

**EXECUTIVE
COMMITTEE**

23rd August 2011

**BUDGET PREPARATION GUIDELINES - 2012/13 INITIAL ESTIMATES
AND PROJECTIONS 2013/14 and 2014/15**

| | |
|----------------------------|--|
| Relevant Portfolio Holder | Councillor Michael Braley, Portfolio Holder for Corporate Management |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Teresa Kristunas, Head of Finance & Resources |
| Wards Affected | All Wards |
| Non-Key Decision | |

1. SUMMARY OF PROPOSALS

The report presents to Members recommended guidelines for the preparation of the 2012/13 estimates and the projections for 2013/14 and 2014/15 for endorsement prior to their issue to budget holders.

2. RECOMMENDATIONS

The Committee is asked to RECOMMEND that

subject to any comments, the proposed Budget Preparation Guidelines, as detailed at Appendix A to the report, be approved.

3. KEY ISSUES

- 3.1 The 2010 Spending Review determined the basis for the financial settlements for the next three years. The decrease in grant for 2011/12, on a like for like basis, was 15.2%. A smaller reduction is proposed for 2012/13, see table below. It is assumed that no further reduction will be made in 2013/14.

| Adjusted Formula Grant 2010/11 | Formula Grant 2011/12 | Decrease in Grant |
|-----------------------------------|--------------------------|----------------------|
| £5,538,338 | £4,696,532 | £841,806 |
| Adjusted Formula Grant 2011/12 | Formula Grant 2012/13 | Decrease in Grant |
| £4,377,679 | £4,067,975 | £309,704 |

- 3.2 The preparation of the 2012/13 budget will be based upon existing levels of service after taking into account any approved changes. The suggested guidelines for 2012/13 – 2014/15 are attached at Appendix 1 for Members' consideration.

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- 3.3 For 2011/12 the Government encouraged local authorities to freeze or reduce Council Tax by offering the equivalent of a 2.5% increase in terms of a grant.

Inflation

- 3.4 For a number of years now price inflation has only been applied in line with contractual obligations. There have been no other general increases for inflation. This practice obviously places its own pressures on service budgets. Budget holders are asked to identify any budget pressures such as this as part of the budget preparation process.

Financial Implications

- 3.5 Owing to the cuts in central government grant there is a need to reduce expenditure. Officers will be asked to identify potential savings as part of the budget preparation process.

Legal Implications

- 3.6 The Council is legally required to set a balanced budget. It therefore needs to consider inflationary pressures when preparing budget forecasts.

Service/Operational Implications

- 3.7 The proposed central government grant reductions could have service and operational implications if savings cannot be achieved through effective procurement, the programme of Shared Services and Transformation and other efficiency measures.

Customer / Equalities and Diversity Implications

- 3.8 There are no direct such implications.

4. RISK MANAGEMENT

If the Council fails to take into account inflationary pressures on its budgets then overspends could occur which impact on service delivery.

5. APPENDICES

Appendix 1 - Budget Guidelines – 2012/13 Initial Estimates and Projections for 2013/14 and 2014/15.

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6. BACKGROUND PAPERS

There are no background papers..

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