

The report is submitted under Agenda Item 5. The Chair will be asked to decide if it can be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972 to allow for the Budget Framework 2013/14 to be agreed in accordance with the statutory timetable.

CABINET

12 FEBRUARY 2013

Title: Budget Framework 2013/14		
Report of the Cabinet Member for Finance		
Open Report	For Decision	
Wards Affected: All	Key Decision: Yes	
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Accountable Divisional Director: Jonathan Bunt		
Accountable Director: Graham Farrant, Chief Executive		
Summary:		
<p>Following the announcement of the final Local Government Finance Settlement on 4th February the funding position of the Council has changed for both 2013/14 and 2014/15. The final settlement included a higher New Homes Bonus (NHB) grant allocation due to an increased allocation nationally and a New Homes Bonus adjustment of £81.7m (the estimated surplus to be returned), which was omitted from the provisional settlement. This increases the budget surplus for 2013/14 to £2.2m and decreases the 2014/15 budget gap to £6.4m.</p> <p>This is reflected in the table. The information contained in the appendices to this report replaces that set out in Agenda Item 5 together with a revised set of recommendations as set out below.</p>		
Changes to the MTFS following the 2013/14 finance settlement		
Medium Term Financial Strategy Pressures and Adjustments	2013/14 £'000	2014/15 £'000
Net Budget Gap / (Surplus) – December 2012	(719)	5,951
Changes in Funding	(1,632)	3,797
Transfer of Council Tax and NNDR surplus to reserves	860	(450)
End of Grant Funded Expenditure Due to Ceasing of the Grant	(100)	-
In Year Net Budget Gap / (Surplus) before 4th Feb	(1,591)	9,298
Roll-forward of Previous Year's Surplus	-	(1,591)
Total Net Budget Gap / (Surplus) before 4th Feb	(1,591)	7,707

Increase in Funding (New Homes Bonus)	(643)	(614)
Increase in surplus Roll-forward	-	(643)
Total Net Budget Gap / (Surplus) after 4th Feb	(2,234)	6,450

Additionally the Department for Education have confirmed the Education Service Grant allocation will not be announced until March. This is expected to be £4.7m for the Council and is a non ring-fenced grant meaning it can potentially be applied to fund any Council service.

Recommendation(s)

Cabinet recommends that the Assembly agree:

- (i) A base revenue budget for 2013/14 of £173.4m as detailed in Appendix A”
- (ii) The adjusted Medium Term Financial Strategy (MTFS) position for 2012/13 to 2014/15 allowing for other known pressures and risks at this time as detailed in Appendix B as updated for the final settlement increased New Homes Bonus of £645k less other minor changes of £2k;
- (iii) The Statutory Budget Determination for 2013/14 at Appendix C, which reflects a freeze on the amount of Council Tax levied by the Council, plus the final precept to be announced by the Greater London Assembly on 25 February 2013 (1.2% reduction currently assumed), as detailed in Appendix D. These Appendices include the update to reflect the final settlement increased funding and surplus from the increased NHB of £645k less other minor changes of £2k;
- (iv) The Council’s five-year Capital Programme as detailed in Appendix E.

Reason(s)

To enable the Council to meet its policy priority of ‘A Well Run Organisation’.

Aside from the changes to the MTFS as summarised in the table above and the amended appendices the rest of the report as set out in Agenda Item 5 (pages 41 – 65), remains unchanged.