

 Executive 12 December 2012		Agenda Item No. 4
Title	General Fund base budgets latest 2012/13 and original 2013/14	
For further information about this report please contact	Marcus Miskinis Marcus.miskinis@warwickdc.gov.uk 01926 456804	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Executive 18 April 2012 – Fit For the Future Change Programme Update; Executive 8 August 2012 – Budget Review to 30 June 2012; Executive 10 October 2012 – Fees and Charges 2013/14 Executive 14 November 2012 – Budget Monitoring to 30 September 2012	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes Ref 393
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	19 Nov 2012	Andrew Jones
Head of Service	19 Nov 2012	Mike Snow
CMT	19 Nov 2012	
Section 151 Officer	n/a	Finance Report
Monitoring Officer		
Finance	n/a	Finance Report
Portfolio Holder(s)	23 Nov 2012	Cllr Mobbs
Consultation Undertaken		
None		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report sets out the latest projections for the General Fund revenue budgets in respect of 2012/13 and 2013/14 based on the current levels of service, and previous decisions. There are further matters that will need to be reviewed in order to finalise the base position as part of the 2013/14 budget setting process as set out in paragraph 7.5.
- 1.2 The 2012/13 latest budgets show a forecast surplus of £627,000.
- 1.3 The proposed 2013/14 Base Budget presents a forecast surplus of £550,000 in the Council's expenditure in continuing to provide its services and meet its commitments.

2. RECOMMENDATIONS

- 2.1 Members note the latest financial forecasts for the Medium Term as outlined in Section 8 below and the total on-going savings of £1.7 million to be achieved by 2017/18.
- 2.2 To recommend to Council:
 - (a) the latest base budget for the General Fund services in respect of 2012/13 as outlined in Appendix 'C';
 - (b) the base budget for the General Fund services in respect of 2013/14 as outlined in Appendix 'C'.
- 2.3 Members approve the addition of the Spa Centre Digital Projector on the Equipment Renewals Reserve schedule.
- 2.4 Members note the Policy for Cemeteries (that has been long standing and was last reviewed in 2009 – see Appendix 'E') that charges a premium for non-resident sale of burial rights and internments and maintain that premium for 2013/14. Members note the reasons for the premium.
- 2.5 Members agree to charge the same for resident and non-resident Cremations as agreed by October 2012 Executive.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Council is required to determine its budget requirements in order to set the Council Tax for 2013/14.
- 3.2 In setting its Base Budget and Council Tax for the following Financial Year, members need to be aware of the medium term financial implications which take into account, changes to the budgets for both 2012/13 and 2013/14. Section 8 informs Members of the latest assumptions incorporated into this forecast.
- 3.3 The Equipment Renewal Schedule is presented to Members in February of each year as part of the Budget and Council Tax setting process. During the year, monies are drawn down for the various items on the schedule, subject to the Business Case being approved by SMT and the Council's leader. Some of the items drawn down during 2012/13 have actually been less than the budgeted

costs of replacement. For instance, a £25,000 reduction on the Carpet at Meadows Community Centre and £8,000 on the Kitchen Equipment at the Town Hall. There is an opportunity to replace the Royal Spa Centre Projector with a digital one at a cost of £13,500 to the Council. The total cost is £67,300 with the residual funding through a Digital partnership organisation. The Head of Cultural Services has asked that this be added to the schedule now to enable the purchase ahead of February's decisions. It is therefore recommended that the Digital Projector be added to this schedule in advance of the full schedule being presented to Members in February. A full business case for the projector will need to be considered by the Senior Management Team as part of the approval process.

- 3.4 Members have an agreed policy regarding the sale of burial rights and internments to non-residents, which was last reviewed in 2009 (see Appendix 'E'). Should this policy be changed, there would be a significant reduction in income to a service that currently makes a large annual deficit. The issue regarding the scarcity of future burial land for residents of the district could be exacerbated by the removal of the premium. Should that premium be removed it will reduce Cemetery Income by £11,800 (4.8% of income budget) in 2013/14 and £3,500 in 2012/13.
- 3.5 As part of the Fees and Charges for 2013/14, it was agreed to equalise the cremation charge to WDC residents and non-residents in order to bring the council in line with other local authorities and to generate additional income so that Crematorium could meet its income targets in light of falling mortality rates and the possibility of increased competition. Should a £25 concession be granted for WDC residents, estimated to be 720 (40%) cremations per annum, there would be lost income to this Council of £18,000 in 2013/14 (1.6%) and £4,500 in 2012/13.
- 3.6 The removal of the cemetery premium and granting of the concession for cremations would increase the amount of savings the Council would have to find as part of its Medium Term Financial Strategy.

4. POLICY FRAMEWORK

4.1 Policy Framework

The General Fund latest base budget 2012/13 and original budget 2013/14 report forms part of the Budgetary Framework which is the resource strategy for implementing Fit for the Future. This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February and updated in the Fit For the Future Change Programme Update Report in May 2012 and Budget Review to 30 June 201 report in August 2012.

4.2 Fit For the Future

One of the key elements of Fit For the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. This report updates members on the financial projections for future years, savings required to be found and some of the key issues needed to be considered in preparing the 2013/14 budget and beyond.

- 4.3 In April of this year, members approved Fit for the Future Savings targets for 2012/13 (£442,000) and 2013/14 (£834,000). This Council has now "over-

achieved" its current year's target by some £86,000. The revised predicted savings from Fit for the Future for 2013/14 (£810,000) have been built into the budgets now presented to Members for their approval.

5. BUDGETARY FRAMEWORK

- 5.1 In August 2012, Members were alerted to the need to find a further £275,000 of on-going savings by 2016/17. Securing these savings and balancing its Budget will enable the Council to deliver its aspirations and priorities as well as core services. The Financial Strategy underpins all of its other strategies.
- 5.2 Members are reminded that the 2013/14 Council Tax will be set in February after budgets are finalised and that for next year, the Government has offered to extend the Council Tax Freeze Grant to a third year, for Council's that do not increase the 2012/13 Tax when setting next year's Council Tax. Members are asked to note that this is a lesser amount than in the previous two grant settlements. Indications are that the grant will match a 1% increase in Council Tax for 2 years (previous years were at 2.5%, in 2011/12 for a 4 year period and last year's for a one year period only) and reduce the percentage tax increase which will require a local referendum from 3.5% to 2%. The Executive has previously stated that it intends to set a zero council tax increase for 2013/14.
- 5.3 The Council's Medium Term Financial Projections include net inflation for most services for 2013/14 at 0%. An inflation allowance of 3.2% has been included for National Non-Domestic Rates and a general contingency of £75,000 allowing for other prices.

6. ALTERNATIVE OPTION CONSIDERED

- 6.1 The purpose of this report is to produce budgets as determined under the requirements of the Financial Strategy. Any alternative strategies will be the subject of separate reports.

7. BACKGROUND

- 7.1 At its meeting on 18 April 2012 the Executive agreed that the management of the Council's Fit For the Future change programme would be through the delivery of the Service Area Plans.
- 7.2 Options for balancing the budget will be brought forward in February.
- 7.3 This report presents the proposed Base Budget for 2013/14. These figures reflect the costs of maintaining the current level of service, and any unavoidable changes in expenditure (for example, where the Council is contractually or statutorily committed to incur additional expenditure). The report also considers the current year's budget, and includes details of proposed changes to the 2012/13 Budget.
- 7.4 Any recent changes that need to be resolved that have not been included in the budgets at this stage will be fed into the February report.
- 7.5 In February all the following information should be available:
- 2013/14 Base Budget
 - 2013/14 Revenue Support Grant Settlement.

- Final details of Business Rates Retention Scheme
- 2013/14 Council Tax Support Grant
- 2013/14 New Homes Bonus

7.6 The Council will be in a position to agree the 2013/14 Budget and the District Council element of the Council Tax. In addition, the total Council Tax for the District will be set, including the elements set by the County Council, the Police and Crime Commissioner and the parish and town councils.

7.7 The report is broken down into the following sections and appendices:

- Section 8 - Financial Projections
- Section 9 - Savings
- Section 10 - Base Budgets
- Section 11 - 2013/14 Base Budgets
- Section 12 - Latest Budgets 2012/13
- Section 13 - Capital Financing and Reserves
- Section 14 - General Grants
- Section 15 - Conclusion
- Appendix A - Medium Term Financial Strategy
- Appendix B - Analysis of Budget Movements from 2012/13 to 2013/14
- Appendix C - Revenue Budgets
- Appendix D - Capital and Reserve Financing Variations
- Appendix E - Cemeteries Non-Resident Fee Policy
- Appendix F - Glossary of Terms

8. FINANCIAL PROJECTIONS

8.1 The Medium Term Financial Strategy and future on-going savings required by 2017/18 have been updated to reflect the Latest 2012/13 and Base 2013/14 Budgets presented in this report. This now shows that £1.732 million of on-going savings will need to be achieved within this period. However, members attention is drawn to the fact that whilst there is a surplus in 2013/14 (£555,000) significant savings of some £1.08 million will need to identified and achieved in the following year. The £555,000 surplus assumes that the revised forecast Fit for the Future Savings (£810,000) for 2013/14 are delivered.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £
Cumulative Underlying Deficit - Savings Required (-) / Surplus (+) future years	555	-526	-1,276	-1,469	-1,732
In year Additional Savings/Surplus	555	-1,081	-750	-193	-263

Appendix 'A' provides further details of the strategy.

8.2 The Quarter One Budget Review Report (August 2012) projected a deficit of some £275,000 over the next five years. Since then changes have been identified and built into the latest Strategy now being presented to Members.

8.3 Whilst the Fit for the Future target Savings have been exceeded in the current financial year and other savings also made, additional pressures have also been included.

8.4 The most significant changes affecting the forecasts are:

- The Impact of Council Tax Support, and other Council Tax Reforms have been incorporated into the Tax Base for 2013/14 and following years. Members attention is drawn to the fact that at the time of writing this report the Tax Base for 2013/14 is still being finalised. The final figure will be presented to Members as part of the February report.
- Savings accruing from the re-letting of the Major Contracts (September Executive) £1.086 million
- Reduced projected Government Grants £1.077 million
- Council Tax increases capped at 2% (previously 3.45% assumed) £558,000
- 2017/18 added to the Financial Projections, with additional pressures of some £265,000
- Reduced Investment Interest £244,000
- Recurrent lost income when Rugby Crematorium opens £150,000
- Reduction in Magistrate Court Fee Income £68,000
- 15% increase in Planning Fees £100,000 favourable
- Impact of Men's Bowls moving to Leamington £26,000 adverse
- Reduced Benefits Administration Subsidy £68,000
- Benefits Overpayments £50,000 adverse
- Increased Costs of LPG Fuel £35,000

8.5 With the exception of a provision for NNDR, the 2013/14 Budget and Financial Strategy has a zero level of inflation as agreed in the April 2012 fit for the Future report. Subsequent years in the Strategy are based upon 2%.

8.6 The figures in the Strategy continue to assume further decreases in Government Grant until 2017/18 of 9% for the next 2 years, and 8%, 7% and 1% in subsequent years).

8.7 The Council faces many risks and uncertainties in future years. At this point it is not possible to quantify these and no figures have been built into the Strategy, for example the move to Universal Credit and Business Rates Retention.

8.8 Council Tax Freeze

For the past two years the Government has given councils that freeze their council tax a grant equivalent to the yield that a 2.5% increase would generate. This grant is being extended to 2013/14 but at a reduced rate, equivalent to 1% of the council tax. However, for those councils that do intend to increase their council tax the percentage increase that will trigger a local referendum is likely to be set at 2%.

9. SAVINGS

9.1 Much work has already been undertaken to address the forecast budget deficit in future years.

9.2 There has been much procurement activity on-going across the Council ensuring good procurement practices are well embedded.

10. BASE BUDGETS

10.1 The proposed Base Budgets for 2013/14 and the Latest Budgets for 2012/13 are shown below. These figures include all financing charges (which are dealt

with in Section 13 later). Section 11 of this report considers the 2013/14 Base Budget, with Section 12 looking at the Latest 2012/13 budget figures.

	ORIGINAL BUDGET 2012/13 £'000	LATEST BUDGET 2012/13 £'000	ORIGINAL BUDGET 2013/14 £'000
Net Expenditure for District Purposes	16,103	15,490	14,041

11. 2013/14 BASE BUDGET

11.1 In preparing the 2013/14 Base Budget the over-riding principle is to budget for the continuation of services at the existing level. The following adjustments need to be made to the 2012/13 Original Budget.

Removal of any one-off and temporary items
Addition of inflation
Addition of previously agreed Growth items
Addition of unavoidable Growth items
Inclusion of any identified savings

11.2 The table below summarises how the 2013/14 base budget has been calculated. Appendix 'B' gives more details to support this.

	£	£	£
NET EXPENDITURE FOR DISTRICT PURPOSES 2012/13 ORIGINAL			16,103,067
Plus Inflation		62,800	
Plus Committed Growth:			
- Staffing	129,500		
- Increases in expenditure	275,333		
- Reduced income	781,100	1,185,933	
	<hr/>		
Less Savings:			
- Reduced expenditure	(1,654,400)		
- Increases in income	(744,100)	(2,398,500)	
	<hr/>		
Adjust for changes in Support Service Recharges		26,600	
CHANGES IN SERVICE INCOME and EXPENDITURE		<hr/>	(1,123,167)
Changes in Interest			115,400
Changes in Contributions to Capital			(100,000)
Changes in non-service specific contributions to reserves			(168,800)
Changes in General Grants transferred to reserves			(813,600)
Change in transfers to / from General Fund			28,000
			<hr/>
NET EXPENDITURE FOR DISTRICT PURPOSES 2013/14 ORIGINAL			14,040,900
			<hr/> <hr/>

11.2.1 Inflation

No inflation has been applied to most budgets. The only exception is in respect of National Non-Domestic Rates (NNDR), which has been inflated at 3.2% and equates to £37,800. In addition, a general allowance of £75,000 has also been provided for, an increase of £25,000 over the existing provision.

11.2.2 Staffing

The savings from completed staffing reviews are included within the Fit For The Future figures below. Excluding these reductions other staffing costs will increase in 2013/14. The main changes are from various other staffing changes (+£42,400) plus additional costs of automatic enrolment for staff not currently in a pension scheme (+£27,200) and the increase in the employer's superannuation rate, which for 2013/14, is expected to cost approximately £59,900 on the General Fund.

11.2.3 Growth / Income Reductions

Only previously committed growth and unavoidable changes have been included in the Base Budget. This totals £1,056,400 of which £275,300 relates to increased expenditure and £781,100 relates to reduced income. Appendix 'B' lists the main items of which £708,300 relates to changes agreed when setting the 2012/13 council tax.

11.2.4 Savings

Various savings have been allowed for within the Budget. These total £2,398,500 which comprises £1,654,400 reductions in expenditure and £744,100 increases in income. Appendix 'B' lists the main items, the largest being:

- Removal of one-off / time limited items (£677,500);
- Fit For The Future Savings (£1,149,100);
- Net increases in Fees and Charges (£208,700);
- Increases in Development Control income (£142,700).

11.2.5 The Fit For The Future savings above include £472,100 in respect of reviews that are not programmed to start until 2013/14.

11.2.6 Having taken the above into account, there is a forecast surplus of £550,000. However, as outlined in section 8, the final Revenue Support Grant and other unforeseen events mean the final position will not be known until early 2013. Whilst these savings may be sufficient to enable the Council to balance its budget, there is still an underlying £2 million ongoing savings required by 2017/18. Hence it is all the more imperative that these and further savings are achieved for both 2013/14 and future years.

11.3 Appendix 'C'

11.3.1 Appendix 'C' provides details of service expenditure and income in portfolio order. The analysis is divided into two sections – expenditure and income under the direct control of the budget manager (e.g. salaries, fees and charges income, etc.) and those items over which they have little or no control over (support service allocations and capital financing charges).

11.3.2 Explanations are provided where significant variations have been identified.

11.3.3 Following requests from members, at the start of each portfolio grouping summary information is provided in graphical formats.

12. LATEST BUDGET 2012/13

12.1 Under the new Budget Review process, amendments to budgets are presented to members, for approval, on a regular basis rather than waiting until this report. Consequently, many changes have already been approved. This report continues that process and provides details of the latest budgets for the current year. Appendix 'C' provides a detailed analysis of net expenditure by service in Portfolio groupings.

12.2 The Latest Budgets total £15,489,500 which is a decrease of £613,600 compared with the originally approved budget for 2012/13 of £16,103,100. The main reasons for this are

- Increased Planning Fee income (£484,800 favourable, of which £265,000 is recurring);
- Various salary variances (£127,600 favourable);
- Contributions towards lost car park income (£84,100 favourable);
- Award of costs in respect of a health and safety prosecution – net of costs incurred (£58,000 favourable);
- Reduced costs of gas (£47,900 favourable);
- Reduced External Audit fee (£44,000 favourable);
- Increased benefit costs (net) (£130,000 adverse);
- Reduced court fee income from Revenues (£68,100 adverse);
- Reduced sales of recycled materials (£62,500 adverse).

12.3 The main reasons responsible for the decrease are included within Appendix 'C', which can be summarised as follows:

	£	£	£
NET EXPENDITURE FOR DISTRICT PURPOSES 2012/13 ORIGINAL			16,103,067
Plus Committed Growth:			
- Increases in expenditure	301,033		
- Reduced income	257,100	558,133	
	<hr/>		
Less Savings:			
- Staffing	(166,200)		
- Reduced expenditure	(184,000)		
- Increases in income	(680,300)	(1,030,500)	
	<hr/>		
Adjust for changes in Support Service Recharges		37,700	
CHANGES IN SERVICE INCOME and EXPENDITURE		<hr/>	(434,667)
Changes in Interest			27,600
Changes in Contributions to Capital			(100,000)
Changes in non-service specific contributions to reserves			(119,800)
Changes in General Grants transferred to reserves			13,300
			<hr/>
NET EXPENDITURE FOR DISTRICT PURPOSES 2012/13 LATEST			15,489,500
			<hr/> <hr/>

- 12.4 The first part of the table above shows that the total net expenditure on services has decreased by £434,700. This is the result of a mixture of changes, the most notable ones being detailed in paragraph 12.2 above.
- 12.5 The comments made in paragraph 11.3 concerning the content of Appendix 'C' are equally applicable to the information provided in respect of the Latest Budgets for 2012/13.
- 12.6 Budget Reviews have already identified, and reported on, budget reductions totalling £465,000. The Budgets have been adjusted as agreed by previous Executive meetings. The Budgets included in this report have identified a slight decrease of £30,000 to the previously reported figure referred to above.

13. CAPITAL FINANCING AND RESERVES

- 13.1 In order to arrive at the position for the Council's overall net expenditure it is necessary to take account of the effects of the Council's capital financing arrangements and any transfers to and from reserves. These are summarised below:

Line Ref	ORIGINAL BUDGET 2012/13 £'000	LATEST BUDGET 2012/13 £'000	ORIGINAL BUDGET 2013/14 £'000
1 Net Cost Of General Fund Service Expenditure	19,273	22,160	18,171
Capital Financing and Reserves			
2 Depreciation & Intangible Assets in Service Estimates	(3,633)	(5,815)	(3,698)
3 Loan Repayments, Revenue Contribs & Interest Paid	31	33	33
4 Revenue Contributions to Capital	409	610	309
5 Contributions to / (from) Reserves	474	(808)	(201)
6 External Investment Interest	(321)	(295)	(207)
7 IAS19 Pension Adjustments	(102)	(367)	(366)
8 Contributions to / (from) General Fund	(28)	(28)	-
9 TOTAL CAPITAL FINANCING and RESERVES	(3,170)	(6,670)	(4,130)
10 TOTAL ESTIMATED NET EXPENDITURE	16,103	15,490	14,041
Change from Base Estimate		(613)	(2,062)

- 13.2 Detailed explanations of the changes to items 2 to 8 are within Appendix 'D'.
- 13.3 Most of the changes to the Capital Financing and Reserves figures reflect changes in specific items within the cost of General Fund service expenditure, whereby many increases in service expenditure are met by a contribution from a specific reserve which would be included here.
- 13.4 Depreciation and Intangible Assets in Service Budgets (line ref 2 above).

Similarly, the notional Capital Financing Charges reflect the change in capital

charges within the cost of individual services. These changes occur as a result of variations such as slippage between years and new schemes within the Council's capital programmes.

13.5 Loan Repayments, Revenue Contributions and Interest Paid (line ref 3 above).

This is made up of the interest element of the photocopiers finance leases which the Council entered into during 2011/12 and 2012/13 as well as interest on the bank overdraft. Other than the photocopiers finance lease interest and potential bank overdraft interest, there is no external interest payable by the General Fund in 2012/13 or 2013/14.

13.6 Revenue Contributions to Capital (line ref 4 above).

The significant increase is due to the following contributions from the Corporate Property Repair and Maintenance budget towards the following capital schemes:

- £51,000 for the replacement flume at Newbold Comyn Leisure Centre;
- £70,000 in respect of major repairs to the St Nicholas Park Boathouse
- £180,000 to replace the roof at Castle Farm Leisure Centre.

In the 2012/13 Original budget, a further contribution of £100,000 had also been provided for in respect of Government grant towards Private Sector Housing capital schemes. However, under IFRS accounting standards it is no longer necessary for this contribution, which had been received prior to 2012/13, to be accounted for in this way as financing for this expenditure is now via the Capital Grants/Contributions Unapplied Account.

13.7 Contributions to / (from) Reserves (line ref 5 above).

The 2013/14 original budget shows a decrease in contributions to reserves when compared to the 2012/13 original budget of £675,000. This is accounted for by £298,000 reserve funded revenue slippage in the 2012/13 original budgets falling out during that year, the ceasing of the £165,000 annual contribution to the Capital Investment Reserve, the dropping out of the £818,000 one-off 2012/13 contribution from that year's New Homes Bonus to the Service Transformation Reserve and variations of £10,000 in reserve funding of service expenditure.

The 2012/13 latest budget shows an increase in contributions from reserves of £1,281,000. This reflects the crediting back to the General Fund of £455,000 funding for revenue slippage in order to meet expenditure carried forward from 2011/12 and variations of £826,000 in reserve funding of service expenditure when compared with the original.

13.8 External Investment Interest (line ref 6 above).

Net external investment receipts are expected to decrease by £26,000 in 2012/13 and £114,000 in 2013/14. The main contributor to these decreases is the continuing low interest rate environment due to the difficult economic conditions. This has resulted in a reduction of £128,000 in 2012/13 and £187,000 in 2013/14 which has been offset by additional interest earned from increased balances as a result of variations in the 2012/13 and 2013/14 revenue and capital programmes.

13.9 IAS 19 Adjustments (line ref 7 above).

IAS 19 requires an authority to recognise the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out. The figures included in the budgets are based on the latest budgets from the Pension Fund actuary.

13.10 Contributions to / (from) General Fund (line ref 9 above).

The 2012/13 budgets allowed for a one-off contribution from the General Fund balance to the Contingency budget.

14. GENERAL GRANTS

14.1 In order to complete the picture the general grants position also needs to be considered.

14.2 Provisional Revenue Support Grant figures show a reduction in grant of £629,000 in 2013/14.

14.3 The Government has announced that it will continue the Council Tax Freeze Grant arrangements for 2013/14 which will result in an additional £78,000 in 2013/14. The 2012/13 Council Tax Freeze grant of £197,000 drops out in 2013/14.

14.4 A new grant, Council Tax Support Grant, of £742,000 in 2013/14 is the 90% Council Tax Benefit subsidy grant following the changes to the treatment of Council Tax Benefits.

14.5 Two other small grants have also been received: Right to Challenge (2012/13 only) and Right to Bid (for 2 years 2012/13 and 2013/14). These have been transferred to new reserves pending the need to draw upon them.

14.6 The net result of all these movements is shown below:

	LATEST BUDGET 2012/13 £'000	ORIGINAL BUDGET 2013/14 £'000
TOTAL ESTIMATED NET EXPENDITURE	15,490	14,041
Less: Revenue Support Grant / NNDR Redistribution	(6,985)	(6,355)
Less: General Grants:		
- Council Tax Freeze Grant	(392)	(273)
- Council Tax Support Grant	-	(742)
- New Homes Bonus: allocated	(818)	-
- Local Services Support Grant - Homelessness	(85)	(67)
- Right To Challenge Grant - Service Provision	(9)	-
- Right to Bid Grant - Community Assets	(5)	(5)
Collection Fund (Surplus) / Deficit	28	-
Council Tax	(7,851)	(7,149)
	<hr/>	<hr/>
(Surplus) / Deficit	(627)	(550)
	<hr/> <hr/>	<hr/> <hr/>

14.7 This shows that there is a forecast surplus of £627,000 in 2012/13 and £550,000 in 2013/14. These figures assume that yet to be identified Fit For The Future savings are achieved.

15. CONCLUSION

15.1 As part of the Service Planning Process and thorough Budget Reviews, Senior Management has identified significant savings as detailed in section 8 for 2013/14.

15.2 Taking the above factors into account has helped result in the proposed 2012/13 Latest Budget presenting a surplus over the Original Budget of £627,000. This is in line with the financial projection proposed as part of the financial strategy. As part of the February Budget report, recommendations will be made that consider the use of this surplus to replenish the various reserves that the Council holds.

15.3 This report, in considering the 2012/13 Latest Budget constitutes the third Budget Review (2012/13) report for the year presented to Members.

15.4 The proposed 2013/14 Base Budget presents an overall surplus of approximately £550,000, in the Council's expenditure in continuing to provide its services and meet its commitments. The overall position, and how any projected surplus will be utilised will be considered within the February Budget report.