

Appendix 2	Planning Assumptions -4.50% £'000	Draft Settlement -3.66% £'000	Difference £'000
RSG Planning Base	145,170	145,170	-
Adjusted Base 15/16 - grant transfers (1)	145,170	145,441	271
Planned v Provisional Settlement	138,637	140,116	(1,479)
Adjusted Cash Reduction RSG	6,533	5,325	(1,208)
Cost Pressures (2)	3,891	4,011	120
Additional Unfunded Transfers in 2015/16 (3)	-	241	241
Impact of Draft Settlement	10,424	9,577	(847)
Council Tax Rise @ 2.75%	(1,318)	(1,318)	-
Council Tax Base Adjustment (4)		-	-
Savings Required	9,106	8,259	(847)
Use of Balances (5)	0	500	
Final Savings Required	9,106	7,759	(1,347)

Notes

(1) Settlement is adjusted to bring in grant transfers - these included (LGBI) Local Government Borrowing Initiative (Yr1) and the Integrated Family Support Service. Increasing the starting base means the cash reduction is greater. The grant transfers are detailed in an extract from the Draft Settlement (enclosed).

(2) The MTFP has to make assumptions around unavoidable cost pressures such as pay rises, pension increases, NNDR inflation energy cost rises, insurance premium increases, etc. The change between the value of pressures quoted in September relates to a number of movements including: increased pension strain, pay assumptions and increases to the fire service levy. The point on the cost pressures is that the assumptions can change on an almost weekly basis.

(3) The Draft Settlement included a further instalment of LGBI which is included within the overall settlement but has not been pass ported specifically within it - so it is effectively a cut. The LGBI element of this is £242k. This pressure will be reduced locally by £85k as cuts to CTRS administration grant and the PFI grant will be pass ported onto the relevant service budgets.

(4) The Council Tax Base was recently recalculated. The recalculation suggests a gross increase of 1%. However, it is likely (as indicated by draft figures recently circulated) that the final settlement will adjust for this by reducing RSG by the equivalent financial value.

(5) Planning assumption now is that balances will be used for the next three years - i.e. not budgeting to replenish the £500k cash used each year over that period.