

General Fund Budget Parameters 2014/15 – 2018/19

February 2013 Assumption		Proposed Change
Costs		
Pay inflation	1.5% per annum from 2013/14 onwards.	Reduce to 1% in line with Government announcements.
General inflation	Only applied where contractually/statutorily required	No Change
Staff vacancy savings target	2% p.a.	No change
Pension Fund triennial revaluation March 2010	Reflects actuarial recommendations	No change – note March 2014 valuation results may change assumptions once known.
Redundancy costs	£150k reduction in the 2012/13 and 2013/14 budget proposals to support the revenue budget.	Contribution reinstated as part of the 2014/15 budget proposals.
Income		
Fees & charges	Fees and Charges to be increased wherever possible but no expected increase in income budgets – pressures expected in 2013/14 income budgets due to current economic conditions.	Income budgets to increase in line with price inflation and budgets increased accordingly.
Council Tax increase (for financial planning purposes only)	Increase of 1.5% from 2013/14 and all remaining years of the MTFs in line with inflation predictions and provisional announcements on Capping and Council Tax Freeze Grant from the Government.	Proposal for 1.49% increase for 2014/15 and 1.5% for each remaining MTFP period.
Investment interest rates	2013/14 0.9%	Will be reviewed during budget process but likely to reduce.

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<p>Other Assumptions</p> <p>Government Funding Revenue Support Grant increase</p>	<p>7.68% reduction in 2013/14 and 16.57% reduction in 2014/15 to reflect Local Government Finance Settlement then 5% in each of the following 2 years to reflect on going impacts of Austerity in public Sector</p>	<p>14.16% reduction in 2014/15 and 16.43% reduction in 2015/16, then 10% reduction in each of the following three years. Likely to see zero RSG by end of the MTFS period with reliance purely on retained business rates for core funding.</p>
<p>Borrowing</p> <p>Prudential borrowing</p>	<p>HRA to cover cost of £209m debt settlement. MRP to cover £2m borrowing per annum from 2013/14 incorporated in MTFP for Non Housing Capital Programme.</p>	<p>No change other than the inclusion of additional £31,000 to reflect the review undertaken to correctly account for historic MRP requirements.</p>
<p>Transfer to/from Reserves - Insurance Fund</p> <p>General Reserves</p> <p>Earmarked Reserves</p>	<p>Annual contribution to Insurance fund increasing by £17k each year.</p> <p>MTFS plans to increase the balance to £2.5m over the current MTFS Period to manage increased risks to be managed locally under Government plans on LGRR, CTB localism Act etc</p> <p>One off contributions have reduced the requirement to repay to £165k over the planning period</p>	<p>No Change.</p> <p>No change, Minimum balance to be set at £2.5m over the current MTFS Period to manage increased risks to be managed locally under Government plans on LGRR, CTB localism Act etc</p> <p>No Change.</p>