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Our reference:
Your reference:
Date: 29 October 2012

To all Members of the Council

Dear Councillor

A meeting of the CABINET will be held on Tuesday 6 November 2012 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Head of Corporate Services

AGENDA

1. Apologies for absence.
2. Declarations of Interest.
3. Minutes of the Meeting held on Tuesday 16 October 2012 (previously circulated).

Key Decisions

There are no Key Decisions

Non Key Decisions

4. Local Development Scheme
The report of the Deputy Chief Executive (PR) is attached (pages 1 - 2).
5. Access Rights Over Council Owned Land to Shop Unit Behind the Halifax, Central Avenue, West Bridgford
The report of the Transformation Manager is attached (pages 3 - 6).

Budget and Policy Framework Items

6. Medium Term Financial Forecast
The report of the Director of Finance is attached (pages 7 - 16).

Matters referred from Scrutiny

There were no matters referred.

Membership

Chairman: Councillor J N Clarke

Vice-Chairman: Councillor J A Cranswick

Councillors: D G Bell, J E Fearon, D J Mason, Mrs J A Smith

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**MINUTES
OF THE MEETING OF THE
CABINET
TUESDAY 16 OCTOBER 2012**

Held At 7.00pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford

PRESENT:

Councillors D G Bell, J N Clarke, J A Cranswick, J E Fearon, D J Mason,
Mrs J A Smith

ALSO IN ATTENDANCE:

Councillors A MacInnes, R Mallender

OFFICERS PRESENT:

C Bullett	Deputy Chief Executive (CB)
S Goodrich	Head of Revenues & ICT Services
A Graham	Chief Executive
K Marriott	Head of Transformation
P Randle	Deputy Chief Executive (PR)
L Reid Jones	Democratic Services Manager
P Steed	Director of Finance
D Swaine	Head of Corporate Services

APOLOGIES FOR ABSENCE:

There were no apologies for absence

21. Declarations of Interest

There were none declared.

22. Minutes

The minutes of the meeting held on Tuesday 11 September 2012 were approved as a correct record and signed by the Chairman.

23. ICT Strategy 2012-16

Councillor Cranswick presented a report of the Head of Revenues and ICT Services setting out the ICT Strategy 2012-16. He explained that the Council's ICT Strategy was adopted in September 2009 to cover a three year period. The report highlighted that the Strategy recognised the need for investment in a number of key software applications that, for different reasons, were in need of replacement. Furthermore the need for ICT infrastructure improvements to support the Government's 'Greening ICT' agenda' by delivering savings and reductions in energy consumption had been recognised.

Councillor Cranswick informed Cabinet that the strategic objectives had been achieved and that the new ICT Strategy reflected and supported the Council's corporate objectives. He added that the strategy provided six integrated strategic themes: being efficient; promoting a high degree of customer focus;

increased ability to work in effective partnership; supporting strong leadership; environmental impact and business continuity and security.

By reference to the report Councillor Cranswick informed Cabinet that a Technical Delivery Plan had been produced to support the ICT Strategy and this was available for Members should they wish. In continuing he drew Cabinet's attention to the wider ICT partnership established in July 2011 between Broxtowe Borough Council, Newark and Sherwood District Council and Rushcliffe.

In relation to resourcing Councillor Cranswick explained that the report identified a potential spend of £700,000 over the period of the next four financial years. He added that this was an estimated spend which would require clarification and amendment as individual projects were identified and brought forward for consideration in line with relevant procurement practices and rules.

Councillor Fearon supported the adoption of the ICT strategy and the resourcing required, and stated that it was prudent that such action be taken.

Cabinet **RESOLVED** that:

- a) the ICT Strategy 2012-16 as set out in Appendix 1 of the report be adopted;
- b) funding requirements be integrated into planning processes for the 2013/14 Budget; and
- c) a further report of the progress of the wider partnership be presented to a future meeting.

24. **Play Space at Sycamore Close/Maple Close Bingham**

Councillor Cranswick presented a report of the Head of Transformation updating Cabinet on the play space at Sycamore Close/Maple Close in Bingham. He reminded Cabinet that this had been considered at the September meeting of Cabinet and a query had been raised regarding a public right of way. He informed Cabinet that officers had confirmed that there was no public right of way across the plot under the Highways Act, and therefore he proposed that the plot be disposed of to adjacent homeowners for garden use.

Councillor Bell stated that as there was no right of way across the plot there was no reason to reject the proposal to dispose of the land.

Councillor Clarke concurred with the comments made by Cabinet.

Cabinet **RESOLVED** that:

- a) the plot marked on the plan attached to the report be disposed of, to adjacent homeowners for garden use

- b) a clawback provision be placed on the land, to ensure that the Council receives a 30% share of the uplift in value if it is subsequently developed; and
- c) the proposed disposal of the open space to be advertised under S123 (2a) of the Local Government Act 1972.

25. **Assets of Community Value Scrutiny Arrangements**

Councillor Mrs Smith presented a report of the Head of Corporate Services detailing Assets of Community Value as set out within the Localism Act 2011 and associated regulations. The report also set out proposals to refer the topic to the Council's Community Development Scrutiny Group for a process to be developed that could be recommended to Cabinet for approval.

Councillor Mrs Smith explained that the Localism Act contained provisions for the community to register assets of community value with a view to bidding for ownership of those assets should they become available for purchase. By referring to the report she gave examples of assets which included village shops, community centres, children's centres libraries or a local pub should the owner wish to sell. She drew Cabinet's attention to the process whereby if the owner of a listed asset wished to sell, the community would be given a window of opportunity to express an interest in purchasing the asset at the point in time.

Councillor Mrs Smith stated that a six month moratorium would be put in place to enable the community to draw up a purchase plan and make an offer to the owner of the asset. In continuing Councillor Mrs Smith stated that there were a number of bodies that were eligible to nominate an asset of community value and these were set out in paragraph 4 of the report. She informed Cabinet that residential premises and land held with them or the operational land of statutory undertakers were exempt.

Councillor Mrs Smith stated that the arrangements gave opportunities for the community to submit proposals but it would be necessary for them to be well organised in order to obtain funding and prove their capability to manage any opportunity in the longer term.

In relation to the scrutiny arrangements Councillor Mrs Smith reminded Cabinet that they had considered a report on the Community Right to Challenge at their May meeting, and had asked the Community Development Group to consider draft proposals for a process that Cabinet could approve. She stated therefore, that it was appropriate for the Community Development Group to consider a draft process for dealing with Asset of Community Value alongside this process before recommending both the Cabinet for approval.

Councillor Mason supported the proposal for the Community Development Group to consider both items together.

Councillor Clarke re-iterated that both processes would be recommended to Cabinet for approval.

It was **RESOLVED** that Cabinet requests the Council's Community Development Group to develop an Assets of Community Value process for Cabinet approval.

26. **Revenue and Capital Budget Monitoring October 2012**

Councillor Cranswick presented a report of the Director of Finance which submitted the budget position for revenue and capital as at 31 August 2012. The details contained in the report had been considered by the Corporate Governance Group on 26 September. By reference to the report he informed Cabinet that the underspend against profiled budget to date was £352,522 with a projected surplus on outturn of £58,620, and that it was anticipated that the latter figure would increase throughout the remainder of the year as managers continued to drive cost savings from currently allocated budgets.

Commenting further he stated that it was pleasing to report the provision of an additional 4,000 green bins which generated additional income, and the Council was likely to continue to receive this additional income year on year. In continuing, he explained that whilst the level of projected outturn on the capital programme remained lower than the budget the level of planned expenditure was considerably higher than reported in July, details of which were set out in paragraphs 6 – 9 of the report.

Councillor Cranswick highlighted the continued efforts of staff in identifying savings. He recognised the significant external financial pressures facing the Council, in particular changes in national funding associated with the localisation of Business Rates, Universal Credit, new arrangements for Council Tax Support, and continued financial pressures on individuals, businesses and partners.

In response to a question from Councillor Mrs Smith regarding fall in income at leisure centres reflecting timing issues, the Director of Finance explained that this was in part due to the complex re-charging process between schools, the Council and Parkwood. He added that this was an issue of concern and that some of the delays in processing related to the changes in school status. He informed Cabinet that officers were looking at how the process could be improved in order to minimise any delays in income flow.

Councillor Cranswick commented that underspends could also be classed as savings in certain areas.

In response to a question from Councillor Bell regarding Alford Road Pavilion, the Chief Executive informed Cabinet that options were being prepared and had been discussed with the Cabinet Portfolio Holder, and that a report would be presented to Cabinet in due course.

RESOLVED that Cabinet note the current projections for Revenue and Capital outturn as set out in Appendices A and B of the report.

The meeting closed at 7.20 pm.

CHAIRMAN

REPORT OF THE DEPUTY CHIEF EXECUTIVE (PR)

CABINET PORTFOLIO HOLDER – COUNCILLOR D G BELL

Summary

The Local Development Scheme (LDS) sets out the Development Plan Documents the Council intends to prepare as part of the Local Plan and the programme for their preparation. The Local Development Framework Group considered a revised LDS on 22 October and referred it to Cabinet for approval.

Recommendation

It is RECOMMENDED that Cabinet approve –

- a) the principal revisions to the Rushcliffe Local Development Scheme as shown in table 1 and
- b) delegated authority to the Deputy Chief Executive (PR), in consultation with the Cabinet Member for Sustainability, to amend the detailed content of the Local Development Scheme.

Background

1. The Planning and Compulsory Purchase Act 2004 requires local planning authorities to prepare, submit and produce a Local Development Scheme (LDS). The LDS sets out the Development Plan Documents (DPD) the Council intends to prepare as part of the Local Plan and the programme for their preparation.
2. The Government requires that the LDS is kept up to date and expects that it will be periodically reviewed, ideally through the Council's Annual Monitoring Report (AMR) for the Local Plan. The current LDS was brought into effect in September 2006.

Proposed amendments to the LDS

3. As set out in the Council's latest AMR, the existing 2006 LDS is now out of date and needs updating. One of the tests of soundness for the Core Strategy when it is examined by a Planning Inspector is whether it has been prepared in accordance with the LDS. Accordingly, it is appropriate for the LDS to be as up-to-date as possible.

4. The Local Development Framework Group considered the revised LDS at its meeting on 22 October 2012 and unanimously agreed that it should be referred to Cabinet for approval.
5. It is proposed that the Council should produce two DPDs which together will form the Local Plan. The first would be the Core Strategy DPD which sets the strategic approach to new development in Rushcliffe and identifies the main strategic allocations. The second would be the Land and Planning Policies DPD which will include non-strategic land allocations and designations, as well as a suite of detailed policies for use in the determination of planning applications. An amended LDS and a timetable for the DPD preparation is set out below in Table 1.
6. Once the Core Strategy element of the Local Plan is completed and the second element, the Rushcliffe Land and Policies DPD, is substantially progressed, it is intended that work will begin to review the Rushcliffe Local Plan in its entirety. This will include extending the time period covered by the plan beyond the current end date of 2026.

Table 1 Schedule of Proposed LDS Timetable

Development Plan Document Title	Proposed Programme
Rushcliffe Core Strategy Development Plan Document	<ul style="list-style-type: none"> • Publication March 2012 • Submission November 2012 • Adoption June 2013
Rushcliffe Land and Planning Policies Development Plan Document	<ul style="list-style-type: none"> • Issues and Options Consultation April 2013 • Publication November 2013 • Submission March 2014 • Adoption September 2014
Rushcliffe Local Plan (This includes a full review and rolling forward of the strategic policies of the Core Strategy and will ultimately supersede both the Core Strategy and the Land and Planning Policies Development Plan Documents)	<ul style="list-style-type: none"> • To start November 2013. A detailed timeline of the Plan period to be covered and the key stages to be defined nearer the time.

Financial Comments

The workload arising from the Local Development Scheme timetable will be undertaken utilising existing Planning Policy resources.

Section 17 Crime and Disorder Act

There are no direct crime and disorder implications arising from this report.

Diversity

There are no direct diversity implications arising from this report.

Background Papers Available for Inspection: Nil



CABINET

6 NOVEMBER 2012

**ACCESS RIGHTS OVER COUNCIL OWNED LAND
TO SHOP UNIT BEHIND THE HALIFAX, CENTRAL
AVENUE, WEST BRIDGFORD**

5

REPORT OF THE HEAD OF TRANSFORMATION

CABINET PORTFOLIO HOLDER – COUNCILLOR JOHN CRANSWICK

Summary

The Council has been approached for permission to grant pedestrian access rights in perpetuity across a strip of land adjacent to the Croquet Lawn in West Bridgford. The purpose of the access is to enable an additional shop unit to be created in the Central Avenue area of West Bridgford.

Recommendation

It is RECOMMENDED that

- a.) Cabinet approves in principle that access rights may be granted in perpetuity across the strip of land adjacent to the Croquet Lawn subject to:
 - i. terms and conditions being agreed
 - ii. planning permission for the proposed shop units being granted
 - iii. a pre-let being secured by the developer
- b.) Cabinet authorises the Head of Transformation in consultation with the Cabinet Holder for Resources to draw up the appropriate agreement having regard for the principles of best value as set out in the Council's Asset Management Strategy and protecting the Council's other property interests in the area.

Details

1. The Council has been approached by a developer looking to create an additional shop unit(s) in West Bridgford behind the Halifax bank (see attached plan). In order to access a unit in this position, rights of access are required across the Council-owned land adjacent to the footpath from Central Avenue to Marks and Spencers.
2. The developer is proposing to create up to three additional rental units – a ground floor retail unit, plus a first floor shop unit and a separate office.
3. An independent valuation has been sought to guide the Council on the value of such an access request. The access is proposed to be in perpetuity – it is not viable to offer a fixed term access agreement due to the investment required to develop the site.

4. The valuation has suggested a price for the access rights with an overage agreement to be enforced at an agreed period after completion. This will enable the Council to benefit from a share in the developer's profit from the scheme if market conditions are good and a strong yield is secured from future tenants.
5. The independent valuation also recommends that the Council is mindful of protecting its other landholdings in the area, should it want to explore the possibility of developing these in the future. Therefore the agreement will make provision for that.
6. Benefits to the scheme include:
 - a) A new retail development for West Bridgford, providing supply to the current demand for units.
 - b) The new unit would further add to West Bridgford's reputation as a good local centre to visit.
 - c) The modern unit will improve the visual aspect for people walking to and from the Nursery Car Park.
7. Disadvantages include the loss of part of the hard standing area, which is currently used by hirers of the Croquet lawn and the farmers' market and was established to relieve the pressure on the Croquet Lawn and subsequent wear of the grass by hirers.
8. If all the hirers were to leave as a result of the loss of this small area, the worst case for the Council would be a loss of £6,200 in income per year. This is unlikely; however the Council would be losing some income for this specific area - probably in the region of 25 percent (£1,600 per annum).

Planning position and wider context

9. A planning application has not yet been submitted for the proposed unit. All final arrangements will be subject to planning permission and should Cabinet decide to agree in principle to the sale of the access rights to the unit, this in no way prejudices the proper planning process that needs to take place.
10. Support in principle for the sale of access rights would facilitate additional shop and office units in the Central Avenue area of West Bridgford and would support the Council's corporate priority of supporting the economy.
11. Because an independent valuation of the asset has been secured, Cabinet can be reassured that any disposal of the asset is at market value.

Financial Comments

If all the hirers were to leave as a result of the loss of this small area, the worst case for the Council would be a loss of £6,200 in income per year. This is unlikely; however the Council would be losing some income for this specific area - probably in the region of 25 percent (£1,600 per annum).

The Council will receive a capital receipt with a potential overage if the sale of the access rights goes ahead.

Section 17 Crime and Disorder Act

There are no crime or community safety implications.

Diversity

There are no diversity implications.

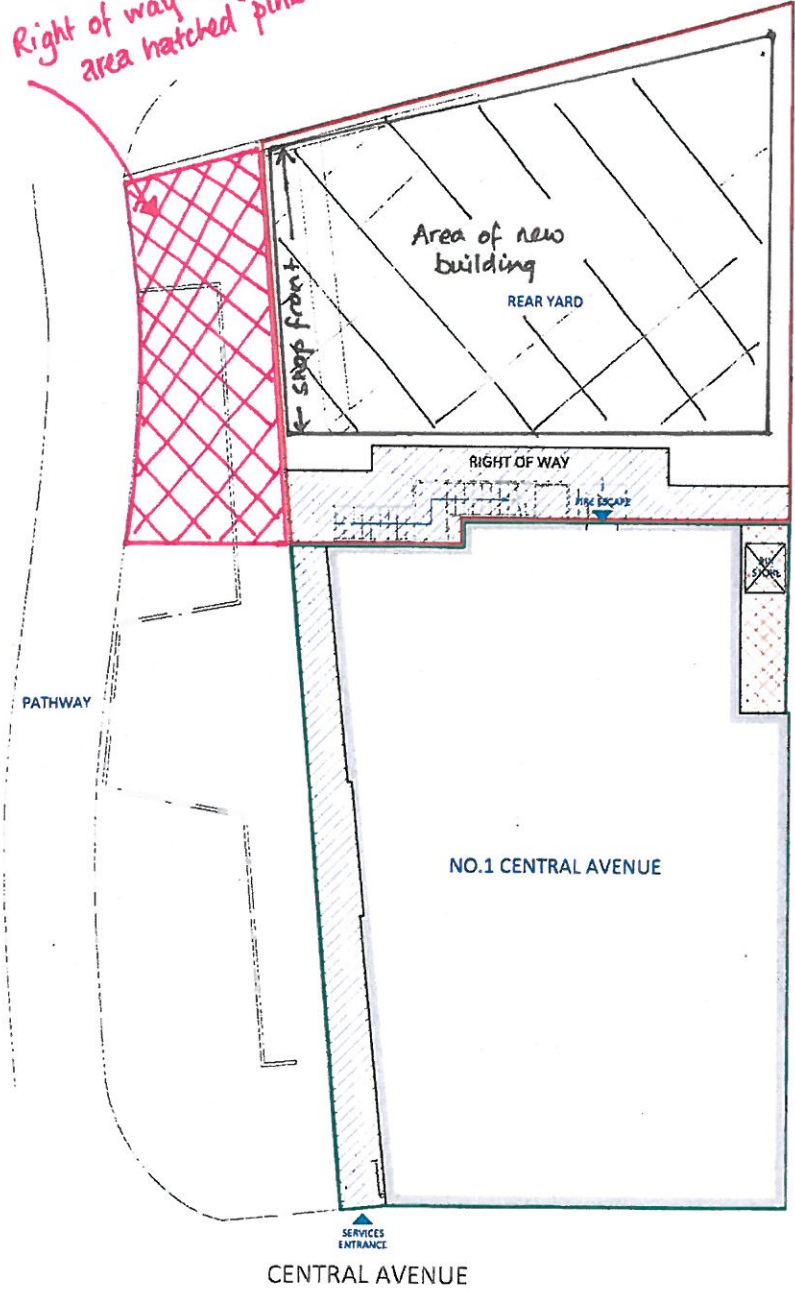
Background Papers Available for Inspection: Nil

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REPORT OF THE DIRECTOR OF FINANCE

CABINET PORTFOLIO HOLDER – COUNCILLOR J A CRANSWICK

Summary

1. Under the Council's Financial Regulations budgetary decisions are considered in the context of a five year projection of revenue and capital budgets. The Medium Term Financial Forecast (MTFF) detailed in this report provides an updated position from that presented when the Council set the 2012/13 budget on 1 March 2012. It also provides details of potential actions that the Council could take to set a balanced budget for 2013/14 but does not require that a recommendation be made on these areas at this time.
2. As identified at paragraph 35 it is important to note that there is a considerable degree of uncertainty over the timing of funding announcements for the 2013/14 year and the financial impact of these announcements on funding levels. The MTFF should therefore be viewed in broad terms rather than as providing a detailed forecast for the next five years. It is important to note, however, that these uncertainties will be fully addressed by the time Council meets to set the 2013/14 budget on the 7 March 2013.

Recommendation

It is **RECOMMENDED** that Cabinet endorses the interim Medium Term Financial Forecast for 2013/14 to 2017/18.

Introduction

3. In order to provide context for its short term financial decision making it is important the Council establishes an understanding of its longer term financial position. Within Rushcliffe this requirement is addressed through the development of a five year projection of the Council's revenue and capital budgets, the Medium Term Financial Forecast.
4. The last iteration of the MTFF was considered by full Council when it met to set the 2012/13 Budget and Council Tax on 1 March 2012. This forecast, reproduced at Table 1 below, demonstrated the requirement to deliver £1,255,000 in service redesign savings between 2013/14 and 2015/16.

	2011/12	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000
Net Service Expenditure	12,060	11,446	11,648	11,060	11,184
Contingency	80	80	80	80	80
Revenue Contribution to Capital	860	200	200	200	200
Interest Receipts	(560)	(450)	(450)	(700)	(900)
Special Expenses	(759)	(753)	(771)	(781)	(790)
Use of Earmarked Reserves	(1,320)	(591)	(345)	(76)	(70)
Net Council Budget	10,361	9,932	10,362	9,783	9,704
Forecast Resources:					
Central Government Grant	(5,550)	(4,872)	0	0	0
Localised Business rates	0	0	(4,628)	(4,397)	(4,177)
Collection Fund Surplus	(50)	(94)	(25)	0	0
Income from Council Tax	(4,660)	(4,694)	(4,859)	(5,030)	(5,206)
Council Tax Freeze Grant	(136)	(272)	(136)	(136)	0
Total Resources	(10,396)	(9,932)	(9,648)	(9,563)	(9,383)
Budget (Surplus) Deficit	(35)	0	714	220	321
Service Redesign Savings	0	0	(714)	(220)	(321)
Budget (Surplus) Deficit	0	0	0	0	0

Table 1 – Medium Term Financial Forecast, Budget Council, 1 March 2012

5. This requirement was reflected in the Council's four year plan which outlined how, through business cost reduction, income generation and service redesign, the Authority intended to address the financial challenges that it faced from 2011/12 to 2014/15.

The Emerging Position

6. Since March further details have been provided on four major funding issues. These are:
- The Localisation of Non-Domestic Rates
 - Changes Arising from the Introduction of the Council Tax Support Scheme
 - Additional Flexibilities with Regard to Council Tax Discounts
 - Clarification on Support Arrangements for Freezing the 2013/14 Council Tax.
7. Alongside these changes it is likely there will be a delay in the release of the draft Settlement from the Department for Communities and local Government (DCLG). Traditionally this announcement is made in late November enabling the MTF to be revised accordingly during December. However, it is now apparent that this announcement could be delayed until the 19 or 20 December which would provide a much tighter timescale for assessing the implications of any changes from anticipated levels of funding. This is of particular concern due to the high levels of uncertainty detailed elsewhere in

this report. If required such impacts will be highlighted at January's Cabinet and Members' Budget Workshops.

Localisation of Non-Domestic Rates

8. Currently Non-Domestic Rate levels are set at a national level and are then collected on the Government's behalf and paid in full, less an allowance for the costs of collection, into a national pool. This pool is then redistributed to councils as part of the Government's central funding mechanism with no linkage to the amounts collected by the Authority. Through this mechanism all of the risks and benefits of growth, revaluation and appeals rest with central rather than local government.
9. From April 2013 this approach will change. Whilst Non-Domestic Rate levels will continue to be set nationally, each principal authority will retain a proportion of the amount collected and will also receive a proportion of any above inflation growth in payments, or have to fund some or all of decreased receipts. The levels of retention will be determined on a formula basis which means that they will differ for each Authority and until the exact figures are finalised it is not possible to exactly determine the levels of retention or the extent to which growth will be retained. However current indications are that Rushcliffe will retain approximately one eighth of its Non-Domestic Rate income in lieu of central grant and a quarter of any above inflation growth in income received. The Government has indicated that a safety net will be implemented for councils experiencing a decline in Non-Domestic Rate income with central funding being provided to ensure that any reduction is limited to between 8.5% and 10%.
10. To ensure that national control totals for local government funding are met the Council will continue to receive a reduced level of central grant. In order that the government can meet its overall expenditure targets it is anticipated that this central grant will reduce significantly over time.
11. Due to the uncertainty over the final split between the two funding sources the MTFF has retained a single figure for both central grant and retained Non-Domestic Rates. The Department for Communities and Local Government (DCLG) has produced indicative allocations for all authorities which place Rushcliffe's level of funding for 2013/14 at £5.16m based on an assumption that the DCLG would only retain sufficient funding to meet the projected in-year costs of New Homes Bonus, capitalisation and safety net funding.
12. This model of distribution is different to that originally proposed with DCLG distributing less upfront grant with uncommitted amounts being returned to councils as a grant payment towards the end of the financial year. Under this model central funding and retained Non-Domestic Rates would total £4.815m increasing the funding gap by £345,000. The treatment and potential level of funding should become clearer once the draft grant settlement is available in late December but it is currently assumed that it would decline as the New Homes Bonus approaches maturity disappearing entirely by 2016/17.

Council Tax Support Scheme

13. April 2013 will also see the introduction of new arrangements for Council Tax Support with the current nationally funded Benefits system replaced by local arrangements that will provide discounts on the Council Tax for those deemed in need of assistance. Rushcliffe is currently consulting on its potential scheme, details of which have previously been considered by Cabinet. The new arrangements will have a number of impacts on the MTFF.
14. The most visible of these impacts arises from the Council Tax Support entitlements being disregarded when the council tax base is calculated (in a manner similar to current exemptions and discounts) which will result in the level of collectable council tax decreasing. Whilst the proposed scheme currently being consulted upon, and potential flexibilities discussed elsewhere in this report, will help offset this change, there will still be a residual reduction in the Authority's council tax base. This loss of income is also offset by additional central government funding but, unlike the current scheme which sees the Council's costs met in full, in future this funding level will be fixed and may decline in line with wider national funding changes. It should be noted that this funding will also include additional grant to enable the Council to meet costs associated with the new scheme that would otherwise fall upon the parish councils.

Council Tax Discounts

15. From 2013/14 the Council will also be provided with further flexibility to vary the level of discounts that it provides to certain categories of council tax payer. For planning purposes it is currently anticipated that the following changes would be made:
 - At present vacant dwellings where major repair works or structural alterations are required, under way or recently completed; or which are empty or substantially unfurnished are exempt from council tax for the first twelve and six months respectively. From April 2013 it is anticipated that this will reduce to a 50% discount in line with other vacant properties.
 - It is also anticipated that the Council will choose to remove the current 10% discount offered to owners of second homes.
16. These changes will enable the Council to partially offset the reduction in the council tax base caused by the introduction of the Council Tax Support Scheme and provide additional income for Rushcliffe and all precepting authorities including parishes. These changes will affect approximately 800 properties yielding £34,000 of additional income for the Authority.

Council Tax Freeze Arrangements

17. On 8 October the Government announced that arrangements would be put in place to support those authorities who wished to freeze or reduce their council tax from April 2013. Those authorities that choose to take this approach will receive additional grant in 2013/14 and 2014/15 equivalent to a 1% council tax increase in 2013/14. Subject to changes resulting from changes to the

number of properties, impacts from the Council Tax Support Scheme and potential changes to Council Tax Discounts this grant is estimated at £43,000 per annum for 2013/14 and 2014/15.

18. Alternatively the Government also indicated that local authorities would be free to increase their council tax by up to 2% from April 2013 but that any increases above this level would be subject to the binding local referendum requirements which have replaced the historic capping arrangements.
19. It is for the Council to make the ultimate decision on Council Tax levels when it meets on 7 March 2013. It should be noted however, that council tax freeze grant is time limited and that as the result of decisions taken in 2011/12 and 2012/13 the Council must offset lost funding of £136,000 in 2013/14 and a further £136,000 in 2015/16. The MTFF presented to Council on 1 March 2012 was predicated, for planning purposes, on annual 3% council tax increases from 2013/14 onwards. However in line with previous council decisions and national announcements the interim MTFF has been rebased to reflect a council tax freeze in 2013/14 and increases of 2% per annum thereafter. As shown at Table 3 over the next five years the total difference between a 2% or nil council tax increase in 2013/14 is estimated at £368,000.

Earmarked Reserves

20. Interest receipt figures have been decreased to reflect the current levels of returns being obtained by the Council on its investments. To help mitigate the impact of these reductions the Council maintains an Interest Equalisation Reserve which, allowing for current commitments will contain £971,000 at the start of 2013/14. The MTFF presented to Council on 1 March 2012 included the use of £255,000 of this reserve in 2013/14 and it is proposed to utilise the remaining balance of this reserve between 2014/15 and 2017/18 at the rate of £179,000 per annum.
21. As part of the 2011/12 outturn process Cabinet also endorsed the creation of a £200,000 reserve to meet potential election costs. It has been assumed that this reserve will be used in full for this purpose in 2015/16. It is also assumed that use of the Invest to Save reserve will continue to be used at £100,000 per annum from 2013/14 onwards.
22. It is important to note that the use of earmarked or general reserves to support on-going expenditure is not a sustainable long term solution to funding reductions. However the use of reserves to support specific areas of work remains a potential option available to the Council and will be considered as the final budget proposals are developed.

Other Issues and Assumptions

23. The MTFF also reflects the reduced level of council tax receipts that will be received as the result of the implementation of the Council Tax Support Scheme, albeit that these changes will be offset by the potential variations to Council Tax Discounts identified at paragraph 13.

24. For 2013/14 and 2014/15 service redesign savings reflect the currently understood position on the four year plan with an assumption that due to timing issues some additional savings are likely to be realised during 2015/16.
25. The interim MTFF is shown at Table 2 below.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Net Service Expenditure	11,768	11,158	10,695	10,880	10,730
Contingency	80	80	80	80	80
Revenue Contribution to Capital	200	200	200	200	200
Elections	0	0	200	0	0
Interest Receipts	(200)	(200)	(250)	(300)	(350)
Special Expenses	(771)	(781)	(790)	(805)	(822)
Use of Earmarked Reserves	(355)	(279)	(479)	(274)	(274)
Net Council Budget	10,722	10,178	9,656	9,781	9,564
Forecast Resources:					
Central Government Grant	0	0	0	0	0
Localised Business rates	(5,160)	(4,911)	(4,780)	(4,432)	(4,210)
Collection Fund Surplus	(25)	0	0		
Income from Council Tax	(4,337)	(4,445)	(4,561)	(4,698)	(4,825)
Council Tax Freeze Grant	(179)	(179)	0	0	0
Total Resources	(9,701)	(9,535)	(9,341)	(9,130)	(9,035)
Budget (Surplus) Deficit	1,021	643	315	651	529
Four Year Plan Savings	(844)	(479)	(100)	0	0
Savings to be Identified	(177)	(164)	(215)	(651)	(529)
Budget (Surplus) Deficit	0	0	0	0	0

Table 2 – Interim Medium Term Financial Forecast, 6 November 2012

Changes from March 2012

26. Obviously the interim MTFF shows a deteriorating position from that forecast when the Council set its budget in March 2012. There have been four key changes from 1 March.
- The levels of anticipated council tax receipts which in 2013/14, as the result of the discount model for Council Tax Support, have reduced from the £4,859,000 forecast in March to £4,337,000.
 - At the same time whilst projected local Non-Domestic Rate income has increased to £5,160,000 from £4,628,000 in March this figure now contains the compensatory payment which the Authority will receive to adjust for the cost implications of moving from Council Tax Benefit to Council Tax Support and is based on the more optimistic of the DCLG's two proposed distribution models. Should this not be utilised then funding could reduce to £4,815,000 leading to an additional funding

shortfall of £345,000 albeit that this may be partially offset by non-specific grant later in the financial year

- c. Interest receipts continue to decline and are now projected to maintain severely depressed in the medium to long term. In cash terms this leads to additional budget pressures of £250,000 in 2013/14, £500,000 in 2014/15 and £650,000 in 2015/16. Proposals to partially offset the impact of these changes are shown at paragraph 20 of this report.
- d. The interim MTFF is now built on a council tax freeze in 2013/14 followed by 2% increases thereafter. This compares to the 3% per annum increases from 2013/14 onwards previously used.

Balancing the MTFF

- 27. The interim MTFF demonstrates that in 2013/14, based on current funding assumptions, the Council will need to reduce expenditure and increase income by £1,021,000 to achieve a balanced budget and, as the figures in Table 2 demonstrates the total funding shortfall is forecast to reach £3,159,000 per annum by 2017/18.

The Four Year Plan and Future Savings

- 28. For the last two years the four year plan has been the cornerstone of the Council's approach to maintaining a balanced budget and the MTFF demonstrates that it will remain so for its remaining two years delivering additional savings of £1,423,000 per annum from 2015/16 onwards, nearly 45% of the annual funding gap across the next five years.
- 29. Regardless of the options identified below it is probable that there will be a residual annual saving requirement across each of the next five years which will also need to be addressed against the four year plan's principles of business cost reduction, income generation and service redesign. It is anticipated that the revised programme of reviews will be developed following the agreement of the Council's 2013/14 budget at which stage the scale of the challenge facing the Authority will have been established.

Council Tax Levels

- 30. The MTFF is predicated on the Authority freezing its council tax in 2013/14 and increasing levels by 2% per annum from 2014/15 onwards. By doing so the Council would access £86,000 of additional grant split evenly between 2013/14 and 2014/15. However in order to narrow the funding gap the Authority could increase the Council Tax by 2% in 2013/14. As shown in Table 3 even allowing for the loss of potential council tax freeze grant this would provide the Council with an additional £368,000 over the next five years.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Additional Council Tax Income	86	88	91	93	96
Lost Council Tax Freeze Grant	(43)	(43)	0	0	0
Total Impact	43	45	91	93	96

Table 3 – Funding Impact of 2% Council Tax Increase from April 2013

The New Homes Bonus

31. The Council also receives significant additional resources through the New Homes Bonus which provides funding in relation to the net increase in properties within the Borough (new build plus long term empty properties returned to use). New Homes Bonus funding is calculated upon the numbers of properties on the valuation list at 1 October and represents a payment in line with the average national council tax which is paid for six years. 2013/14 will be the third year of the scheme.
32. As demonstrated at Table 4 current property growth projections would see annual income from the New Homes Bonus increase from the current £503,090 in 2012/13 to £2,206,000 in 2017/18.

Payment Relating to Growth in Year to the 1 st October	Funding Received				
	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Year 1, 2010	282	282	282	282	
Year 2, 2011	221	221	221	221	221
Year 3, 2012	419	419	419	419	419
Year 4, 2013		286	286	286	286
Year 5, 2014			321	321	321
Year 6, 2015				481	481
Year 7, 2016					478
Annual Receipt	922	1,208	1,529	2,010	2,206

Table 4 – Projected New Homes Bonus Receipts

33. To date the only commitment made from the New Homes Bonus has been the earmarking of £500,000 towards improvements on the A453 which has been set aside from the £785,000 received by the Council in 2011/12 and 2012/13. As New Homes Bonus funding is not ring fenced it would be possible for the Council, as part of its budget strategy, to earmark some or all of this funding towards the maintenance of existing services. If this approach were to be adopted then steps would need to be taken to ensure that the Council did not become overly reliant on a single source of income which could disappear or reduce at some point the medium to long term.

Earmarked Reserves

34. The planned use of earmarked reserves within the MTFE is addressed at paragraph 20 and includes funding to support reduced interest receipts, invest to save activity and planned election expenditure. However this position could

be revisited in light of the overall funding position and consideration given to the extent to which earmarked reserves could be utilised to support one off and developmental expenditure, or to smooth potential savings to ensure a balanced approach to savings delivery.

Risks and Limitations

35. It should be noted that the MTFF outlined in Table 2 represents an interim position based upon the best data currently available but that it may change significantly as clarity is established over areas such as Government Grant levels and the impact of the final model adopted for the Council Tax Support Scheme. As such it should be utilised as an indicator of the need for a continued focus upon business cost reduction, income generation and service redesign rather than a planning tool for detailed long term decision making. It is important to also note that this lack of clarity will be addressed in advance of the Council considering its 2013/14 budget.
36. This lack of clarity impacts upon a range of assumptions within the MTFF model not least with regard to the timing of funding announcements for the 2013/14 year and the financial impact of these announcements on funding levels. Risks in the development of the MTFF include:
- The funding model for 2013/14 will be substantially different from that currently in place and, as a result, it is much more difficult to develop models of how the Council will be affected. This problem is compounded by the likely late announcement of the provisional settlement which will result in a significant reduction in the amount of time available to respond to any changes to the anticipated levels or models of funding.
 - Central funding at £5.16m is based upon the DCLG's alternate funding model which minimises the amount of funding removed from central grant to meet the costs of the New Homes Bonus, capitalisation and the safety net. Details of the final model to be adopted will not be confirmed until the draft settlement is published in late December and there remains a risk that the DCLG will revert to their original model which would reduce the allocation to £4.815m albeit that, as identified at paragraph 12, this reduction may be offset by an additional grant payment towards the end of 2013/14.
 - Arrangements for the new Council Tax Support Scheme are currently subject to consultation and as such the impact cannot be accurately calculated until a decision has been taken on the final details of the scheme. This decision is currently scheduled for 13 December 2012.
 - The implementation of the Council Tax Support Scheme and potential changes to Council Tax Discounts will impact upon the council tax property base. This calculation is based upon the number of properties on the valuation list at 30 November and may result in some changes to projected income levels.
 - The MTFF anticipates the continued use of earmarked reserves to support developmental activity and funding shortfalls with regards to interest receipts. While the Council could choose to extend its use of

reserves to support services this would represent a short term fix which merely defers rather than replaces the need to make significant savings in the short to medium term.

- Central grant and non-domestic rate funding is projected to continue reducing on an annual basis throughout the MTFF. While figures for 2014/15 and 2015/16 are projected in line with national spending projections those for 2016/17 and 2017/18 are based on a reduction of 5% per annum. All of these assumptions will be impacted on by changes in national funding targets and growth, or decline, in non-domestic rate income.

37. Notwithstanding the above the interim MTFF outlined at Table 2 represents the most robust forecast which can be produced based upon the information currently available to the Authority. It will however need to be significantly revised throughout the remainder of the current financial year to reflect the clarification of the issues outlined at paragraph 35.

Conclusion

38. The four year plan from 2011/12 to 2014/15 was built around the operation of three key principles business cost reduction, income generation and service redesign. Whilst the Council may choose to utilise funding solutions as part of its process for delivering a balanced budget there will be an on-going imperative to drive efficiency and improvement throughout the lifetime of the MTFF.

39. Regardless of the steps ultimately taken to produce a balanced budget for 2013/14 it is imperative that the Council continues to build upon the solid base provided by the four year plan to continue to provide a focus on sustainable service solutions as it moves forward.

Financial Comments

While there are no direct financial implications arising from this report it does address the potential future funding position of the Authority and the potential financial implications of decisions to be made by the Council when it meets on 7 March 2013.

Section 17 Crime and Disorder Act

There are no section 17 implications.

Diversity

There are no diversity issues.

Background Papers Available for Inspection: Nil