

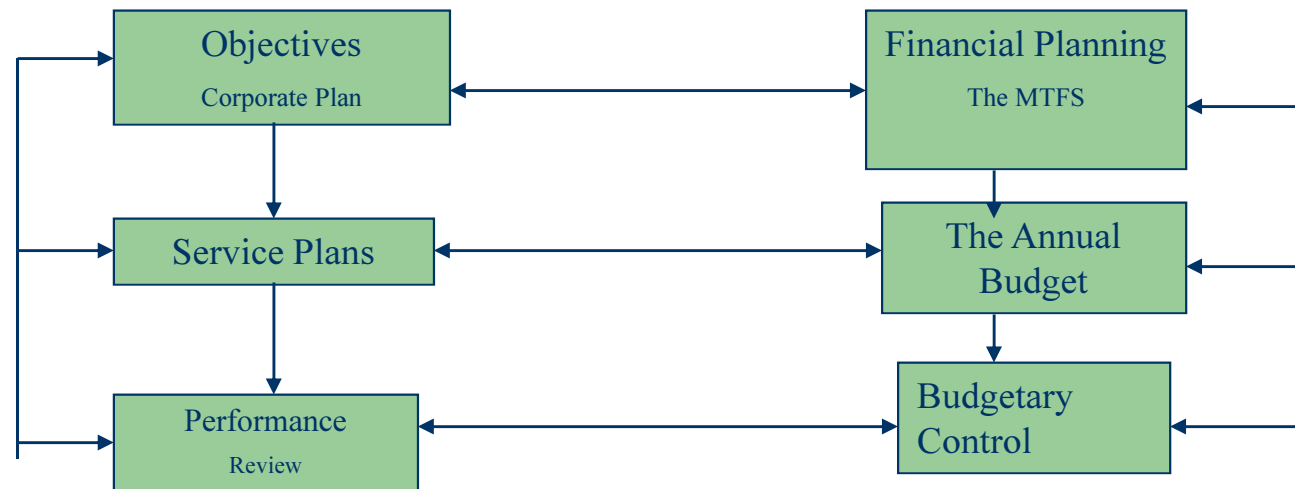
# **Scrutiny Committee - MTFP**



# Legal Requirements

- 1 The council must set a balanced budget by the 11<sup>th</sup> March for the forthcoming year;
- 1 The Local Government Act 2003 requires that each authority must have a Medium Term Financial Plan;
- 1 The budget must be set by “full council”;
- 1 An annual statement of the “adequacy and robustness of the budget”.

# The Financial Management Process



# Medium Term Financial Strategy

- 1 Includes medium term views for spending, cash-flow and balance sheet.

# The Annual Budget

- 1 It sets the council tax for the forthcoming year – and cannot be amended once set;
- 1 Budget integral to the internal financial control of the authority;
- 1 It is the financial element of the annual plans for the authority;
- 1 Capital budget set through Capital Strategy.

# Timetable

- 1 Medium Term Financial Strategy and Plan to DX/Scrutiny in October;
- 1 Updates;
- 1 Final budget is set at Council in February;
- 1 Any updates to Corporate Plan agreed by February;
- 1 Service Plans in place by April for following year.

## So how is it set at SSDC?

- 1 Incremental for inflation;
- 1 Priorities exercise through Corporate Plan and reviewed annually;
- 1 Review income streams;
- 1 Efficiency agenda;
- 1 Inescapable commitments.

# External Funding and why it is so difficult to plan in the medium to long term

- 1 Formula Grant;
- 1 Revenue Support Grant;
- 1 Business Rates (NNDR);
- 1 Fees and charges;
- 1 Investment Income;
- 1 Council Tax;
- 1 Likely Changes.....



# Council Tax Gearing

## Current

Budget            £10 million

Council Tax    £ 1 million

## Plan

Budget            £11 million  
(+ 10%)

Council Tax    £ 2 million  
(increase of 100%)

## Council Tax Grant

- 1 2<sup>nd</sup> offer of Government Grant;
- 1 Offer of equivalent of a 2.5% increase;
- 1 One year only;
- 1 Previous offer runs out 2015 and will result in £227k funding gap.

# So how does it work?

	Current Year	Year 1	Year 2
	£million	£million	£million
<b>Expenditure</b>			
Base Budget	16.6	16.6	16.8
Increase in spend required		0.2	0.2
<b>Total Budget Requirement</b>	<b>16.6</b>	<b>16.8</b>	<b>17.0</b>
<b>Income</b>			
Council tax base	16.6	16.6	16.6
Government grant		0.2	-
Council tax increase		-	0.2
<b>Total Income</b>	<b>16.6</b>	<b>16.8</b>	<b>16.8</b>
<b>Difference</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
<b>Balanced Budget</b>	<b>Yes</b>	<b>Yes</b>	<b>Shortfall £0.2m</b>

## And with council tax increases ....

	<b>Current Year £million</b>	<b>Year 1 £million</b>	<b>Year 2 £million</b>
<b>Expenditure</b>			
Base Budget	16.6	16.6	16.8
Increase in spend required		0.2	0.2
<b>Total Budget Requirement</b>	<b>16.6</b>	<b>16.8</b>	<b>17.0</b>
<b>Income</b>			
Council tax base	16.6	16.6	16.8
Council tax increase		0.2	0.2
<b>Total Income</b>	<b>16.6</b>	<b>16.8</b>	<b>17.0</b>
<b>Difference</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balanced Budget</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

# Impact of Increases on Band D 2012/13

<b>Increase in Council Tax @</b>	<b>Band D per annum £</b>	<b>Band D per week pence</b>
2%	3.01	5.8
2.50%	3.77	7.2
3%	4.52	8.7
3.50%	5.28	10.2