74,000		74,000															
<b>Health and Housing</b>																		
YMCA Places of Change	52,000		52,000															
Disabled Facilities Grants (future years funding to be confirmed)	802,000		802,000				653,000		653,000		653,000		653,000		653,000		653,000	
<b>Regeneration and Planning</b>																		
Toucan Crossing - King Street	13,000		13,000															
Artle Beck Improvements (Flood Defences)	91,000		91,000															
Strategic Monitoring (River & Sea Defences)	98,000		98,000	101,000		101,000			101,000		101,000		101,000		101,000		101,000	
Wave Reflection Wall Refurbishment	41,000		39,000	10,000		10,000			20,000		20,000		20,000		20,000		20,000	
Slyndale Culvert Project	11,000		8,000	20,000		20,000			359,000		353,000		353,000		353,000		353,000	
Amenity Improvements	36,000		3,000															
Luneside East	128,000		128,000															
Bold Street Renovation Scheme	262,000		54,000	75,000		75,000			271,000		271,000		271,000		271,000		271,000	
Lancaster Square Routes (Phases 1 and 2)	7,000		7,000															
Finances Passage (links to Square Routes)	17,000		13,000	446,000		446,000			174,000		174,000		174,000		174,000		174,000	
Morecambe TH12: A View for Eric				160,000		160,000			334,000		334,000		334,000		334,000		334,000	
Poulton Pedestrian Route							127,000		127,000		127,000		127,000		127,000		127,000	
Public Realm Works	13,000		13,000															
Greyhound Bridge Road Affordable Housing	250,000		250,000															
Storey Institute Centre for Industries	13,000		13,000															
Morecambe Area Action Plan (Improving Streets)				100,000		100,000			100,000		100,000		100,000		100,000		100,000	
Port of Heysham Sites 1&4 (Payment of Clawback)				328,000		328,000			328,000		328,000		328,000		328,000		328,000	
West End Temporary Car Park	19,000		19,000															
<b>Resources</b>																		
I.T. Infrastructure																		
I.T. Application Systems Renewal	265,000		265,000	277,000		277,000			277,000		277,000		277,000		277,000		277,000	
I.T. Desktop Equipment	74,000		74,000	60,000		60,000			60,000		60,000		60,000		60,000		60,000	
Invest to Save: Solar Panels to Municipal Buildings	20,000		20,000															
Lancaster Indoor Market	1,155,000		1,155,000															
5 Cheapside	49,000		49,000															
Lancaster Bus station	35,000		35,000															
Corporate Property Renewal and Enhancement Programme	2,257,000		2,257,000	1,687,000		1,687,000			1,687,000		1,687,000		1,687,000		1,687,000		1,687,000	
<b>GENERAL FUND CAPITAL PROGRAMME</b>	<b>6,903,000</b>	<b>1,294,000</b>	<b>5,609,000</b>	<b>3,977,000</b>	<b>1,224,000</b>	<b>2,753,000</b>	<b>1,838,000</b>	<b>1,229,000</b>	<b>609,000</b>	<b>1,155,000</b>	<b>246,000</b>	<b>909,000</b>	<b>1,085,000</b>	<b>943,000</b>	<b>142,000</b>	<b>814,000</b>	<b>743,000</b>	<b>71,000</b>
<b>Financing :</b>																		
Specific Grants and Contributions	1,294,000		1,294,000	1,224,000		1,224,000			1,229,000		1,229,000		1,229,000		1,229,000		1,229,000	
General Capital Grants	150,000		150,000	87,000		87,000			30,000		30,000		30,000		30,000		30,000	
Revenue Financing	357,000		357,000	347,000		347,000			70,000		70,000		70,000		70,000		70,000	
Reserves Financing	1,012,000		1,012,000	9,413,000		9,413,000			1,329,000		1,329,000		1,329,000		1,329,000		1,329,000	
Usable Capital Receipts	618,000		618,000	11,071,000		11,071,000			509,000		509,000		509,000		509,000		509,000	
Increase / Reduction (-) in Capital Financing Requirement (CFR)	3,431,000		3,431,000	-7,094,000		-7,094,000			32,000		32,000		32,000		32,000		32,000	
(Underlying Change in Borrowing Need)	3,472,000		3,472,000	3,977,000		3,977,000			1,838,000		1,838,000		1,838,000		1,838,000		1,838,000	
<b>TOTAL FINANCING</b>	<b>6,903,000</b>		<b>6,903,000</b>	<b>3,977,000</b>		<b>3,977,000</b>			<b>1,838,000</b>		<b>1,838,000</b>		<b>1,838,000</b>		<b>1,838,000</b>		<b>1,838,000</b>	