

Revenue Budget 2011/12 and MTFs forecast 2012/13 - 2014/15

EXECUTIVE MEMBER: Councillor Elaine Woodburn

LEAD OFFICER: Joanne Wagstaffe, Corporate Director – Resources and Transformation

REPORT AUTHOR: Barry Williams, Interim Technical Accountant
Angela Brown, Interim Finance Manager

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

The Executive considered a report on 13 December 2010 setting out the impact of the Government's Comprehensive Spending Review and the draft Local Government Finance Settlement on the Council's Medium-Term Financial Strategy and 2011/12 budget requirement to identify the potential budget gap that would need to be found through the service review process and use of reserves.

Following the meeting the Council's draft budget proposals were released for consultation purposes and this report provides an update on consultation responses. Details of the final government grant settlement were received on 31 January 2011 with a subsequent adjustment received on 7th February, and the revised grant allocations are incorporated into the report.

Following consideration and approval to issues raised in this report, the Executive will request that Council approve the Budget proposals and Council Tax for 2011/12 at its meeting on 22 February

RECOMMENDATION:

Members are asked to approve the following issues for recommendation of a budget proposal to Council on 22nd February:

1. Consider the consultation responses received as part of the budget consultation and set out in Paragraph 7 of the report.
2. Note the impact of the Final Government Grant Settlement set out in Paragraph 2 and the impact this has on the projected overall financial position of the Council as set out in Appendix B. The revised MTFs forecast for the period 2011/12 – 2014/15, indicates a budget deficit of £2.007m in 2011/12, £1.472m in 2012/13 rising to £2.124m in 2013/14 and £2.729m by 2014/15 based on current spending forecasts. The deficit for 2011/12 having been largely addressed by the savings proposals set out in this report in Appendix D, with future years requiring to be addressed in detail in the forthcoming financial years.

3. Endorse the following assumptions that have been made in the projections:
 - (i) Endorse the proposal to freeze Council Tax in 2011/12 at 2010/11 levels and thereby take advantage of the Government Grant offer for a four year period.
 - (ii) Endorse the savings proposals set out in the report in Appendix D totalling £1,771,207.
 - (iii) Endorse the Reserves Strategy set out in Appendix E, which provides the framework for the use and level of reserves in the future. Note that the level of reserves forecast to be used in 2011/12 is £2.855m leaving an estimated balance of £5.196m by 31 March 2012 (Appendix I)
 - (iv) Endorse an increase in the risk-based element of the General Fund of £98,263 to £1,714,419 set out in Appendix F to be transferred from the unallocated General Fund balance. This increase is based on the recommendation of the Director of Resources and Transformation following a review of the risk-based reserve as part of the budget setting process, and is the minimum recommended balance.
 - (v) Endorse the level of earmarked reserves as set out in Appendix G including the establishment of the Choosing to Change Reserve to facilitate the Council's transformation programme.
 - (vi) Endorse the proposals for increases in fees and charges set out in Appendix K
 - (vii) Endorse the proposal that members allowances are not increased in 2011/12 and are maintained at 2010/11 levels.
 - (viii) Note the termination of the Working Neighbourhoods Fund work on 31 March 2012.
4. Taking account of the above, to approve the budget for 2011/12 at £14,106,508, including the use of earmarked reserves of £2,619,000, giving a net budget requirement of £11,487,508 to be funded from general grants £7,207,678, council tax of £4,043,739 and unallocated general fund reserves of £236,091 as set out in Appendix A, for recommendation to Council on 22nd February.
5. Note the view of the Director of Resources and Transformation, as Section 151 officer, over the robustness of the budget estimates to comply with Section 25 of the Local Government Act 2003.

1. INTRODUCTION

- 1.1 The current budget proposals have been considered by the Executive, Resource Planning Working Group (RPWG) and Overview and Scrutiny at their respective meetings in December 2010 and January 2011. During the year, Members have been consulted on the framework and process under which the revenue budget for 2011/12 and forecasts for years 2012/13 – 2014/15 have been prepared.
- 1.2 The proposals have been prepared in accordance with the Council's MTFs agreed by Council in February 2008. This will be updated for the next three year period once the updated Council Plan has been formally approved by Council in February 2011.
- 1.3 The Council has been aware of the need to reduce its costs since the 2010/11 budget report was approved by Council on 2 March 2010. During 2010 a considerable amount of work has been carried out to reduce the Council's budget requirement to meet the forecast reduction in government funding brought about by the need to reduce the high level of public sector borrowing.
- 1.4 Following the change of government after the election of May 2010, the incoming coalition government reviewed the policy of debt repayment and undertook to repay the full amount of the fiscal deficit over the life of the current Parliament i.e. by the end of 2014/15. To this end the 2010 Comprehensive Spending Review proved to be the toughest on record with the grant settlement for local government particularly severe. The details are set out in Paragraph 2 of this report.
- 1.5 The work of the Choosing to Change programme in 2010 has therefore been critical in identifying ongoing budget savings necessary to enable the Council set a balanced budget for 2011/12. The work is however far from over. In 2010/11, work has centred on the re-organisation of back-office services and, with the assistance of Chorley Borough Council, benchmarking of its other mainly front-line services to determine potential areas for further cost reductions to bridge the ongoing budget deficit going forward. As an interim measure, services have undertaken two self assessment exercises in 2010/11, the first generating ongoing savings of £353k in the summer of 2010 and the second, which has only just been completed, generating a further £1.771m. The revised savings have been incorporated into the current budget proposals for 2011/12 and are detailed at Appendix D.

2. GOVERNMENT GRANT SETTLEMENT

- 2.1 The draft government settlement figures were received on 13 December and the details were reported to the Executive on that same day. Following consideration of their consultation responses the Government issued their final financial settlement on 31 January 2011. For Districts, the key change was the award of an additional £10m to formula grant for 2010/11 to compensate for the impact of the loss of the Concessionary Fares function. A further amendment was received on 7th February, which granted an additional £11.3m to Districts in 2012/13. Copeland however has not benefitted from this additional funding (see paragraph 2.3 below).

2.2 The principles applied by the Grant Settlement for reductions to grant funding have limited the maximum reduction in a Councils "Revenue Spending Power" to 8.9%, which was subsequently reduced to 8.8% in the final settlement figures received on 31 January. This new government calculation of Revenue Spending Power includes all grant funding provided by the government, (except for grants provided for housing benefits), and the amount of council tax that is raised locally (following consultation the inclusion of parish precepts has been deleted from the calculation in the final settlement as parish expenditure is totally independent to the Councils' spending power.).

To meet the requirement that Revenue Spending Power for any authority should not drop by more than 8.8%, there are in fact two damping mechanisms in the current grant settlement. The first is the floor damping methodology that has existed for a number of years to ensure no class of authority receives less than a floor change in formula grant. For Copeland Borough Council this floor was set at 13.8%, with Copeland benefiting from the highest band as one of the authorities most dependent on formula grant. This 'floor damping' is self financing within each group of authorities i.e. the grants of other Districts have been reduced to meet the cost of protecting those authorities such as Copeland who gain from the protection. The value of the protection in 2011/12 is £499k and in 2012/13 is £398k

The second protection mechanism has been applied through the award of the new Transitional Grant for years 2011/12 and 2012/13 only, amounting to £611k and £372k for each respective year.

2.3 The amendment on 7th February 2011 was intended to extend the additional grant awarded to Districts in 2011/12 for a further financial year. However because Copeland is in receipt of the highest level of protection by way of Transitional Grant, the impact on Copeland has been neutral i.e. the additional Formula Grant has been negated by a reduction in Transitional Grant, (albeit the transfer from Transitional to Formula Grant has a slightly beneficial effect in future years as Formula Grant is an ongoing grant stream).

2.4 For Copeland the key financial changes as at 7th February in the final settlement in relation to the draft settlement issued in December are:

- For 2011/12 an increase in Formula Grant of £39k (£5,621k to £5,660k), and an increase in Transitional Grant of £8k (£603k to £611k).
- For 2012/13 a reduction in Formula Grant of £5k (£5,005k to £5,000k), but an increase in Transitional Grant of £80k (£247k to £327k).

The further decrease in Formula Grant for 2012/13 is particularly worrying, as although more than compensated for by an increase in Transitional Grant, the Transitional Grant will not be in place for 2013/14 onwards and so 'core' government funding has in fact reduced. The Government are currently reviewing the system of allocating funds to Local Government and it is the intention that a

new system will be in place for 2013/14 onwards. Until details are known, the forward financial projections in the MTFs are currently based on an overall 29% drop in funding over the four years as suggested by the Governments October 2010 Spending Review figures (i.e. reduction from £6,520k in 2010/11 to £4,678k in 2014/15).

- 2.5 The Government originally provided funding of £7.222m through the Revenue Support Grant in 2010/11. This allocation has been used by the government as the base for grant funding for in 2011/12 but adjusted for the transfer of responsibility for concessionary travel to Cumbria County Council and the transfer of responsibility for private sewers to the utility companies under the Floods and Water Management Act 2010. The adjusted formula grant for 2010/11 was therefore reduced to £6.52m before applying grant reductions contained within the 2010 Comprehensive Spending Review.
- 2.6 The final settlement confirms a grant of £650m to fund the implementation of a council tax freeze in 2011/12. There will be funding to support this one year freeze for four years. There is no funding allocated to support the freeze after the four year period nor is there any funding to support continuation of a further freeze in 2012/13 i.e. the Council may increase council tax from 2012/13 without loss of grant (subject to potential capping limits set by the government). In any event, as the grant to freeze council tax has only been provided for 4 years any increase in council tax for year 2015/16 will need to be sufficient to cover the loss of this funding at that point in time.
- 2.7 In summary therefore the grant settlement for 2011/12 has been calculated as follows:

Revenue Spending Power	2010/11 £'000	2011/12 £'000
Council Tax Requirement (exc. Parishes)	4,009	4,009
Adjusted Formula Grant – see para 2.5 (incl £499k floor damping protection for 2011/12))	6,520	5,660
Working Neighbourhoods (Area Based Grant)	902	0
Benefits Admin. Grant	596	572
Homelessness Grant	37	50
Grant to freeze Council Tax (para 2.6)	0	100
	12,064	10,391
Reduction (13.87%)	0	(1,673)
Transitional Grant	0	611
Revised Spending Power	12,064	11,002
Reduction over 2010/11 (8.8%)		(1,062)

- 2.8 Forecast reductions in grant for years 2012/13 – 2014/15 follow the same basic principles albeit the transitional grant has only been awarded for 2011/12 and 2012/13 at the moment. Figures for 2013/14 and 2014/15 should only be regarded as indicative amounts as these are subject to further funding announcements by the Government.

- 2.9 In summary general government grant for years 2012/13 – 2014/15 is as set out below and these allocations have been incorporated into the 2011/12 budget and the MTFS forecasts for 2012/13 – 2014/15 as shown in Appendices A and B.

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Formula Grant	5,000	4,955	4,678
Transitional Grant	327	0	0
Council Tax Freeze Grant (para 2.4)	100	100	100
Total	5,427	5,055	4,778

3. FUNDING FROM COUNCIL TAX

- 3.1 As set out above, as part of the Final Grant Settlement, the government has confirmed that they will fund a council tax freeze for 2011/12. The loss to the tax base for 2011/12 will be funded at 2.5% in each year of the Spending Review period. There is no funding for further freezes beyond 2011/12 and no guarantee that the funding to support the 2011/12 freeze will continue beyond 2014/15.
- 3.2 For the Council, this means that a Council Tax freeze in 2011/12 will be funded by a grant of £100k from the Government for a four year period to 2014/15.
- 3.3 The projections therefore assume a Council Tax freeze in 2011/12 followed by increases of 2.5% from 2012/13 onwards. The assumption of 2.5% from 2012/13 onwards is simply an assumption for financial planning purposes only at this stage.
- 3.4 The budget for 2011/12, assumes that the Council Tax yield for 2011/12 will be £4.043m. This comprises £32k from a forecast surplus on the Collection Fund at 31 March 2011 and £4.011m from Council taxpayers, calculated at £180.27 (Band D equivalent) multiplied by the forecasted council taxbase for the year of 22,254.83.

4. 2011/12 BUDGET

- 4.1 The available funding for the budget largely determines the Council's capacity to spend and the key funding issues have been presented in paragraph 2 above.
- 4.2 The Council's budget proposals have therefore been developed from the starting point of the 2010/11 budget approved by Council on 2 March 2010, excluding budget adjustments for carry forward requests and the use of earmarked and general reserves. This budget figure totalled £13.104m
- 4.3 The 2011/12 budget has been prepared using a series of assumptions normally used to develop the budget requirement for the year. These principles have been discussed and agreed by the Corporate Leadership Team and members of both the Executive and Resource Planning Working Group. In summary these are;

- To reduce the budget requirement by service review savings agreed by RPWG and the Executive during the course of the year.
- To review potential budget growth pressures identified as part of the 2010/11 budget monitoring process and to meet these pressures where possible from existing budgets.
- To carry forward commitments to 2011/12, which are dependent primarily on the use of reserves to ensure ongoing programmes are delivered by 31 March 2012.
- To recognise that Working Neighbourhoods funding ceases at the end of March 2011 and that existing programmes, which are funded from reserves, will stop on 31 March 2012.
- To include wherever feasible, increases in fees and charges of 2.5% and more in areas that are not sensitive to demand. The current economic climate means that proposals to increase a large number of fees and charges are proving to be difficult to justify. The proposed increases in Fees and Charges are set out in Appendix K and principally relate to increases Car Parking and Crematoria charges.
- To include a pay award of £250 p.a. for all staff earning below £21,000 in accordance with government guidelines.
- To allow for inflation only where a contractual commitment exists, All other non salary-budgets have been cash limited.
- Member's expenses have once again been cash limited and there has been no inflation provision included within the budget for a second year. Members are asked to formally approve this proposal.
- To include the actuarial increase on Pension Fund liabilities; this has risen from 17.3% to 20.1% with effect from 1 April 2011.
- To include a 1% increase in national insurance rates from 6 April 2011, approved by as part of the 2010 Budget announcement by the then Government.
- To allow for the transfer of statutory concessionary travel scheme to Cumbria County Council. It is proposed that we retain the discretionary element of the scheme at a cost of c. £60,000 and that this be funded within the budget.

4.4 The Executive approved draft budget proposals for 2011/12 at its meeting on 13 December 2010. These proposals have been widely circulated to the public and other interested bodies as part of the budget consultation process, which finished on 25 January 2011. The results of the consultation to date are shown in Section 7 of the report.

4.5 It is important to note that the budget proposals express in monetary terms the planned use of resources to deliver Council services in accordance with its stated priorities within the Corporate Improvement Plan. The budget proposals contained within this report have been developed wherever possible to ensure that;

- The performance of our front-line services is maintained;

- The budget reflects the corporate priorities of the Council as stated in the Corporate Improvement Plan;
- There is capacity within the budget and reserves held by the Council to transform services to be able to deal with the challenges to be faced over the next few years;
- Services provided to the most vulnerable are protected wherever possible within the identified funding constraints;
- Council Tax levels will not rise during 2011/12 and that increases from 2012/13 will be limited if possible to no more than 2.5% p.a.
- Reserves will be used to support the budget to fund one-off, extraordinary items and to mitigate risk to minimise the need to increase the Council's budget requirement.

4.6 **Appendices C and D** to this report itemise the changes to expenditure and income from the 2010/11 base budget that have been included within the 2011/12 base budget calculation shown at **Appendix A**.

4.7 The service review self assessment process as detailed in Appendix D has generated savings and efficiencies totalling £1.771m. The breakdown of this sum is as follows;

	£'000
Non-staffing service related savings	663
Corporate savings	124
Savings delivered by not filling vacant posts and other staffing changes	615
Redundancies	369
Total	1,771

4.8 The budget as proposed assumes that £615k will be saved from not filling staff vacancies and reviewing some staff conditions of service and a further £369k through redundancies. The numbers of staff affected by these proposals are as follows:

Vacant posts not filled	25
Redundancies (up to)	20

5 FUNDING FROM RESERVES

5.1 Revenue reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's revenue and capital budgets when needed.

5.2 During 2010/11, a fundamental review of the reserves held by the Council has been carried out to increase the level of reserves that could be made available to

allow the Council to review its service provision to meet the financial challenges that lie ahead. As a result of this exercise £1.083m of earmarked reserves and a further £455k arising from service review savings in 2010/11 have been recommended for transfer into the Choosing to Change Reserve for this purpose. It is anticipated that most of this reserve will be used during the course of the 2011/12 financial year, some of which will be utilised to cover the cost of up to 20 redundancies to deliver the savings programme.

- 5.3 As part of the consideration the level of risk-based reserves, it is recommended that the balance is increased from £1.616m to £1.714m. The main reason for recommending this increase is to increase the provision for formula grant funding to reflect the uncertainty in government grants going forward. The increase of £98k will be met from a transfer from the general fund unallocated balance at the end of this financial year.
- 5.4 The Council's Revenue Reserve Strategy is attached at **Appendix E**. This sets out the purpose and usage of the Reserves. A summary of each of the Reserves held incorporating the changes detailed above is shown as follows:
Appendix **F** – Risk Based Reserves
Appendix **G** – Earmarked Reserves
Appendix **H** – Sinking Funds
Appendix **I** – Summary Reserves Table
Appendix **J** – Detailed usage of Reserves during 2011/12, (as incorporated into budget proposals).

6. RISKS

- 6.1 There are always risks associated with setting a budget as many budget assumptions can change if forecasts used in the process prove to be inaccurate. The Strategic Risk Register, which is monitored regularly by the Corporate Leadership Team and the Audit Committee, highlights the significant risk associated with the current budget proposals and in particular achievement of the savings necessary to achieves a sustainable financial position.
- 6.2 As regards 2011/12, there are some specific areas which provide a greater risk of change in the year than others;
- Service reviews – the Council has included significant savings from the service review process within its 2011/12 budget. Some of these savings have been achieved but those scheduled for 2011/12 will be monitored closely during the year to ensure that the necessary savings are delivered.
 - Further inflationary increases
 - Fuel costs – the price of crude oil on the world-wide market continues to move markedly from month to month. This, coupled with the re-introduction of the fuel levy by the Government in 2011, means that movements in prices for petrol and diesel are still volatile.
 - Utility costs – the prices for gas and electricity continue to increase although the Council is for the moment tied into fixed price contracts with its suppliers.

To offset potential increases, the Council over the past 3 years implemented a series of energy efficiency works within its buildings. The budget as presented therefore does not assume any increase in utility charges in 2011/12.

- Income from fees and charges – although the budget for 2011/12 assumes increased income of £123k, this could be much less than forecast if the economic downturn continues. Additional competition for certain Council services, such as commercial waste collection may also affect income yields in some areas.
- The current budget is heavily dependent on income from recycling credits paid for by Cumbria County Council. Income for 2011/12 has been guaranteed at the same level as 2010/11 by the County Council but should this income significantly reduce from 2012/13, then the budget would, at that time, be put under severe pressure.
- Investment returns – the Council has suffered significantly from the reduction in interest rates due to low bank base rates. The budget as prepared assumes that this position will not change in the foreseeable future. It is however possible, given current inflation rates, that the Bank of England will instigate a programme to slowly increase base rates over the next 12 months or so. If this happens, then investment yields are likely to improve, which will provide some relief to the Council's budget position.

6.3 As mentioned in paragraph 4, the Council holds a risk-based reserve of £1.714m. Significant changes to the 2011/12 budget arising from the risks highlighted above could if necessary be supported from this reserve if other offsetting savings could not be found within the budget.

7. COUNCIL PLAN and BUDGET CONSULTATION 2011/12

7.1 The new Council Plan has been widely consulted on and is scheduled for approval by Council on 22nd February with formal adoption from 1st April 2011. This replaces our previous corporate plan, and is a new document, which will be much more focussed on our ambitions for Copeland and our priorities for achieving this. The changes have been monitored carefully to ensure the budget proposals as set out in this report align to the new priorities. Once the Council Plan is approved, the MTFS will be formally updated and approved by Council to ensure future alignment of the MTFS to the objectives in the Council Plan

7.2 In December 2010, following completion of a draft of the Council Plan, and the development of a draft budget for 2011/12, we launched a consultation on both of these areas.

To assist the consultation we produced a 'Council Plan and Budget Consultation 2011/12' document. Copies of this document were sent electronically to a range of stakeholders, including:

- Parish Councils
- Partner organisations
- The nuclear industry

- Service partners
- Local businesses
- Local forums
- Other public sector partners
- Media contacts
- Other interested parties

In addition, we held a briefing session with the Whitehaven News, distributed a press release outlining the consultation, dedicated a section of our website to the consultation and distributed hard copies to our offices, leisure centres and libraries in the borough.

The Chief Executive also attended a series of Parish and Town council meetings to discuss this document and our proposals with them.

A statutory budget consultation meeting was also held with local businesses. This was organised in conjunction with the Cumbria Chamber of Commerce, and took place on Monday 7 February. Issues arising from this consultation are set out in the general comments below. A general comment made was that the meeting had been of benefit and it would be beneficial if there was ongoing dialogue throughout the year with more positive feedback given to residents.

The consultation document was also considered by the Customer Services customer focus group at their meeting on Wednesday 26 January. To assist in people giving responses, we gave a form for comments, although we did also welcome additional comments. We have received a number of responses to the consultation ranging from individuals, to parish councils and other partner organisations, all of which are useful in helping us further developing our plans.

OSC considered the budget process at its meeting on 16th January 2011. The Executive will consider areas that would be beneficial for the Committee to include in its work programme for 2011/12 and current potential issues are:

- A fundamental review of Car Parking Charges
- Review of the Discretionary Concessionary Fare Scheme.

7.3 A summary of responses received, and issues raised are shown below:

Council Plan themes

All of the comments on this area supported the four themes. One response welcomed the decision to include people as the first theme.

Objectives and projects

No adverse comments on the projects proposed were received. Some responses suggested that more consideration should be given to a range of transport and car parking issues that affect the borough. Another response highlighted that projects should focus on reducing inequality across Copeland. The customer

focus group supported the projects, and highlighted the importance of focussing on things we can deliver. The group suggested that a goal to reduce the impact of climate change might be too big a challenge for the authority.

Other Council Plan comments

No specific additional comments were raised in this section of the consultation, except for the mention previously about including more of a focus on transport and car parking issues.

The customer focus group and the business community would like to hear feedback from the consultation and on the plan as we move forward.

Budget and capital programme

A number of comments were received on areas of the budget that should be protected. These included: the sum for concurrent services for parish councils, funding for beach cleaning and maintenance. Respondents supported the drive to reduce inefficiencies and back office costs before front-line services, including pursuing shared service initiatives with other organisations.

Savings

The customer focus group pointed out that there can be a knock-on impact on services if we cut our back office expenses on training and IT.

No additional comments were received on the proposed savings, other than a request that more detailed budget savings should be given to the public, rather than just the most significant savings.

Council Tax Freeze

No specific comments were given on the proposal to freeze council tax in 2011/12, but as this is widely expected for most authorities, we did not expect comments.

- 7.4 The information above summarises the comments received on the Council Plan and the budget for 2011/12. As the information above suggests, the comments were generally supportive of our proposals. Similarly, suggestions received were useful in helping us to shape our thinking on areas for future protection and budget savings, and for identifying the public's priorities.

8 REPORT OF THE DIRECTOR OF RESOURCES AND TRANSFORMATION

- 8.1 In setting the budget requirement, the Council is required under section 25 of the Local Government Act 2003 to consider the formal advice of the statutory s151 responsible officer, the Corporate Director of Resources and Transformation, on the robustness of the estimates included in the budget and the adequacy of reserves.

8.2 My consideration is that:

- (a) The budget proposal for 2011/12 is robust and has been prepared by Service Managers, assisted by Accountancy, and has been reviewed and challenged by elected members and the Director of Resources and Transformation. It has been developed in tandem with the Corporate Improvement Plan and updated Service Plans.
- (b) The Council's budget monitoring and risk management framework continues to improve and this will enable early identification of issues which may impact on the integrity of the budget and the Medium Term Financial Strategy. Monthly reporting to the Executive of budget performance will enable early action to be taken when required.
- (c) A comprehensive Reserve Strategy is included and provides information on projected balances for the period 2011/12 – 2014/15.
- (d) The revenue reserve strategy is robust and has been prepared with regard to information known at this time but will be subject to at least an annual review. The provision of a risk-based reserve is good practice and provides a buffer against uncertainties that the Council may face.
- (e) Budget planning involves making estimates at a particular point in time and therefore involves an element of risk. Monthly budget monitoring will assist in minimising those risks and enable the Council to take effective and timely action where necessary.
- (f) The Council continues to use revenue reserves to support its budget. This is necessary, at least in the short-term, whilst the Council reviews its services to meet the challenges ahead in years 2012/13 – 2014/15 and possibly beyond. The Council understands the need to deliver on its service review programme to reduce total spending within a managed framework of service delivery and has introduced robust mechanisms to challenge service review proposals at both member and officer level through regular reporting to Resource Planning Working Group, the Executive, the Leadership and Management Group and the Corporate Leadership Team.
- (g) The risks going forward from the continuing pressure on Government funding will be carefully monitored as part of the Strategic Risk Management process. In particular there is no certainty of Government funding after 2012/13 and assumptions have necessarily been made based on expectations at this point in time. However there is a risk to the continuing recovery of the economy as a whole and this will need to be carefully monitored.

My conclusion therefore is that the estimates as presented are robust and the levels of reserves adequate, however this is dependent on the delivery of a robust savings programme over the next three year period.

9 IMPACT ON THE CORPORATE PLAN

- 9.1 Paragraph 6 sets out the revisions being carried out to the Corporate Plan. The budget and monitoring process is fully integrated into the planning process of the Council and embraces Corporate objectives. Budget planning runs alongside service planning. Service reviews have been considered by CLT, Resource Planning Working Group and the Executive and reflected in the budget and the Corporate Plan. Overview and Scrutiny Committee considered the draft budget proposals at its meeting on 16 January 2011. Resources required to achieve corporate priorities are reflected in these budget proposals.

10 CONCLUSIONS

- 10.1 The position of the budget build and MTFs as outlined in this report outlines the budget requirement for the Council for 2011/12 and provides a forecast for a further 3 years to 2014/15.
- 10.2 The budget proposals for 2011/12 will be formally presented to Council on 22nd February 2011 and once approved will form the basis for setting Council Tax by Council on 22 February 2011.

11. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

- 11.1 Implications are set out in the report. Further implications will be considered as part of the service review process. The savings proposals set out in the report will lead to up to 20 redundancies and the Council has invested in a support package which will include preparation for job interviews, financial advice and other specialist support as necessary.

12. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 12.1 Service Review proposals have been incorporated into the budget forecasts as part of the budget setting process. The achievement of the savings proposals, once approved, will be monitored carefully by CLT and Members to ensure the projections contained within the final budget proposals are achieved. The risks are contained in the Strategic Risk Register and will be monitored as part of that process.

13. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 13.1 The key measurable outcome is the budget requirement for the Council for 2011/12, which will determine the manpower, financial and other resources it will have available to provide services for the year.

List of Appendices

- Appendix A – Draft Budget Proposal 2011/12
- Appendix B - MTFS forecast 2011/12 - 2014/15
- Appendix C - Growth Pressures 2011/12 and beyond
- Appendix D - Service Review proposals and other identified savings 2011/12 and beyond
- Appendix E - Reserves Strategy
- Appendix F – Risk Based Reserves
- Appendix G – Earmarked Reserves
- Appendix H – Sinking Funds
- Appendix I – Summary Reserves held by the Council 31 March 2011
- Appendix J – Use of Reserves 2011/12
- Appendix K– Fees and Charges Proposals 2011/12

List of Background Documents:

- HM Treasury – Comprehensive Spending Review 2010
- Government grant settlement 13 December 2010, 31 January and 7th February 2011
- Draft Budget by department and cost centre

CHECKLIST FOR EXECUTIVE REPORT

Impact on Crime and Disorder)
Impact on Environmental Sustainability)
Impact on Rural Proofing)
Health and Safety Implications)
Project Management Arrangements) Each of the individual service reviews have different implications
Has this been subject to an Equality Impact Assessment?) and have been assessed and monitored individually
Children and Young Persons Implications)
Human Rights Act Implications)
Health Impact Assessment Implications)
Risk Management including Strategic Risk Register implications	Included in report
Contribution to Choosing to Change programme	Included in report
s.151 Officer Comments	Confirmed consulted upon and comments incorporated in the report
Monitoring Officer Comments	Confirmed consulted upon

Please say if this report will require the making of a Key Decision YES

Please say if this is to be Part I or Part II report- Part 1