



Haringey Council

CABINET

19th July 2011

Report Title: **Financial Planning 2012-13 to 2014-15**

Report of: **Director of Corporate Resources**

Signed: *J. Parker* 14/7/11.

Contact Officer: **Kevin Bartle – Lead Finance Officer**

Wards(s) affected: **All**

Report for: **Key**

1. Purpose of the report

- 1.1. To set out financial planning and strategy issues for the three year planning period to 2014-15 and to propose a process for setting the Council's budget 2012-13 and Medium Term Financial Plan 2012-15.

2. Introduction by Cabinet Member for Finance & Sustainability – Councillor Joe Goldberg

- 2.1. This time last year I warned the Cabinet that the Borough 'faces the most difficult financial settlement in the history of Haringey'. In February this year I reminded the Cabinet that we stand opposed to the depth and speed of the government's cuts across the public sector.
- 2.2. Nevertheless we responded responsibly to these immense challenges and we identified savings totalling £62m of which £41m related to 2011-12, enabling the Council to agree a balanced budget for 2011-12.
- 2.3. This was a superb start to re-aligning our finances to mitigate the worst impacts of the government's plans. However, we have more to do. We need to ensure we identify robust and sustainable proposals to bridge the remaining gap for 2012-14 whilst maintaining the integrity of our local priorities as far as possible.
- 2.4. We continue to work in an environment of huge economic and political uncertainty and risk. We have learnt from the experiences of last year and we intend to identify proposals for the Cabinet's consideration in October. That will allow time for the implementation of changes to ensure they are delivered in the relevant financial year and thus minimise the negative impacts on the citizens of this borough.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1. The Council's financial strategy and Medium Term Financial Plan provide the financial resources necessary to deliver the Council's statutory duties and local priorities defined by and set out in the Community Strategy and Council Plan.

4. Recommendations

4.1. Cabinet is recommended:

- a) to note the latest revenue financial forecasts for 2012-15 as set out in paragraphs 9.29 and 10, and Appendix 1;
- b) to request Directors to identify draft proposals to deliver a balanced and sustainable MTFP 2012-15 for the Cabinet's consideration at its meeting in October 2011;
- c) to endorse the draft process set out in this report and the timescales indicated at paragraph 11.

5. Background

- 5.1. The government took office in May 2010 and has set out its agenda and plans for significant reform across a wide range of areas including the NHS, regeneration, housing and the welfare system. The government's Spending Review, published in October 2010, set out plans to reduce local government funding by approximately 28% over the four years 2011-15.
- 5.2. The Local Government Finance Settlement 2011-13, covering the first two years of the Spending Review period, set out reductions in funding that 'front-loaded' the 28% to those years.
- 5.3. For Haringey, the Spending Review and the Finance Settlement implied the Council needed to identify and implement reductions in planned spending of £84m during the period 2011-14 as a consequence of government grant reductions and the demographic and other budget pressures the council is facing.
- 5.4. The implications of those funding changes were recognised in Haringey and across local government as being fundamental and would change the landscape of the public sector. Developing a coherent strategic response was essential to ensure that local services and priority outcomes for Haringey citizens were protected as far as possible.
- 5.5. The Council is addressing the challenge of significant budget reductions whilst also seeking to ensure the council's priorities are delivered and the aspirations and ambitions of residents are fulfilled as far as possible.
- 5.6. 'Re-thinking Haringey' sets out the current challenges facing the council and plans for transforming its approach to delivering services. It describes the vision for the kind of borough the council is striving for and outcomes to achieve that vision for 2011 onwards:

One Borough One Future – Reduce inequalities – working for a better society

- **Thriving** – regenerating the borough; creating opportunities for employment and educational attainment; tackling low income and poverty; providing a balance of different types of homes which offer quality; affordability and sustainability
- **Healthier** – tackling health inequalities amongst children and adults; promoting healthier lifestyles and independence
- **Safer** – reducing the incidents and fear of crime and anti-social behaviour; safeguarding children and adults
- **Sustainable** – tackling climate change and managing our environmental resources more effectively; ensuring an attractive, clean, sustainable environment
- **Empowered** – promoting opportunities for community involvement and volunteering; enabling self-reliant communities.

5.7. In this context, the Council developed the Haringey Efficiency and Savings programme [HESP], through which it will deliver budget changes to meet the budget gaps in 2011-14.

5.8. There are three key strands of the programme:

- **the support functions review**, through which 'back office' efficiencies are being delivered;
- **'strategic service reviews'** – are identifying those services that will be reduced or dis-continued, ensuring resources are prioritised to the most vulnerable in the Borough through changes such as re-configuration, shared services and social enterprises;
- Developing a **'strategic commissioning'** function, to focus our resources on our desired outcomes.

5.9. These approaches enabled the Council to set its Medium Term Financial Plan (MTFP) 2011-14 in February 2011. The approved MTFP highlighted the significant financial challenge the Council faces and set out a package of revenue saving proposals that totalled £62m [£41m in 2011-12]. This left a further £21m to find of the £84m total budget gap to 2014.

5.10. The Council agreed a council tax freeze for 2011-12 and the budget was agreed in the context of a level of financial reserves that was considered to be adequate. However, as noted at the time, the Council would be facing an incredibly challenging budget savings programme which was to be achieved within a 12 month period.

5.11. The government's spending plans to 2015 will continue to put strains on the Council's available funding and the demand for the Council's services, particularly from the most vulnerable in our society, will continue to increase.

5.12. The current MTFP 2011-14 reflected those risks that could be realistically assessed in February 2011. It was recognised that the Council will need to review the robustness of its key planning assumptions on at least a quarterly basis and be prepared to adjust the MTFP accordingly.

5.13. This report sets out firstly the outcomes of the latest such review of risks and

assumptions, together with the latest position on the implementation of the current year's revenue budget plans.

- 5.14. The Council also approved its Capital Programme in February 2011. There are a number of funding constraints and risks facing the Council, in the context of significant reductions in government funding – for example reductions in Decent Homes funding and in a range of capital grants.
- 5.15. It is vital therefore that a review of the Council's capital spending plans is also undertaken in the coming months.
- 5.16. Secondly, in order to maintain the momentum already achieved in developing our revenue medium term financial plans it is important to bridge the budget gaps for the final two years of the current MTFP [2012-13 and 2013-14] as early as possible, and to start to consider the third year of the new MTFP; 2014-15. Cabinet will recall the Spending Review set out further reductions to government funding that will need to be planned and managed by the Council.
- 5.17. The Cabinet intends to consider the next stage of the budget process for 2012-13 at its meeting on 4th October 2011. This will assist the process overall by ensuring more of the preparation work is undertaken earlier in the annual budget cycle.
- 5.18. At this stage it will be helpful to summarise the national and local contexts in which the Council will develop its MTFP 2012-15.

6. National context

- 6.1. The Cabinet is aware of the government's legislative programme, which will have significant impacts on local government. A comprehensive summary was set out in the Financial Planning report to Cabinet in July 2010. An update on some key issues is provided below.
- 6.2. The government has legislated to expand the Academy school programme, to enable more schools to obtain Academy status. All Local Authorities with education responsibilities have had resources removed in both 2011-12 and 2012-13 from their Formula Grant allocations although this is currently the subject of a legal challenge. In addition, Local Authorities in which schools convert to Academies have a reduction made to their Dedicated Schools Grant (DSG) covering both the individual resources associated with pupils funded through the Council's formula for financing schools, and certain resources held centrally in support of pupils generally. The loss of DSG for centrally retained resources equates to around £8.50 per pupil.
- 6.3. Nationally there are 801 Academies now open and more than a fifth of all secondary schools are now academies (July 2011) the government has also recently announced that the 200 'weakest' primary schools will become Academies in 2012-13. 1,353 schools have applied to become an Academy since June 2010 with 110 applying in the last month.
- 6.4. In Haringey a small number of schools are in the early stages of considering a change to Academy status with one secondary school (Alexandra Park) well advanced in the process and having received agreement from the Secretary of

State to convert.

- 6.5. Clearly, the more schools that convert, the greater the overall reduction in the Authority's centrally retained DSG, resulting in greater pressure on the Local Authority's fixed costs and the loss of economies of scale.
- 6.6. The government's Localism Bill is designed to shift power away from central government to local government. A key strand of this policy is to increase local control of public finance through the Housing Revenue Account [HRA] self-financing reform.
- 6.7. This is intended to give local authorities the ability to take a long term approach to investment in housing stock, rather than planning on a year by year basis. This will be achieved by a one off adjustment to councils' housing debt, and allowing councils to retain all of the rental income they collect. This change will come into effect from April 2012.
- 6.8. Haringey is undertaking a strategic review of options for delivering the future housing needs of the borough, based on the nature and investment needs of the council's housing stock. A 30 year financial plan will be developed which will inform medium term investments and priorities.
- 6.9. Funding social care demand and cost pressures remains a major challenge for local authorities. The approved budget 2011-12 and MTFP 2011-14 included growth pressures of some £7m from 2011-12 relating to increased numbers of children in care and those with no recourse to public funds. In adult social care, there are pressures of over £4m from 2011-12 from a higher demand for services including learning disabilities and children transitioning into adult social care, together with a significant reduction in anticipated NHS joint funding.
- 6.10. The Commission on Funding of Care and Support, chaired by Andrew Dilnot, set out its recommendations on 4 July 2011 on how long term social care should be paid for. These included a cap on individual contributions, a national set of eligibility criteria, with portability so that if people move they take their needs assessment with them, and a re-branding of attendance allowances. The government will be setting out its response to these recommendations and has indicated it wants to take this opportunity to create a system that provides high quality, personalised care and gives people more choice and control over their own care.

7. Local context

- 7.1. Recommendations on bridging the budget gap over the planning period will be driven not only by the national context set out above but also local priorities and specific opportunities and initiatives. Two examples are highlighted at this stage, below.

Sustainable Investment Fund (SIF)

- 7.2. The sustainable investment fund (SIF) supports invest-to-save projects designed to reduce the Council's CO2 emissions and reduce energy costs. As at the 31st March 2011 the fund stood at £850k.

Alexandra Park and Palace (AP&P)

- 7.3. The Council currently subsidises the Alexandra Park and Palace Charitable Trust by £2.1m (2011-12 budget). As part of the Council's overall budget strategy the Trust has been asked to identify options to achieve a significant reduction (£0.5m) in this level of support in order to reduce their reliance on the Council. Additionally the Trust is currently embarking on a regeneration project that is examining the options for the Trust to bring in partners in order to move the Trust to a more sustainable position.
- 7.4. In the current financial climate it is hard to justify maintaining this level of subsidy given the choices the council is making regarding its budget proposals, with the focus being on front line services. The long term aim must be that the Trust and this community asset is self financing.

8. Current year 2011-12

- 8.1. The Budget Management Performance report elsewhere on the agenda shows a projected net overspend at the year-end due to pressure within the Children's Service. This pressure, and any others that may emerge later in the year, will require careful managing to ensure the Council achieves a balanced position at the year end which is vital if we are not to carry forward any residual pressures that impact on the Council's efforts to balance the budget in 2012-13 and beyond.
- 8.2. In addition an overall adverse variation of £2m on the Council's savings programme is reported, however the shortfalls are being met either elsewhere within the service budgets or from the risk provision.
- 8.3. The impacts of potential overspending in the current year will, as stated, be closely monitored and taken into account in the development of draft proposals for the Cabinet's consideration of the MTFP in October 2011.

9. Review of assumptions, risks and opportunities 2012-13 and 2013-14

- 9.1. Best practice risk management demands we review the key assumptions, risks and opportunities identified in the 2011-14 MTFP, given the financial environment is not completely stable, further information comes to light over time, and there will always be factors outside of the council's direct control which will vary our original assumptions.
- 9.2. There are also a number of significant risks that could affect either the level of service and service delivery costs and / or funding sources. These include the impact of general economic factors such as interest rates and the level of inflation.
- 9.3. Conversely, there are opportunities either to reduce costs or increase income which may not yet have been fully exploited.
- 9.4. The main risks and opportunities are summarised below:-

Risks

- Reduction in service standards / performance
- Increased service demand
- Impact of Housing Benefit and other welfare changes
- Delay or non-delivery of savings proposals

- Inflation
- Shortfall in revenue due to the economic climate
- Outstanding and pending legal claims
- Further reductions in joint NHS funding
- Increase in bad debts

Opportunities

- New freedoms and flexibilities
- New income streams as a result of legislative changes
- Potential additional savings from Alexandra Park and Palace Trust

9.5. It must be stressed that some of the assumptions underpinning the MTFP will inevitably change again before the 2012-13 budget is set in February 2012. The government will make announcements, estimated funding allocations will be finalised, new matters will come to the fore and budget projections will change. These will all need to be taken on board as the year progresses.

9.6. An initial review of key assumptions, risks and opportunities has been undertaken as set out below and these will be further updated and reported to the Cabinet in October.

Service Demand and cost pressures

Demographic growth

9.7. The approved MTFP includes planned increases for demographic growth including the cost of transition of children to adult services. However, the current plan assumes no further demographic growth will be provided, the assumption being that services will need to make efficiencies elsewhere to fund any pressure. These assumptions will be rigorously reviewed in the light of ongoing experience in the current year and revised assumptions will be put forward for the MTFP 2012-15 if necessary.

Other growth

9.8. The current assumption is that any new initiatives are funded from within existing approved budgets. This assumption will be reviewed and the merits of alternative approaches considered and recommendations brought forward in October.

Achieving currently approved savings

9.9. The risks associated with delivering the unprecedented sum of £41m of savings in 2011-12 were recognised in setting the budget and MTFP. Some of the proposal detailed in future years were cross cutting and required detailed plans. It would be prudent at this stage to remove these items and replace them in due course with specific savings plans. By doing this the risks of not achieving the savings are much reduced. These items total £3.6m and relate to customer contact (£1m), spans of control and delayering (£2.1m) and cross council subjective expenditure reviews (£0.5m).

9.10. **Terms and Conditions**

9.11. The MTFP assumes a saving of £2.5m from 2012-13 as a result of a review of Terms and Conditions, which is currently underway.

Inflation

9.12. Inflation is currently relatively high. Depending on the trend, pace and scale of inflationary pressure, this may represent a risk to the achievement of our current financial plans.

Government Funding

9.13. Following the government's Spending Review in the autumn of 2010, the Local Government Finance Settlement reduced the overall level of funding and consolidated many specific grants into Formula Grant.

9.14. A detailed summary of the distribution methodology of government funding of local authorities was set out in the report to the Cabinet in February 2011. The government made some significant changes for 2011-12 and beyond, including the defining of 'estimated revenue spending power' as a council's combined income from government grants and council tax, and as a baseline against which funding reductions would be compared.

9.15. The grant 'floors' mechanism also changed – councils were grouped into four bands with different floors.

9.16. The number of separate specific grants was reduced from over 90 to 10 new 'core grants'.

9.17. At this stage we have made no assumptions on any further changes going forward, although some change is likely following the government's 'Local Government Resource review' currently underway.

9.18. Although the Spending Review covered the period 2011-15, the Local Government Finance Settlement only addressed 2011-12 and 2012-13, in part due to the Resource Review the government announced which will consider, amongst other matters, the localisation of business rates. Depending on the outcomes of that review – further consultation is expected to be announced shortly – a review of Formula Grant distribution methodology may be required for grant allocations for 2013-14 and 2014-15.

9.19. As the government has currently provided no figures for Formula Grant for those years it is necessary to make some initial assessments based on our best understanding. No changes to our previous assumptions for 2012-13 or 2013-14 have been made at this stage. [The government announced a provisional figure for 2012-13 in the Local Government Finance Settlement 2011-13 in January 2011].

9.20. The government provided local authorities with a grant equivalent to a 2.5% increase in Council Tax if they agreed to freeze Council Tax at 2010-11 levels for one year. It is assumed that the government will continue to provide the grant up to and including 2014-15, offsetting the Council Tax income foregone in 2011-12, thus protecting authorities from a 'cliff-edge' effect until 2015-16.

- 9.21. The majority of specific grants that remain are now 'un-ring fenced'.
- 9.22. The Spending Review reduced overall funding for local authorities by an average level of 7.25% each year in real terms, over the four years 2011-15, excluding schools, fire and rescue and the police. These reductions were front-loaded into the first two years.
- 9.23. The assumptions regarding council tax in the MTFP are unchanged.

NHS Funding

- 9.24. Allocations from the Department of Health were not factored into the MTFP for 2012-13 as the allocation was still provisional and there had been no announcement for future years. However, funding has now been confirmed for 2011-12 and provisionally approved for 2012-13. So it is reasonable to include £2.8m for 2012-13. As there is far less certainty for 2013-14, the suggested approach is to assume half of the estimated allocation in that year [£1.4m]. This would contribute £1.4m to the budget gap. If the 2013-14 allocation was not received £1.4m would need to be covered in another way.

Core Grant

- 9.25. A review of previous assumptions has identified a favourable funding adjustment of £0.5m relating to the former Area Based Grant.

Other Changes and Variations

- 9.26. The MTFP 2011-14 as agreed by the Council in February resulted in 'Budget gaps' of £6.8m and £14.5m in 2012-13 and 2013-14 respectively.
- 9.27. A number of assumptions were agreed in February 2011 regarding general cost pressures the Council will face over the planning period. These 'Changes and Variations' are included in Appendix 1 and are set out in more detail at Appendix 2. A change to the assumptions is now proposed for 2012-13 and 2013-14, as set out below.

Inflation and pay provisions

- 9.28. The government's projections for the Consumer Price Index [CPI] of inflation set out in the Spending Review were 2.4% in 2011, 1.9% in 2012 and 2.0% in 2013 and 2014. Currently CPI is 4.5%. Provisions of £7m and £7.5m were established for 2012-13 and 2013-14 respectively. It is possible to reduce the general inflation amounts each year as a contribution to bridging the budget gap. As inflation is relatively high compared to government assumptions in the Spending Review, it is proposed that general inflation is not provided to Council supplies and services budgets in the remaining two years of the current MTFP. This would contribute £2m in each year – a total of £4m towards the overall budget gap. If approved this would mean inflation on supplies and services budgets will have been cash limited for three years.
- 9.29. The impact of these revised assumptions on the current MTFP budget gap is summarised below.

Table 1	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
1 Savings requirement in approved MTFP	-41.1	-22.9	-19.7	-83.7
2 Approved savings proposals	-41.1	-16.1	-5.2	-62.4
3 Budget gap as at February 2011	0	-6.8	-14.5	-21.3
4 Re-programming of savings		-2.3	-1.3	-3.6
5 Revisions to assumptions		5.3	0.6	5.9
6 LATEST BUDGET GAP	0	-3.8	-15.2	-19

10. Consideration of Financial Year 2014-15 for the MTFP

Financing – government funding

10.1. The government is planning to reduce funding for local authorities by an average of 29% over the four years up to and including 2014-15. Given the lack of definitive information and the uncertainties yet to be resolved by government it is difficult to make realistic estimates of the impact of this. The position will be kept under review as further details become available from the government, for example the outcome of the Local Government Resource Review and the provisional Government Finance Settlement expected in late November this year.

10.2. The impacts on 2014-15 are:

- Core and specific grants could change over the period
- NHS funding could change, and have an impact on our social care finances
- New census data possibly being used in the 2013/14 settlement
- Local Government Resource Review – the government is planning to localise business rates. It will be important for the council to lobby to ensure that the agreed model is beneficial for Haringey.
- The Formula Grant distribution may be reviewed and it will be important for the council to lobby for a better settlement.
- New homes bonus and other funding incentives provided by the government – the council will need act over the short to medium term to exploit these opportunities
- Inflation and interest rates will change

Redundancies

10.3. On setting the MTFP for 2011-14 in February 2011 an estimated cost of redundancies, as a result of the transition programme the Council is going through, was estimated to be £25m, mainly to be funded from reserves. A capitalisation bid has been made to the government for 2011-12 and the results are expected later in the year. It is likely that the further savings required to balance the MTFP 2012-15 will require staff reductions, requiring additional provision to be made for the redundancy costs, this will need to be identified during the budget setting process.

11. Budget Timetable 2012-13

11.1. An outline business planning and budget timetable for 2012-13 is set out below. Officers are developing a more detailed implementation plan to ensure these deadlines are achieved.

Table 2

Activity	Date
Cabinet considers draft proposals and MTFP 2012-15 Budget consultation process including Overview and Scrutiny Committee	4 th October 2011 October/November 2011
Government announces provisional LG Finance settlement Government announces other grants	December 2011 early 2012
Cabinet approves budget package Council approves budget package and council tax	February 2012 February 2012

12. Other options considered

12.1. This report proposes that the Cabinet should consider draft proposals to deliver a balanced and sustainable MTFP at its meeting on 4th October 2011. This date is significantly in advance of the corresponding dates in previous years.

12.2. This is considered to be a prudent approach in the light of the experience of last year's process, together with the unprecedented scale of savings required as a consequence of the government's current public sector expenditure plans and the continuing increases in demand for the Council's services.

12.3. The Cabinet could adopt a less demanding pace and determine its strategy at a later stage. Such an approach would have the advantage of more certainty on government funding – but would conversely give less time for robust consideration of options and implementation.

13. Summary

13.1. The report summarises the progress the Council has made since the approval of its Budget 2011-12 and MTFP 2011-14 in February 2011. Progress on delivering

the current year's budget is reported elsewhere on the agenda. The conclusions of an initial review of key assumptions on revenue spending and funding for 2012-14 are reported. The budget gaps for 2012-13 and 2013-14 have been revised.

- 13.2. It is intended to bring forward further proposals to bridge these gaps to the Cabinet in October. A similar review of assumptions and challenges on capital will also be undertaken. This timescale will ensure the Cabinet is well placed to consider its formal budget proposals to the Council in February 2012 following extensive consultation with Overview & Scrutiny Committee and other key stakeholders during the autumn.
- 13.3. An outline timetable and process is set out in the report through which the Council will formally agree its Budget 2012-13 and MTFP 2012-15 in February 2012.

14. Chief Financial Officer Comments

- 14.1. This report is presented by the Chief Financial Officer.

15. Head of Legal Services Comments

- 15.1. The budget and policy framework procedure rules are set out in Part Four Section E of the Constitution and reflect both the statutory requirements on Local Authorities in relation to budgets and this Council's approach to setting budgets. It is for the Cabinet to approve the proposals and then submit to Full Council who set the budget.
- 15.2. Where relevant the Cabinet will need to ensure any necessary consultation is carried out and equality impact assessments completed and taken into account when making final decisions. The Council will also need to ensure that any proposals, if approved, do not result in a situation where the Council is unable to perform its statutory obligations.

16. Equalities & Community Cohesion Comments

- 16.1. The Council must pay due regard to its public sector equality duties with regard to race, gender and disability and should also take into account the provisions of its equality scheme with regard to age, religion or belief and sexual orientation.
- 16.2. Prior to making any final decisions on any proposals that may be brought forward in the medium term financial planning process the Council will assess the impacts of those by conducting Equality Impact Assessments [EqIAs], starting with an initial screening which considers whether there is a need for a full assessment.
- 16.3. A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.

17. Consultation

17.1. Public engagement and consultation remains a key central government policy driver and is also a legislative requirement for a wide range of functions; the financial planning process is no exception. Proportionate public engagement and consultation activity on the Council's medium term financial planning and/or budget setting processes will be undertaken in the autumn once proposals to fund the gaps have been identified.

18. Use of appendices /Tables and photographs

18.1. Appendix 1 – Summary of the MTFP to 2014

18.2. Appendix 2 – Changes and Variations

19. Local Government (Access to Information) Act 1985

19.1. Medium Term Financial Planning 2011-12 to 2013-14 – Council 24th February 2011.

19.2. Medium Term Financial Planning 2011-12 to 2013-14 – Cabinet 8th February 2011.

19.3. Financial Planning 2011-12 to 2013-14 – Cabinet 13th July 2010

SUMMARY OF THE MEDIUM TERM PLAN TO MARCH 2014

Appendix 1

	2011-12 £m	2012-13 £m	2013-14 £m
Net Service cost	307.8	286.1	273.9
Changes and Variations	23.6	11.2	18.9
Prior year Agreed Growth	-0.6	-0.2	-
Prior year Agreed Savings	-3.6	-0.3	-
Total Funding Requirement before Savings	327.2	296.8	292.8
Core/ Specific Grants	29.2	26.5	26.5
New Homes Bonus	1.2	1.2	1.2
Formula Grant	153.2	141.2	137.8
Council Tax	102.5	105.0	107.6
Total Projected Available Funding	286.1	273.9	273.1
Total Savings Requirement	-41.1	-22.9	-19.7
HESP Savings Proposals	41.1	16.1	5.2
Budget gap to be bridged by savings plans over the period to Council February 2011	-	-6.8	-14.5
Re-programming of savings	-	-2.3	-1.3
Revisions to assumptions	-	5.3	0.6
Latest Budget Gap	-	-3.8	-15.2

Changes and Variations

	2011-12 over 2010-11 £'000	2012-13 over 2011-12 £'000	2013-14 over 2012-13 £'000	TOTAL £'000
1 Inflation	5,300	7,000	7,500	19,800
2 NLWA - additional cost of new facility			1,900	1,900
3 NLWA - Increase in Landfill Tax	500	2,100	400	3,000
4 Increase in cost of concessionary fares	2,500	500	500	3,500
5 Carbon reduction commitment	500			500
6 Council Tax Benefit - subsidy 10% reduction		4,000		4,000
7 Risks to future government funding		2,500	2,600	5,100
8 Single Status- outstanding settlements	1,000			1,000
9 Debt Financing Costs (net)	(356)	(1,763)	219	(1,900)
10 Service Growth	14,204	836	1,744	16,784
Changes and Variations Total	23,648	11,173	18,863	53,684

