

AGENDA ITEM NO. 7

OVERVIEW AND SCRUTINY PANEL

Date	13 JANUARY 2014
Title	DRAFT MEDIUM TERM FINANCIAL STRATEGY AND GENERAL FUND BUDGET 2014/15

1. PURPOSE

To consider and approve

- the draft Medium Term Financial Strategy, General Fund Budget 2014/15 and Capital Programme 2014 – 2017 for consultation,
- the revised General Fund Budget and Capital Programme for 2013/14.

2. KEY ISSUES

- The draft Medium Term Financial Strategy and General Fund Budget 2014/15 report as presented to Cabinet on 19 December 2013 is attached. The report has been updated to include the outcome of the provisional Local Government Finance Settlement announced on 18 December 2013.
- The Council's Settlement Funding Assessment (general government grant) has reduced by £1.112m in 2014/15 (-13.7%) and by a further £1.105m in 2015/16 (-15.8%), a cumulative reduction of £2.217m (-27.4%) over two years.
- It is proposed that Council Tax will increase by 1.9% in 2014/15 and over the medium term.
- Assumed Referendum limit of 2% increase in Council Tax for 2014/15. Internal Drainage Board levies are now included in the referendum calculations.
- £695,000 of the original savings target of £1.135m for 2014/15 has been achieved to date. The remaining £440,000 has been identified but not yet implemented.
- For the period 2015/16 – 2017/18 further savings of around £1.54m will be required, subject to the outcome of the next Spending Review.
- The next Spending Review will have a significant impact on the Council's future resources, from 2016/17 onwards. Consequently, forecasts for these years should be treated with caution.
- The Business Rates Retention Scheme and the Local Council Tax Support Scheme continues to impose additional risks on the Council's forecast resources in 2014/15 and over the medium-term, as these are potentially subject to significant in-year volatility.
- Revised estimates for 2013/14 are projecting overall a break-even position.
- An updated Capital Programme for 2013/14 and for the medium term 2014-17 is proposed.
- Given the scale of the challenges faced by the Council, the financial forecasts represent a considerable achievement and demonstrates the focus from Officers throughout the Council in delivering the required savings.
- The Council continues to focus on delivering quality services and to minimise the impact on front-line services.

3. RECOMMENDATIONS

It is recommended that Members consider and make any appropriate recommendations to Cabinet on:-

- (i) the draft budget proposals for 2014/15 outlined in this report;
- (ii) the revised estimates for 2013/14;
- (iii) the revised capital programme.

Wards Affected	All
Forward Plan Reference No. (if applicable)	
Portfolio Holder(s)	Cllr Alan Melton, Leader and Portfolio Holder, Policy and Resources and Strategic Finance Cllr Michael Humphrey, Portfolio Holder, Finance
Report Originator	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Provisional Finance settlement – Department for Communities and Local Government (DCLG). Medium Term Financial Forecasts working papers. Government announcements since February 2013.

1. INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Corporate Plan 2014 – 2017. Revenue estimates are draft at this stage and along with the draft Corporate Plan will be subject to public and stakeholder consultation prior to final budget and council tax levels for 2014/15 being set in February 2014.
- 1.2 Much of the financial information provided is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. Some of these factors, such as the final level of external grant support and the level of Government set fees, will not be known until later in the process and any amendments will be reported to Cabinet and Council at the February 2014 budget meeting.
- 1.3 In addition, the Comprehensive Spending Review 2013 (CSR13), the Local Government Finance Settlement for 2014/15 and provisional for 2015/16, the Autumn Statement 2013 and the continuing challenging economic climate means the Council needs to produce a robust strategy for the future to meet these challenges.

2. REVISED ESTIMATES 2013/14

- 2.1 As part of the budget setting process for 2013/14, approved by Council on 21 February 2013, £1.252m of savings were required over the two year period 2013-15, of which £231,000 was required for 2013/14 in order to achieve a balanced budget.
- 2.2 As reported during the course of this year through the monthly monitoring reports to all Members, the required savings for 2013/14 have been identified and implemented. In addition, good progress is being made towards identifying the required savings for 2014/15. Significant organisational efficiency changes have been implemented in Environmental Health, Policy & Governance, Community Support, ICT, Customer Services and Assets and Projects. These together with other efficiency changes, for example the Chatteris Community Hub, in partnership with Cambridgeshire County Council, have enabled the savings target to be met for this year with significant contributions towards the savings target for 2014/15. Given the size of savings required, this is a considerable achievement and demonstrates the focus from Cabinet and Officers in delivering a balanced budget. The savings identified to date have not significantly affected front-line services as the Council is determined to maintain the quality of these services during these difficult and challenging times.
- 2.3 The latest revised estimates for 2013/14 are set out at Appendix A for approval. The current estimate for net expenditure is £14.605m, the same as originally estimated. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure this position is maintained at the year end.
- 2.4 Income levels overall are projected to achieve what was estimated, although there are variations between services, as detailed in the monthly monitoring reports. Expenditure also continues to be tightly controlled.
- 2.5 Consequently the General Fund Balance is forecast to remain at £2.787m at the year end.

3. LOCAL GOVERNMENT FINANCE SETTLEMENT

3.1 The Provisional Finance Settlement for 2014/15 and the Illustrative Settlement for 2015/16 was announced on 18 December 2013.

3.2 The Provisional Settlement Funding Assessments are detailed below:

Table 1 – Settlement Funding Exemplifications – DCLG July 2013

	Actual 2013/14 £000	Provisional 2014/15 £000	2014/15 % Reduction	Illustrative 2015/16 £000	2015/16 % Reduction
Revenue Support Grant	3,986	3,686		2,490	
Business Rates Baseline Funding	2,652	3,297		3,388	
Total Formula Funding	6,638	6,983		5,878	
Council Tax Freeze Grant	186				
Council Tax Support Grant	1,200				
Homelessness Prevention Grant	71				
Settlement Funding Assessment	8,095	6,983	-13.74%	5,878	-15.82%

3.3 From 2014/15, there will be no separate analysis available for figures relating to the Council Tax Freeze Grant, Council Tax Support Grant and Homelessness Prevention Grant. All of these grants are now included within the Revenue Support Grant and Business Rates Baseline Funding figures.

3.4 The CSR13 announcement reduced the overall local government finance settlement for 2014/15 by an additional 1% (equating to £74,000 for this Council) and by 10% for 2015/16. However, as a result of various top-slices of the national total for specific government priorities eg. Adult Social Care, the proposed reduction in this Council's settlement funding is 15.82%. The combined effect of these proposals is a reduction in settlement funding of 27.39% (£2.217m) over the next two years.

3.5 These settlement proposals confirms that local government continues to bear the brunt of public spending reductions in this Spending Review period. The Autumn Statement expects that these reductions will continue until 2018.

Revenue Spending Power

3.6 The figures detailed in the above tables will be different from the headline announcements by the government. Since 2011/12, the government has introduced the concept of 'Revenue Spending Power' in an attempt to soften the reality of the significant reductions in government grant to local authorities. According to the

government, in 2014/15 no Council will see their Revenue Spending Power reduce by more than 6.9%.

- 3.7 Revenue Spending Power is defined by the government as the aggregate of Formula Funding, New Homes Bonus, other Specific Government Grants and Council Tax Requirement. Table 2 below details the government's assessment of Revenue Spending Power for this Council:

Table 2 – Revenue Spending Power – Government assumptions

	Actual 2013/14 £000	Provisional 2014/15 £000	2014/15 % Reduction	Adjusted 2014/15 £000	Illustrative 2015/16 £000	2015/16 % Reduction
Settlement Funding Assessment (from Table 1)	8,095	6,983	-13.74%	6,983	5,878	-15.82%
Settlement Funding Assessment Adjustment		35		35	35	
Council Tax Freeze Grant – 14/15 & 15/16		76		76	153	
Council Tax Support to Parishes	-117	-117		-117	-117	
Other Grants	17	17		17		
New Homes Bonus	860	1,217		1,217	1,572	
NHB Adjustment Grant	27	11		11	29	
HB & CTS Admin Subsidy	762	669				
CTS – New Burdens Funding	66	80		80		
Total Government Funding	9,710	8,971	-7.61%	8,302	7,550	-9.42%
Council Tax Requirement (based on govt. assumption of 0% p.a. increase)	6,527	6,551		6,551	6,575	
Total Revenue 'Spending Power'	16,237	15,522	-4.40%	14,853	14,125	-4.90%

- 3.8 On this basis, the reduction in 'spending power' is significantly less than the reductions in government formula funding grant detailed in Table 1 above. Figures relating to Council Tax Freeze Grant and Council Tax Requirement used in the above assessment are government estimates. Actual figures will be dependent upon decisions taken by individual authorities.

New Homes Bonus

- 3.9 Within the CSR13 announcement were proposals that from 2015/16, £400 million from the national total of New Homes Bonus would be pooled to contribute to the Local Growth Fund to be administered by Local Enterprise Partnerships. This would have had a significant impact on the amount of NHB received by authorities with potentially a reduction of up to 35.09%. Following responses to the consultation proposals, the government announced in the Autumn Statement on 5 December 2013 that there will be no pooling of NHB for councils outside London. The £2 billion Local Growth Fund will now be made up from other government decentralised budgets.
- 3.10 The government will however be carrying out a review of the New Homes Bonus to evaluate the effectiveness of the incentive in increasing housing supply. Consequently, there may be changes to the allocation method in future years, potentially for 2015/16 onwards.
- 3.11 To maximise the amount this Council receives from the NHB, an extensive review of all long-term empty properties in the district was carried out over the summer months. This has resulted in 73 properties being reclassified as 'occupied' rather than 'long-term empty', resulting in an estimated additional £70,000 of NHB allocation for 2014/15.
- 3.12 Actual and forecast NHB allocations, included in the medium term forecasts are as follows:

Table 3: New Homes Bonus Illustration

		Financial Year of Payment						
		Actual 2011/12	Actual 2012/13	Actual 2013/14	Provisional 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18
		£000	£000	£000	£000	£000	£000	£000
Year of Delivery	Yr 1 (Oct 2009-10)	290	290	290	290	290	290	
	Yr 2 (Oct 2010-11)		323	323	323	323	323	323
	Yr 3 (Oct 2011-12)			247	247	247	247	247
	Yr 4 (Oct 2012-13)				357	356	356	356
	Yr 5 (Oct 2013-14)					320	320	320
	Yr 6 (Oct 2014-15)						350	350
	Yr 7 (Oct 2015-16)							350
Total NHB allocation		290	613	860	1,217	1,536	1,886	1,946

- 3.13 Provisional New Homes Bonus allocations for 2014/15 were announced on 16 December 2013.

Business Rates

- 3.14 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.
- 3.15 Based on the finance settlement figures, the Council will need to collect £23.333m of business rates in 2013/14 (net of reliefs, appeals, costs of collection and losses on collection) to meet its' baseline funding assessment. If this figure is exceeded, then the Council will receive 20% of any additional business rates income. Conversely, should actual business rates collected be lower than this figure, the Council would lose funding up to a maximum of £242,540 before the safety net is triggered. Current projections indicate that the Council is on target to meet its' baseline funding assessment. However, there are considerable risks to meeting this target each year including the impact of outstanding appeals and the limited information available from the Valuation Office to establish a reasonable estimate of these.
- 3.16 For future years, the figures in Table 1 are increased by RPI to reflect the annual increase in the business rate multiplier and no other changes will be made until 2020, when the system will be re-set.
- 3.17 However, the Autumn Statement on 5 December 2013, announced that for 2014/15 business rate increases would be capped at 2% which is lower than the expected RPI increase of 3.2%. This will have implications for the amount of business rate funding this Council will receive in 2014/15 and the finance settlement has allocated this Council £35,000 as compensation for this reduction.

Local Council Tax Support

- 3.18 At the Council meeting on 20 December 2012, the Council Tax Support scheme for 2013/14 was approved. The way Council Tax support is funded fundamentally changed in 2013/14 with the government reducing the national funding available by 10%. As the new support scheme is effectively a council tax discount, the Council's taxbase has reduced thereby reducing the amount of Council Tax collected. To off-set this, the government allocated funding to all authorities as part of the overall start-up funding assessment for 2013/14, as detailed in Table 1 above.
- 3.19 In addition, the government provided transitional grant funding, for 2013/14 only, to those authorities who reduced the support to working-age claimants by a maximum of 8.5%. This Council received the transitional funding for 2013/14 but for 2014/15, with the withdrawal of this funding, Council on the 19 December 2013, will be considering changes to the current Council Tax Support scheme which will result in support reducing by 14% for working-age claimants. This will ensure that this Council and all other precepting authorities recover the shortfall in funding resulting from the withdrawal of the transitional grant funding.
- 3.20 As with the Business Rates Retention Scheme, how Council Tax support is operated and funded imposes significant additional risks on this Council. Any additional growth in support and/or reduction in collection rates over and above what has been assumed within our approved scheme and within fixed government funding, will have a direct cost on this Council and all other precepting authorities. The Council will aim to mitigate these risks as detailed in paras 4.12 – 4.13. Current projections indicate that the current scheme is operating within the assumptions built into the estimates for 2013/14.

Council Taxbase Calculation

3.21 The overall impact in the first year of the scheme (2013/14) is that the taxbase reduced as a result of the Council tax support scheme which has been partly off-set by an increase resulting from the changes to exemptions. Proposed changes to the scheme in 2014/15 will increase the taxbase. The assumed taxbase figure for 2014/15 (including an allowance for housing growth) compared with the previous two years is as follows:

2012/13	31,018	(Council Tax Benefit fully funded by government)
2013/14	26,576	(incorporating new support scheme in 2013/14 and changes to exemptions. Council Tax support grant now included in settlement funding assessment)
2014/15	27,011	(incorporating proposed changes to support scheme in 2014/15)

4. DRAFT BUDGET 2014/15 AND MEDIUM TERM STRATEGY

4.1 The Council's Medium Term Financial Strategy (MTFS) ensures that the commitments made in the Corporate Plan are funded not only in the year for which the formal approval of the budget is required (2014/15) but for forecast years as well, within a reasonable level of tolerance.

4.2 For the purposes of this report, the following table exemplifies the impact of an indicative 1.9% Council Tax increase per annum from 2014/15.

Table 4 – Medium Term Forecast – 1.9% CT increase in 2014/15 onwards

			Subject to Future Spending Review	
	Estimate 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000
Assumed Council Tax increase	1.9%	1.9%	1.9%	1.9%
<u>Resources (Income)</u>				
Revenue Support Grant	3,686	2,490	2,111	1,746
Retained Business Rates	3,297	3,388	3,473	3,560
	6,983	5,878	5,584	5,306
Council Tax	6,760	6,940	7,125	7,315
Total Resources	13,743	12,818	12,709	12,621
Forecast Net Expenditure	14,183	14,355	14,427	14,776
Original Savings Target	1,135			
<i>Savings achieved to date (included above)</i>	-695			
<i>Savings identified but not yet implemented:</i>				
Savings identified 2014/15	-440	-440	-440	-440
Savings identified 2015/16		-169	-169	-169
Savings identified 2016/17			-6	-6

Forecast Expenditure after identified savings	13,743	13,746	13,812	14,161
Funding Gap – In Year	0	928	175	437
Cumulative Funding Gap		928	1,103	1,540
Forecast General Fund Balance	2,787	2,787	2,787	2,787

- 4.3 Government grant figures for 2016/17 and 2017/18 will be subject to the outcome of the next spending review. For the purposes of the Medium Term Forecasts, the figures are assumed to continue to reduce year on year in line with the Autumn Statement announcement. Within the government grant figures for these years, the Business Rates Baseline Funding element is assumed to increase annually by RPI (2.5%) whereas the Revenue Support Grant element is assumed to reduce by 15.2% in 2016/17 and a further 17.3% in 2017/18. This combines to produce an assumed overall reduction of 5% in both years.
- 4.4 However, it is clear from the Autumn Statement that the squeeze on public expenditure will continue for these two years and beyond. Consequently, the reductions in the forecasts above could be subject to significant change.
- 4.5 The level of net expenditure for 2014/15 is currently estimated to be £14.183 million before any additional savings are included. This includes the assumptions detailed at para. 4.12 below.
- 4.6 Clearly the forecasts show a substantial gap and the need for significant savings to be identified to achieve a balanced budget, including a robust strategy on the use of balances. Of the original savings target for 2014/15 of £1.135 million, £695,000 has been achieved to date. In addition, the remaining £440,000 of savings required for 2014/15 have been identified and progress is being made towards the 2015/16 savings target. These include the proposals on service transformation being presented to Council on 19 December 2013. This leaves £1.540m of savings to be identified over the medium term without any further use of balances. However, due to the uncertainty over the financial position from 2016/17 onwards, the focus is on the next two years and achieving the required savings for this period.
- 4.7 The current strategy is not to use the general fund balance to fund the projected deficits in future years. This will ensure the balance is kept above the target minimum level of £2m. However, due to the uncertainties relating to future resource and expenditure forecasts, the level of reserves and the minimum level of the general fund balance will be reviewed as we progress through the budget setting process.
- 4.8 Taking into account the proposals in the above tables, the estimated level of expenditure in 2014/15 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B.
- 4.9 The forecasts for the years 2016/17 – 2017/18 are particularly volatile and should be treated with extreme caution. No provisional announcements regarding government grant for these years have been made and therefore, the figures could be better or worse than forecast. The outcome of the next spending review will determine government funding for these years.

- 4.10 At this stage, CMT are progressing with several savings initiatives and Cabinet have begun their priority setting process, both of which will generate savings in the next financial year to deliver a balanced budget. At a separate agenda item is a report on Service Transformation which will, if implemented, make a significant contribution to the required savings target for 2014/15. However, the achievement of further efficiencies in future years whilst maintaining excellent services will present considerable challenges for the authority.
- 4.11 The draft Corporate Plan for 2014 – 17 continues the Council's successful improvement programme for all services. The funding for the majority of the priorities is included by rolling forward costs in this year's budget without the requirement for any specific "growth" to be identified.

Assumptions built into Budget and Medium Term Forecasts

- 4.12 Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although we aim to mitigate these risks as detailed in paras 4.12 – 4.13. The main assumptions are as follows:
- 1.9% Council Tax increase for 2014/15 and thereafter;
 - 1.64% increase in Council Tax base in 2014/15 and 0.75% thereafter;
 - 1% pay award per annum for 2014/15 and thereafter;
 - Allowance for pay increments;
 - 2% per annum increase in Employer's Pension Contributions from 2014/15 (as determined by the latest triennial valuation of the Cambridgeshire Pension Fund in 2013), which will be confirmed by the final budget-setting meeting;
 - 0% general inflation for the period of the Medium Term Forecasts;
 - Specific allowance for inflation for business rates, external contracts, energy and water, drainage board levies;
 - Investment interest rates to stay at current rates until third quarter of 2015 when market rates are forecast to begin rising slowly;
 - Continuing impact of 2013/14 in year income pressures;
 - Assumptions regarding forecast income levels from fees and charges have been included. These are a combination of fee increases (where applicable) and review of activity levels. This is pending the review of fees and charges by Overview & Scrutiny Panel in January 2014;
 - No allowance for additional income due to growth (above inflation) for retained business rates;
 - Allowance has been made for higher non-collection rates for Council Tax due to the impact of the local Council Tax Support Scheme;
 - The New Homes Bonus for 2014/15 onwards has been included as detailed in Table 3 above.

Risk Assessment

- 4.13 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the draft estimates:-

- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans
 - Maintaining “earmarked” reserves for potentially unbudgeted expenditure,
 - Adopting clear guidelines and control systems (revenue monitoring procedures, Financial Regulations etc.) to alert service managers, and members should variances become significant,
 - Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates,
 - Maintaining a rolling review of forecast estimates beyond the current year.
- 4.14 2014/15 will continue to see risks imposed upon the Council with the Business Rates Retention system and the Local Council Tax Support scheme. Both of these have significant risks associated with them particularly around growth forecasts and collection rates. The Council will seek to minimise these risks by adopting the methodology detailed in 4.12 above together with robust in-year monitoring systems.

Council Tax Referendum

- 4.15 As part of the 2014/15 Local Government Finance Settlement announcement on 18 December 2013, the government stated that referendum principles will be announced separately in the New Year. The government also stated that ‘we are particularly open to representations suggesting that some lower threshold be applied to all or some categories of authorities, given the strong need to protect taxpayers wherever possible from unreasonable increases in bills, and given next year’s elections on 22 May across the country allow for referendums to be held at minimal cost.’
- 4.16 The referendum limit in 2013/14 was a 2% council tax increase and the forecasts used in this report assumes the same limit for 2014/15. Any changes to this limit will impact on next year’s budget and the Medium Term Forecasts which will be updated for the final budget report in February 2014.
- 4.17 For 2014/15, changes are also expected to be made to the way the ‘referendum’ calculation is made. Internal Drainage Board (IDB) Levies will now be included in the overall Council Tax increase calculation and consequently the referendum limits. This means that increases in IDB levies now have to be contained within the referendum council tax increase limit. Consequently, should the IDB levies exceed this limit as a whole, this will result in further savings being required within the rest of the Council’s budget in order to ensure the council tax increase is within the referendum limit.

5. CAPITAL EXPENDITURE AND INCOME

- 5.1 Capital Expenditure and Income plans have been prepared through the Council’s service and financial planning cycle. The Council’s capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.

- 5.2 A fully updated Capital Programme for 2014-17 is presented at Appendix C for approval. All known and expected levels of capital receipts have been taken into account in the resources statement. These include the net usable receipt from the stock transfer and income from land sales. This includes significant amounts from the future disposal of land at Nene Waterfront. The level of these items can be subject to some potential variability.
- 5.3 Although the forecasts show sufficient resources to fund the current programme to the end of 2016/17, this is dependent on the realisation of £3.725m of receipts from asset disposals which has associated risks. These receipts may not be realised until 2017/18 and beyond and future updates may require them to be re-profiled. In addition, no new schemes have been included in the programme.
- 5.4 Consequently, no new schemes will be contractually committed unless funding is available. Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure. Monitoring and reviews of the programme and resources available are carried out regularly during the year and Cabinet will be informed of developments.
- 5.5 The programme detailed at Appendix C includes some changes from that reported to Cabinet in October 2013, mainly as result of re-profiling of some schemes.
- 5.6 A number of new schemes are currently being assessed, including improvements to the George Campbell Leisure Centre, for consideration at a future Cabinet meeting and if necessary will be included in the final budget report for approval.
- 5.7 Members are also reminded of the impact on the revenue account of using uncommitted capital resources. Whilst they remain uncommitted, the resources are invested and generate revenue income to the general fund. Consequently, for every £1m spent the revenue account loses around £15,000 per annum at current interest rates. This figure increases by an additional £10,000 per annum for every 1% increase in interest rates. Based on the average interest rate projected over the Medium Term Financial Strategy (2 -2.5%), this equates to a reduction in investment interest of between £20,000 - £25,000 per annum for every £1m of capital resources spent.

6. REVIEW OF SPECIFIC AND GENERAL RESERVES

- 6.1 An important part of any budget strategy is the review and consideration of reserves. The Council's current forecast uncommitted General Fund Reserve as at 31 March 2013 is £2.787m. The strategy applies a robust but prudent use of these balances to cushion the impact of the economic climate, but maintaining the minimum level of reserves for the Council over the medium term. However, due to the uncertainties relating to future resource and expenditure forecasts, the level of reserves and the minimum level of the general fund balance will be reviewed as we progress through the budget setting process.
- 6.2 The Council also has a number of earmarked reserves set aside for specific purposes. The level of each of these reserves, their purpose and prospective use will be reviewed as part of the budget report in February 2014.

7. FEES AND CHARGES

- 7.1 The Overview and Scrutiny Panel will consider all fees and charges at their meeting on 13 January 2014 and recommend levels to Cabinet at their meeting on 23 January 2014.