

PREPARATION OF THE COUNCIL'S BUDGET 2010/11+

Head of Department: Julie Crellin, Head of Finance & Management Information Systems

Report Author: Julie Crellin, Head of Finance & Management Information Systems

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| Summary | The purpose of this report is to set out the process which has been followed in preparing the draft Budget proposal which will be considered by Executive at its meeting of 16 th February 2010. |
| Recommendations | Members are asked to note the contents of this report and make any appropriate recommendations to Executive in the light of the process followed. |

1. BACKGROUND

- 1.1 This report is prepared in accordance with the work plan of the Committee agreed at the commencement of the Committee year. The report sets out the process which has been followed in preparing the draft Budget proposal for 2010/11 which will be presented to Council for its consideration at its meeting on 2nd March. The report provides a strategic overview of the process and the context of budget planning undertaken by the Council as it considers the budget for 2010/11+.

2. BUDGET PREPARATION 2010/11+

- 2.1 The Council's Budget is agreed annually by Council at its February/March meeting and the annual budget is set within the context of a three year medium term financial strategy. The Medium Term Financial Strategy coincides with the Comprehensive Spending Review and was agreed in February 2008. The Medium Term Financial Strategy Budget is updated every year and the rolling three year period reflects this. The current Medium Term Financial Strategy Budget was agreed at Council at its meeting of 24th February 2009.

- 2.2 Resource Planning Working Group (RPWG) is charged by Council with the responsibility of advising Executive on the update to the Medium Term Financial Strategy and therefore takes the lead in preparing the budget proposal to Council. The Lead Officer to RPWG is the Chief Executive and the Head of Finance and MIS as Section 151 Officer plays a key role in ensuring the day-day 'management' of the budget process, working with Corporate Team and Budget Managers and advising RPWG accordingly.
- 2.3 Appendix A sets out the detailed Budget Information Pack which was prepared by Accountancy during early summer and agreed by Resources Planning Working Group in September. The report to RPWG at its meeting of 3rd July which set the context for this year's budget build is included in the Pack. In receiving the 3rd July report from the Head of Finance and MIS and the subsequent report at the 23rd July meeting, RPWG determined that the budget preparation process for 2010/11 was very much two stage. Firstly, a need to produce a balanced revenue budget for 2010/11. Secondly, to focus sharply on the need to prepare a budget for 2011/12 which was expected to be significantly less, expecting significant reductions in government funding in the light of the recession and the current Public Sector Borrowing Requirement.
- 2.4 The Budget Information Pack was issued to all Budget Managers in September and training sessions, particularly to explain the mechanics of the budget build on TASK were ran by Accountancy Services. The Head of Finance and MIS gave a presentation to Manager's Group on 17th September setting out the parameters for budget planning agreed by RPWG at its meeting on 10th September. Subsequent updates to the Managers' Group were provided by the Head of Finance and MIS. The latest detailed update was presented at the meeting of 21st January.
- 2.5 The Budget Information Pack is comprehensive and includes the budget preparation timetable; working papers; guidance notes and contextual advice to assist the budget holders in preparing the draft budget build. The budget build process runs in tandem with the service planning process and the presentations of the Heads of Service to RPWG at the day-long meeting of 19th November set out the budget proposals and options for savings/reductions and pressures in the context of the draft Service Plans. A template was prepared to assist the Heads of Service in delivering their presentations. This is not in the pack (it was agreed by RPWG at its meeting of 1st October 2009) and this is attached as Appendix B.
- 2.6 At the 19th November meeting, the budget planning gap before application of reserves to meet one off items was £684,000. The potential to use reserves to reduce the gap to £228,000 was outlined and further work has continued to close the gap. Resources Planning Working Group at its meeting of 19th November discussed the methods and principles open to

- a. Choosing not to fund specific pressures and accepting any consequential risks (on balance) as a budget is a best forecast of resource requirements at a point in time.
 - b. Use of reserves, both risk-based and earmarked reserves to fund one-off extra-ordinary items or to mitigate risks and therefore, minimise need to allocate specific budget.
 - c. Income generation and price increases, neighbouring councils have already taken steps to significantly raise prices and limit free-parking.
 - d. Reviewing central costs to reduce expenditure.
 - e. Passporting through of reductions in government grant support to services where applicable e.g. special grant for concessionary fares to consider.
 - f. Focusing the budget on statutory services and reviewing the balance between development functions and core statutory services.
 - g. External funding for nuclear related pressures
 - h. Review existing commitments against grant related earmarked reserves such as working neighbourhood funds and LABGI to support Council activity.
- 2.7 In addition to the workplan agreed at the 3rd July meeting, RPWG agreed at its meeting of 23rd July to commence a formal budget consultation involving a structured methodology. Two popular methodologies ('Delib' and 'SIMALTO' were reviewed and the SIMALTO questionnaire methodology was adopted. Door step interviews were conducted over a number of weekends in October and November and the questionnaire was posted on the web and press releases were issued, including emails to all staff, partner organisations and Members encouraging participation on the web. RPWG also agreed to undertaking an external benchmarking exercise in relation to income generation activities.
- 2.8 Both the results of the SIMALTO consultation and income generation review were reported to the RPWG meeting of 7th January. This work took longer than originally envisaged due to initially, workload pressures within Accountancy and Services (the questionnaire for SIMALTO was not straightforward to construct) and latterly, the poor weather in November impacted upon the doorstep interviews. 251 interviews were completed across the Borough and a statistically representative sample was drawn.
- 2.9 RPWG received a set of projections in relation to the future revenue funding scenario for local government and how that might translate for Copeland at the meeting of 29th October. As Members will be aware, 2010/11 is the last year of the current three year Comprehensive

- 2.10 RPWG reviewed in depth the slippage on the capital programme from 2008/09 at the meeting of July 23rd and capital schemes commencing in 2009/10. This provided a context for development of the capital programme for 2010/11 – 2012/13. Members received the first set of capital scheme 'bid' templates for consideration at the meeting of 29th October. These templates were reviewed in depth at the 29th October meeting and again at the 10th December meeting.
- 2.11 Fees and Charges schedules are to be received at the meeting of 29th January, together with a proposed Council Tax calculation, involving a 2% increase Council Tax. RPWG at the meeting of 10th December was reminded of the letter of the Minister for Local Government which reminded all Councils of the expectation of low levels of Council Tax increase. Every 1% of Council Tax increase equates to £39,000 increase in Council Tax income for the Council. A revenue reserve strategy will be presented for consideration at the meeting and a report setting out the powers and duties of District Councils.
- 2.12 RPWG at the meeting of the 29th January will be asked to confirm the Revenue and Capital Budget proposal for 2010/11 – 2012/13. The outcome of the meeting will form the basis of the budget proposal to Executive which it will consider recommending to Council for its approval at the meeting of 2nd March. The Special Executive report will form the basis of further public consultation and comments which will be sought, (using the web as a principle mechanism) prior to the Council meeting.

Julie Crellin
27th January 2010

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Appendix B – RPWG Budget Presentations Template (19th November)
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Appendix D – Budget Presentation to Members (2nd December 2009)

List of Background Documents:

Council Report – February 2008 Original Medium Term Financial Strategy

Council Budget Reports - 24th February 2009

Reports of Resources Planning Working Group for the meeting of :-

3rd July 2009, July 30th, 10th September, 1st October, 29th October, November 19th, December 10th, January 7th and 29th January

Copeland Borough Council

2010/11 to 2012/13 Budget

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Budget Planning Timetable (Manager's Group 17th Sept 2009)

- 17th Sept Briefing to Manager's Group
- 21st Sept Revised Budget Packs to Manager's Group (refreshed 09/10 pack)
Offer of one-one refresher training from Accountancy Team
Managers commence Budget build – deadline of 29th October
Accountancy distribute Staffing budget details for Heads of Service to consider and comment upon
- 24th Sept Initial Bids for Capital Programme and more savings and pressures templates submitted to Head of Finance – papers for RPWG
- 1st Oct RPWG - Further savings and pressures templates to be presented to RPWG / Initial bids for Capital Programme 2010/11 to 2012/13 / Agree SIMALTO questions
- 1st Oct – 28th Oct *Potential requests for information to assist Income Generation Review*
- 16th Oct Final confirmation of staffing budget details by Heads of Service.
- 28th Oct RPWG - Further savings and pressures templates to be presented/ Further bids for Capital Programme 2010/11 to 2012/13/ Consideration of Reserves – MTFP assumes use of reserves for e.g. Regeneration Delivery Plan for medium term etc.
- 29th Oct Managers last entries on Budget Build
- 10th Nov Deadline for papers to RPWG
- 19th Nov **RPWG - Full Day – Heads of Service Budget presentations (Managers will be expected to support HoS)**
- 25th Nov RPWG - SIMALTO and Income Generation Presentations
- 2nd Dec Deadline for papers to RPWG
- 10th Dec **RPWG - Draft Budget Proposals (Revenue and Capital)**
- 7th Jan RPWG – Agree budget proposals for public consultation
- 28th Jan RPWG – Agree budget proposal to Executive
- 16th Feb Executive meeting to consider Budget proposal to recommend to Council
- 2nd March Budget (Council) meeting

COPELAND BOROUGH COUNCIL 2010/11 BUDGET CONTACTS

If you require assistance, guidance or advice when building your budgets, please contact the following:

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RESOURCE PLANNING WORKING GROUP

3RD JULY 2009

ITEM NO _____

PORTFOLIO HOLDER : Cllr E Woodburn

LEAD OFFICER : Julie Crellin, Head of Finance and MIS

BUDGET PLANNING 2010/11+

Summary

This report outlines:-

- The work plan for the RPWG in readiness for the preparation of the budget for 2010/11 and an updated Medium Term Financial Strategy Budget.
- The general context for the budget planning framework and reminds RPWG of the current Medium Term Financial Strategy agreed at Council in February 2009.
- Proposes a template for consideration to commence the identification of areas of budget saving and budget pressures for 2010/11.

Recommendation

RPWG is recommended to :-

1. Consider the contents of this report.
2. Agree the work plan from 3rd July 2009 – 25th February 2010 (Appendix B). Consider and agree possible changes to dates.
3. Confirm that the budget and service planning approach will run in parallel, but the emphasis will be in two parts, first 2010/11, and then, 2011/12 and the longer term. Budget proposals will need to outline potential impacts for a three year period of 2010/11 to 2012/13.

4. Confirm that in aiming to plan for a sustainable budget for 2010/11, an initial target for revenue budget savings for 2010/11 of at least £750,000 be set. This will be considered in the context of a revised Corporate Plan 2010 – 2015 and the likelihood of reduced central government funding beyond 2010/11 and into the medium term. Appropriate communication with staff and other key stakeholders will need to be considered.
5. Consider the setting of a target for likely budget savings for the 2011/12 – 2012/13.
6. Consider the template attached as Appendix E and request Heads of Service work with their Service Managers to complete these templates ready for the meeting of 27th August. This will form the first preliminary overview of the pressure and opportunities for savings for budget planning for the next three year period.
7. Agree, in principle, to the commencement of a review of income generation opportunities, using external advisers, which could be used to inform the framework of fees and charges by the Council in the medium term.

1 PURPOSE OF RESOURCE PLANNING WORKING GROUP

- 1.1 The Constitution sets out the purpose of the Resource Planning Working Group are as follows:-

' to advise the Executive on matters to be included in the Council's Revenue Budget, including responding to consultations with internal and external stakeholders.'

- 1.2 The advice of the Resource Planning Working Group needs to be delivered in a timely manner to enable Executive to present a balanced budget to Council for Council to agree. The Council meeting which will agree the Budget for 2010/11 is to be held on Tuesday 2nd March 2010. The annual budget, both Revenue Budget and Capital Programme is set within the context of a three year Medium Term Financial Strategy.
- 1.3 The terms of reference of the Resource Planning Working Group were agreed at the meeting of the group on 18 June 2008 and these are set out in Appendix A. There are clearly links to the work of the Searching For Best Value Working Group, the Audit Committee and Overview and Scrutiny Management Committee. It is not the purpose of the RPWG to formulate policy, but its work

should be influenced by Council policy ensuring that the cost implications of policy options are considered and prioritised.

- 1.4 This is the first meeting of the Group for the Municipal Year. Unfortunately, due to pressures upon the Accountancy function in period Feb – June, both in responding to the Audit of the 2006/07 and 2007/08 Accounts and then ensuring the preparation of Draft Accounts for 2008/09 in accordance with statutory requirements, the Head of Finance and MIS has been unable to properly service the RPWG until now. However, the development of the Budget assumes priority as a key finance task going forward.
- 1.5 The report sets out a proposed work plan for RPWG until the Council Budget meeting. This is set out in Appendix B and RPWG is asked to consider it and in making suggestions for amendment, confirm the work plan for the development of the 2010/11 budget.

2 CURRENT BUDGET PROPOSALS 2010/11

- 2.1 Budget preparation is not solely an accounting exercise. The budget is an expression in £s of the plans of an organisation for the period to which it relates. To work effectively, the preparation of the budget runs alongside, and is interwoven with, service planning, and in the longer term, the strategic direction and vision of the organisation.
- 2.2 The Council's budget for 2010/11 must reflect the service delivery planned for that year and the Council's priorities and targets (some from central government, others, locally). The Council has a Corporate Plan covering the period up to 2011/12, now underpinned by a single year Corporate Improvement Plan. These documents define the Council's priorities in both short and medium terms and are the primary policy documents against which budgets should be set. However, the strategic and financial position of the Council has changed significantly since the Corporate Plan was originally devised and there is a desire to create a new plan in parallel with this budget setting process.
- 2.3 Budget preparation for 2010/11 has already commenced – the Budget agreed by Council in February projected the 2009/10 budget forward to 2010/11, and 2011/12. A summary of the revenue budget projections for the three year period was included in the Budget Papers (Appendix H – Feb Council Revenue Paper) and it is included as a reminder in Appendix C.

- 2.4 The expenditure budgets for 2010/11 and 2011/12 made basic assumptions in a number of areas, these include; assumed inflationary rises of 2% for pay and non-pay items; income from fees and charges to increase by 2%; funding of the budget from revenue support grant (RSG) for 2010/11 in accordance with Comprehensive Spending Review 2007, which central government re-affirmed when confirming the RSG for 2009/10; no increase in RSG projected for 2011/12 and the Area Based Grant support (currently £1million for working neighbourhoods and £258k for safer, stronger communities) would not continue into 2011/12 and, finally, a council tax increase of 4.5% for the two years was also factored in.
- 2.5 The result of these budget assumptions of funding and expenditure was set out in the budget report to February Council as follows :-
- a forecast requirement to find efficiencies, to meet Gershon Targets of £423,000 in 2010/11 and £420,000 in 2011/12. When government issued CSR 2007 grant settlements the inbuilt premise was that local government would find 3% of savings each year for the three year period to 2010/11.
 - a forecast requirement to find additional savings and reductions to ensure a balanced budget was achieved of £1,029,000 in 2011/12.
- 2.6 It would be reasonable for the RPWG to reassess these assumptions in the light of events since they were made as outlined later in this report.
- 2.7 Earmarked reserves will also be used to support particular aspects of the budget for 2010/11 and 2011/12, the most significant item being the regeneration delivery plan and this is set out in Appendix D.
- 2.8 The risks and uncertainties of the budget proposals in the medium term financial strategy were reported to Council and the key areas are as follows:-
- Income from fees, charges and treasury management interest received – this will be related to the rate and extent of recovery from the economic downturn. Projections for 2010/11 will need to be revised in the light of 2008/09 actual experience and latest forecasts.
 - Fuel costs – world oil prices have been subject to significant increases and decreases in the last twelve months. Fuel budgets assume a rate of £1 per litre for diesel and petrol.
 - Concessionary travel expenditure – the cost of reimbursement to bus operators for use of the concessionary travel pass to over 60s is demand led.

Patronage in 2009/10 may be significantly different to that assumed in the budget proposals. Central Government is consulting on possible changes to which tier of local government has responsibilities for the administration of this activity from 1st April 2011. This would result in revisions to the Revenue Support Grant allocation for Counties and Districts and this might not be funding neutral to every individual authority.

- Employers' superannuation contributions – the next triennial review will be undertaken during 2010 and new rates will be set from April 2011. Given the decrease in the FTSE share index of leading companies during the calendar year 2008 and the decrease in Bank of England lending (and therefore investment rates) you would expect that the performance of the Local Government Pension Fund will have been affected. If losses are not recovered, it will lead to increased contributions from employers.
- 2.9 These risks remain in large part, but will need to be considered when proposing the 2010/11+ budget.

3 BUDGET AND SERVICE PLANNING FRAMEWORK 2010/11 +

- 3.1 Ideally, the budget process for 2010/11, the final year of the current Comprehensive Spending Review 2007 period would be a minor update of the existing revised MTFS.
- 3.2 Since February, however, with the significant increase in public sector borrowing, both to assist the funding of the support to the banking industry and government policy to continue to spend to assist recovery from the recession, the funding backdrop for public sector services has changed.
- 3.3 Also, the recession presents challenges in terms of increased demand for services, such as housing benefits and the loss of income from e.g. car parking, property rentals, rates of council tax collection. Views from economic commentators regarding the length and type of recession vary – either a sharp 'V' fall in economic activity and relatively quick recovery i.e. by the end of 2011 or a longer and 'U' shaped fall in economic activity and a slower recovery, i.e. by the end of 2014.
- 3.4 It would be prudent, therefore, for the Council to plan for significant reductions in its revenue budget from 2011/12 onwards. There has been much in the local government press recently as to the likely level of either tax increases and/or

reductions in public funding in the next two parliaments, and if recent headlines of 10% reductions in support to public services are to be believed, a 10% reduction in the RSG grant, which for 2008/09 was £7.186 million, would be £718,000.

- 3.5 Therefore, if we also assume the Area Based Grant allocation will cease after 2010/11, it is probably prudent to agree a revenue budget framework which would be looking for savings and efficiencies in 2010/11 which will set the groundwork for 2011/12 where we may, along with the rest of local government, need to find around £2 million of savings and reductions. The work of the Searching for Best Value Group and the development of the Workforce Development Strategy will link into the work of RPWG and this many need further exploration to ensure consistency.
- 3.6 In terms of the current capital programme 2009/10 – 2011/12, no borrowing has been assumed to support capital expenditure, capital reserves have been used together with contributions from external partners. The recession will affect the ability to sell land and property and the receipts we receive.
- 3.7 Furthermore, it is likely that if public expenditure is to be constrained, capital programmes of bodies such as the Regional Development Agencies will be reduced – and therefore, our ability to develop capital programmes with partners will be impacted on.
- 3.8 Clearly to manage this level of reduction in resources, a clarity of the vision and prioritisation of key objectives of the Council will be required – to ensure that we are clear when communicating budget changes to service users and other stakeholders what the budget can afford and why it is important to ensure those services are provided.
- 3.9 The Corporate Plan needs to be refreshed and re-written in the context of the current local government environment. In particular, spending constraints, the new performance assessment regime of CAA and the challenges arising from the Place Survey results mean that it would be timely to do so earlier than originally intended, with the aim of having a new 5 year Corporate Plan and 2010/11 Corporate Improvement Plan in place for the 2010/11 financial year.
- 3.10 This will present additional challenges in priority led budgeting as budget proposals and priorities are set in a parallel rather than serial process. It will be necessary to keep under review the public's priorities. The current six public priorities are:
1. Providing high quality, clean streets and open spaces

2. Ensuring the area has good roads and public transportation
3. Creating enough jobs to suit all
4. Making Copeland a safer place to be
5. Improving skills and education and keeping people with skills in Copeland
6. Giving everyone good customer service.

It is unlikely all the priorities will change so, at this stage, it is probably fair to suggest that as long as some flexibility is retained to respond to emerging issues arising from the development of, and consultation on, the Corporate plan, robust high level budget setting should be feasible.

- 3.11 To take this forward, therefore, it will be necessary to develop a draft of the new Corporate Plan 2010 – 2015 by December 2009, to provide the wider framework in which the budget for 2010/11 will sit, and service planning framework for the Council, if as expected, there is a much reduced budget envelope from 2011 onwards.
- 3.12 The Corporate Improvement Plan for 2010/11 would be produced as a result of service planning, which would need to commence by 1st September 2009, and would directly link to the budget 2010/11. Draft Service Plans will need to be complete by the end of January 2010 and the CIP would be drawn from these Service Plans.
- 3.13 To facilitate service and budget planning for 2010/11, it is recommended that Departments are requested to formally commence budget planning and to complete initial savings and pressures templates, as set out in Appendix E, for the next three years, to be reported to the August 27th meeting of RPWG.
- 3.14 It is intended that this is completed as a 'first' view, as it will also provide Heads of Service with the opportunity to review the current base budget 2009/10 in the light of the provisional outturn 2008/09. For those Heads of Service who joined the Council mid way through 2008/09, this will be particularly useful. It will also provide Accountancy with the opportunity to firm up implications of different levels of inflationary increases for 2009/10 and 2010/11.
- 3.15 It is recommended that a target revenue budget saving to find for 2010/11 of £750,000 be set at this stage, which would be refined as the process develops. At least half of the target would be needed to be found as efficiency savings to

meet Gershon assumptions and the remainder would provide flexibility to meet other emerging pressures.

- 3.16 The August presentations, would therefore, be on the basis of existing Service Plans and would therefore, give some indication of the quantum of service changes which would be required to generate significant savings. There will need to be consideration given in terms of communicating these high level budget planning requirements with staff and other key stakeholders, as part of the wider budget consultation process. Budget consultation will be discussed at the next meeting of RPWG.
- 3.17 In finding savings, opportunities for income generation should also be considered. RPWG is asked to agree in principle, which would be subject to formal budget approval by Executive, the exploration of income generation using external experienced assistance in reviewing income generation options and policies. This could be advantageous in the longer term, as it may be unfeasible to apply inflationary related increases to fees and charges in the short term and an external view on how we set our fees and charges could offer a fresh insight.
- 3.18 Views of RPWG are sought in relation to budget planning and potential planning targets for 2011/12 and 2012/13.
- 3.19 The proposed workplan set out in Appendix B would provide for a draft budget proposal for public consultation (of one month) to be agreed after the 7th January meeting. Agreement on how to consult, levels of income to assume in the budget, the identification at a high level, of savings and pressures and the development of draft capital schemes are included in the timetable, and are programmed to be received earlier than in 2008.

Appendices

Appendix A - Terms of Reference (RPWG) agreed June 2008

Appendix B – Proposed Work Plan for Resource Planning Working Group (July 2009 – February 2010)

Appendix C – Current MTFS 2008/09 – 2011/12 (February 2009 Council)

Appendix D – Current Application of Reserves 2009/10 - 2011/12

Appendix E – Proposed Templates for Budget Savings and Pressures 2010/11 – 2012/13

Julie Crellin, 30th June 2009

Appendix A – Terms of Reference (RPWG) (agreed June 2008)

The Resource Planning Working Group is a duly constituted committee of the Council and hence, it has the authority to make recommendations to Executive to ensure that :-

- Objectives and key targets, as set out in the Corporate Plan clearly reflect Council's strategic policies and priorities in order to avoid any ambiguity for resource allocation purposes
- Resources are re-directed and budgets re-aligned at Corporate Team level on a regular basis to ensure that Council's key objectives and priorities are delivered as set out in the Corporate Plan
- Robust unit cost information is made available from officers to inform decision making and carry out high level inter and intra authority comparisons for benchmarking purposes and act as a trigger for further investigation by officers;
- Service plans are linked to the corporate plan and medium term financial strategy
- The MTFS is regularly reviewed and updated to take accounts of the latest information with regards to agreed changes in policy and anticipate emerging pressures from external factors that impinge on the strategy
- Strategic business risks are identified, quantified and recorded in the corporate risk register for monitoring and control purposes
- Efficiency savings are backed by robust plans and are properly quantified and measured for informing decision making and reporting performance
- Resource planning takes account of the outcomes of consultation exercises and partnership working
- Value for Money is at the heart of resource planning

The RPWG is to take a planned approach to its work and timetable its programme of works.

APPENDIX B – PROPOSED WORK PLAN FOR RESOURCE PLANNING WORKING GROUP JULY 2009 – FEBRUARY 2010

| Meeting | Proposed Purpose |
|--|--|
| JULY 3 RD | <p>Agree workplan of RPWG until Feb 2010.</p> <p>Agree budget planning framework 2010/11 and 2011/12 – agree target revenue saving for purposes of budget planning 2011/12.</p> <p>Agree in principle, review of income generation from fees and charges.</p> |
| JULY 30 TH | <p>Review Capital Programme 2009/10 – new starts (continue unfinished work)</p> <p>Agree budget consultation processes and timetable.</p> <p>Identification of some budget pressures and options for savings (e.g PFI payments, treasury management income, deficit on collection fund 2008/09 etc).</p> <p>Further refinement of MTFS framework.</p> |
| AUGUST 27 TH | <p>Summary of Initial savings and pressures for next three years.</p> <p>Commence Draft Vision 2010 – 2015</p> <p>Commence Service Planning 2010/11+</p> |
| <p>SEPTEMBER 24TH</p> <p>(can we move this date – as 24th Sept is OSCAR 9 Sellafield Emergency Plan Day)</p> | <p>Refining options and implications for 2010/11 – revised planning targets agreed.</p> <p>Review income generation options for 2010/11 and discuss options for income generation.</p> <p>Presentation of initial bids for new capital schemes for three year period.</p> <p>Agree format of presentations from Heads of Service regarding Revenue and Capital Budget Proposals for November 19th meetings.</p> |

| Meeting | Proposed Purpose |
|---|--|
| OCTOBER 28 TH | <p>Revenue Budget 2010/11+ - finalise high level savings and pressure options.</p> <p>Capital Programme 2010/11 + - initial proposals.</p> <p>Review reserves (in light of completed Audit of Accounts 2008/09) and amount to be set aside in Risk Based Reserves.</p> <p>Agree order of presentations for November 19th meeting.</p> |
| NOVEMBER 19 TH (Could this date be moved – Managers Group in the morning) | Propose full day of RPWG – Heads of Service Budget Proposals |
| DECEMBER 10 TH | <p>Draft Revenue budget proposals reviewed in readiness for 7th January meeting</p> <p>Draft Capital Programme 2010/11+</p> <p>Draft Corporate Plan 2010 – 2015 Vision presented.</p> |
| JANUARY 7 TH | Agree budget proposal for public consultation for 2010/11. |
| JANUARY 28 TH | <p>Agree budget proposal for recommendation to Executive (Special Executive meets on February 16th).</p> <p>Commence discussion of draft Service Plans with Portfolio Holders, which will reflect budget proposals.</p> |
| FEBRUARY 25 TH | Review of Budget Planning 2010/11 – continue to develop budget proposals for 2011/12+ |

The purpose of meetings following Feb 25th meeting will be agreed later in the year – but it is assumed at this stage they will continue, to further develop options for 2011/12

APPENDIX H - FEB 2009 COUNCIL BUDGET REPORT

REVISED MEDIUM TERM FINANCIAL STRATEGY REVENUE BUDGET 2008/09 - 2011/12

| | 2008/09 £'000 | 2009/10 £'000 | Provisional | |
|---|------------------|------------------|------------------|------------------|
| | | | 2010/11 £'000 | 2011/12 £'000 |
| Net Base Budget | 10,606 | 12,688 | 12,345 | 12,304 |
| 3% savings target | -305 | -376 | -370 | -369 |
| Additional Grant income expected | | -107 | -107 | -107 |
| Additional Savings, Reductions and Efficiencies required | | -1,259 | | -1,029 |
| Other Growth in Income | -151 | -327 | -334 | -340 |
| Expenditure Pressures and Growth (excluding those funded from reserves) | 1,772 | 1,166 | 154 | 355 |
| Inflation including increments | 387 | 560 | 616 | 674 |
| Net Budget Requirement | 12,309 | 12,345 | 12,304 | 11,488 |
| Expenditure Funded From Reserves to support the Budget | 1,665 | 1,749 | 1,717 | 40 |
| Total Net Operating Budget | 13,974 | 14,094 | 14,021 | 11,528 |
| Funded From | | | | |
| Central Government Grants | | | | |
| Revenue Support Grant | 7,105 | 7,186 | 7,222 | 7,222 |
| Area Based Grant - WNF | 1,000 | 1,000 | 1,000 | |
| Safer and Stronger Communities Grant | 459 | 259 | | |
| | 8,564 | 8,445 | 8,222 | 7,222 |
| District Council Tax Requirement (4.5% increase) | 3,738 | 3,906 | 4,082 | 4,265 |
| Collection Fund Surplus | 7 | | | |
| Collection Fund Deficit | | -6 | | |
| Total Government Support & Council Tax | 12,309 | 12,345 | 12,304 | 11,487 |

RESERVE STRATEGY SUMMARY

| | | | | |
|---|--------------|--------------|--------------|--------------|
| General Reserves - Opening Balance | 3,103 | 2,748 | 2,368 | 2,358 |
| Transfer to Earmarked Reserves | -1,795 | -380 | -10 | 0 |
| Additions to General Reserves | 1,440 | | | |
| General Reserves - Closing Balance | 2,748 | 2,368 | 2,358 | 2,358 |
| Earmarked Reserves - Opening Balance | 5,443 | 5,723 | 4,147 | 2,441 |
| Budget Contribution to Earmarked Reserves | 0 | -1,749 | -1,717 | -40 |
| Utilisation of Reserves | -1,215 | -207 | | |
| Additions to Reserves | 1,495 | 380 | 11 | |
| Earmarked Reserves - Closing Balance | 5,723 | 4,147 | 2,441 | 2,401 |
| Total Reserves (General and Earmarked) | 8,471 | 6,515 | 4,799 | 4,759 |

Analysis of Closing Balances - Reserves and Provisions

| | | | | |
|--|---------------|--------------|--------------|--------------|
| 1 General Reserves | | | | |
| Risk Based Reserve | 1,735 | 1,735 | 1,735 | 1,735 |
| Unallocated Reserves | 1,013 | 633 | 623 | 623 |
| | 2,748 | 2,368 | 2,358 | 2,358 |
| 2 Earmarked Reserves | 5,723 | 4,147 | 2,441 | 2,401 |
| Total Reserves - General and Earmarked | 8,471 | 6,515 | 4,799 | 4,759 |
| 3 Sinking Funds (incl PFI and Bin Replacement Fund) | 1,273 | 1,366 | 1,318 | 1,387 |
| 4 Provisions (Insurance) | 281 | 281 | 281 | 281 |
| | 1,554 | 1,647 | 1,599 | 1,668 |
| Total Reserves, Provisions and Sinking Funds | 10,025 | 8,162 | 6,398 | 6,427 |

APPENDIX D - PROPOSED APPLICATION OF RESERVES 2009/10 - 2011/12 (FEB 2009 COUNCIL REPORT)

SUMMARY MOVEMENTS ON RESERVES

| | 2008/09 Provisional Balance Carried Forward £ | 2009/10 Additions £ | 2009/10 Possible Utilisation £ | 2009/10 Balance Carried forward £ | 2010/11 Additions £ | 2010/11 Possible Utilisation £ | 2010/11 Balance Carried forward £ | 2011/12 Additions £ | 2011/12 Possible Utilisation £ | 2011/12 Balance Carried forward £ |
|---|--|---------------------------|---|---|---------------------------|---|---|---------------------------|---|---|
| Earmarked Reserves | | | | | | | | | | |
| Current MTFs - Base Budget Support | -260,000 | | 130,000 | -130,000 | | 130,000 | 0 | | | 0 |
| Treasury Management Budget Support | 0 | -163,000 | 81,500 | -81,500 | | 81,500 | 0 | | | 0 |
| Job Evaluation Pay Protection | -220,000 | | 60,000 | -160,000 | | | -160,000 | | | -160,000 |
| Funding for Developing Elections | -22,453 | | 22,453 | 0 | | | 0 | | | 0 |
| Elections Fund | -21,066 | -10,000 | | -31,066 | -10,000 | | -41,066 | | 40,000 | -1,066 |
| Local Housing Allowance | -77,000 | | 35,000 | -42,000 | | 35,000 | -7,000 | | | -7,000 |
| Strategic Planning | -80,383 | | 40,000 | -40,383 | | 40,000 | -383 | | | -383 |
| Planning Policy - PDG Grant | -331,644 | | 180,000 | -151,644 | | 180,000 | 28,356 | | | 28,356 |
| Regeneration and Delivery Plan (WNF) | -2,450,150 | | 1,200,000 | -1,250,150 | | 1,250,150 | 0 | | | 0 |
| Corporate Training | 0 | -127,000 | 127,000 | 0 | | | 0 | | | 0 |
| Housing Strategy | 0 | -80,000 | 80,000 | 0 | | | 0 | | | 0 |
| Sub-Total - EMR Applied | -3,462,696 | -380,000 | 1,955,953 | -1,886,743 | -10,000 | 1,716,650 | -180,093 | 0 | 40,000 | -140,093 |
| Other Earmarked Reserves (to be reviewed in 2009/10) | -2,260,608 | 0 | 0 | -2,260,608 | 0 | 0 | -2,260,608 | 0 | 0 | -2,260,608 |
| TOTAL EARMARKED RESERVES | -5,723,304 | -380,000 | 1,955,953 | -4,147,351 | -10,000 | 1,716,650 | -2,440,701 | 0 | 40,000 | -2,400,701 |
| Earmarked Reserves to Support Base Budget Proposal | | | 1,748,953 | | | 1,716,650 | | 0 | 40,000 | |

| | 2008/09 Provisional Balance Carried Forward £ | 2009/10 Additions £ | 2009/10 Possible Utilisation £ | 2009/10 Balance Carried forward £ | 2010/11 Additions £ | 2010/11 Possible Utilisation £ | 2010/11 Balance Carried forward £ | 2011/12 Additions £ | 2011/12 Possible Utilisation £ | 2011/12 Balance Carried forward £ |
|--|--|---------------------------|---|---|---------------------------|---|---|---------------------------|---|---|
| Sinking Funds | | | | | | | | | | |
| Recycling Sinking Fund | -22,246 | 0 | 0 | -22,246 | 0 | 20,000 | -2,246 | 0 | 0 | -2,246 |
| Bin Replacement Sinking Fund | -165,080 | -10,000 | 0 | -175,080 | 0 | 100,000 | -75,080 | -10,000 | 0 | -85,080 |
| PFI Sinking Fund | -935,072 | -76,094 | 0 | -1,011,166 | -61,457 | 0 | -1,072,623 | -46,381 | 0 | -1,119,004 |
| Phoenix Court Sinking Fund | -6,825 | -3,000 | 0 | -9,825 | -3,000 | 0 | -12,825 | -3,000 | 0 | -15,825 |
| Catherine Street Car Park Sinking Fund | -57,873 | 0 | 5,000 | -52,873 | 0 | 0 | -52,873 | 0 | 0 | -52,873 |
| Crematorium Car Park Sinking Fund | -86,010 | -8,500 | 0 | -94,510 | -8,500 | 0 | -103,010 | -8,500 | 0 | -111,510 |
| TOTAL SINKING FUNDS | -1,273,106 | -97,594 | 5,000 | -1,365,700 | -72,957 | 120,000 | -1,318,657 | -67,881 | 0 | -1,386,538 |

| | 2008/09 | | | 2009/10 | | | 2010/11 | | | 2011/12 | | |
|---|---|-----------------|------------------------------|------------------------------------|----------------|------------------------------|------------------------------------|----------------|------------------------------|------------------------------------|----------------|------------------------------|
| | Provisional Balance Carried Forward £ | Additions £ | Possible Utilisation £ | Balance Carried forward £ | Additions £ | Possible Utilisation £ | Balance Carried forward £ | Additions £ | Possible Utilisation £ | Balance Carried forward £ | Additions £ | Possible Utilisation £ |
| General Fund Risk Based Reserves | | | | | | | | | | | | |
| Sustainability of Base Budget | -212,532 | -36,244 | | -248,776 | | | -248,776 | | | -248,776 | | |
| Reduced Fees and Charges | -137,500 | -91,716 | | -229,216 | | | -229,216 | | | -229,216 | | |
| Reduced Investment Income | -6,093 | -155,814 | | -161,907 | | | -161,907 | | | -161,907 | | |
| Civil Emergencies | -21,212 | | | -21,212 | | | -21,212 | | | -21,212 | | |
| Insurance Excesses | -17,043 | 0 | 1,606 | -15,436 | | | -15,436 | | | -15,436 | | |
| MTTP | -26,514 | -1,616 | | -28,130 | | | -28,130 | | | -28,130 | | |
| Assets and Property | -130,157 | | 29,452 | -100,705 | | | -100,705 | | | -100,705 | | |
| Vacancy Factor - Staffing Management | -106,968 | -43,395 | | -150,363 | | | -150,363 | | | -150,363 | | |
| Housing Benefits | -317,417 | | 1,293 | -316,124 | | | -316,124 | | | -316,124 | | |
| HGV Licence - Operators Fund | -16,000 | -1,600 | | -17,600 | | | -17,600 | | | -17,600 | | |
| Concessionary Fares | 0 | -42,500 | | -42,500 | | | -42,500 | | | -42,500 | | |
| Dangerous Structures | -6,437 | | | -6,437 | | | -6,437 | | | -6,437 | | |
| Prov For VAT repayment | -1,198 | | | -1,198 | | | -1,198 | | | -1,198 | | |
| Coast Protection Fund | -775 | | | -775 | | | -775 | | | -775 | | |
| Haigh Pit | -40,055 | | 40,055 | 0 | | | 0 | | | 0 | | |
| Sea Walls North Shore | -30,791 | | | -30,791 | | | -30,791 | | | -30,791 | | |
| Environ Warranty Sinking Fund | -139,883 | | | -139,883 | | | -139,883 | | | -139,883 | | |
| Vertex | -37,500 | | | -37,500 | | | -37,500 | | | -37,500 | | |
| Env Insurance Reserve | -186,200 | | | -186,200 | | | -186,200 | | | -186,200 | | |
| TOTAL RISK BASED RESERVE | -1,434,274 | -372,885 | 72,406 | -1,734,752 | 0 | 0 | -1,734,752 | 0 | 0 | -1,734,752 | 0 | 0 |

| | | | | | | | | | | | | |
|--|-------------------|-----------------|------------------|-------------------|----------------|------------------|-------------------|----------------|---------------|-------------------|--|--|
| TOTAL EARMARKED RESERVES, SINKING FUNDS, AND GENERAL FUND RISK BASED RESERVES | -8,430,684 | -850,479 | 2,093,359 | -7,247,804 | -82,957 | 1,836,650 | -5,494,111 | -67,881 | 40,000 | -5,521,992 | | |
|--|-------------------|-----------------|------------------|-------------------|----------------|------------------|-------------------|----------------|---------------|-------------------|--|--|

Plus: Provisions at 31 March 2012 -281,481
Plus: Unallocated Reserves at 31 March 2012 -622,679
Total Reserves and Provisions at 31 March 2012 -6,426,152
(see Appendixc)

16

PROPOSED TEMPLATE FOR BUDGET PLANNING 2010/11 +

EFFICIENCY / SAVINGS PROPOSAL REF NO _____

| | |
|-----------------|--|
| Budget Area | |
| Head of Service | |

Summary of Efficiency (Y / N) or Budget Saving (Y / N) Proposal

| |
|--|
| |
|--|

Impact**What is the impact on Performance?**

| |
|--|
| |
|--|

What is the impact on the Public and other Service Users?

| |
|--|
| |
|--|

Medium Term Financial Strategy

Are there any new costs arising from this proposal ? (e.g. retraining, redundancy?)
Does this link to the capital programme?

| |
|--|
| |
|--|

Financial Summary

| | <u>Year 1 (£)</u> | <u>Year2 (£)</u> | <u>Year3 (£)</u> |
|----------------------------|-------------------|------------------|------------------|
| | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> |
| | | | |
| | | | |
| | | | |
| <u>Total Impact</u> | | | |

PROPOSED TEMPLATE FOR BUDGET PLANNING 2010/11 +

BUDGET PRESSURE PROPOSAL REF NO _____

| | |
|-----------------|--|
| Budget Area | |
| Head of Service | |

Summary of Budget Pressure Proposal

| |
|--|
| |
|--|

Impact – why is this funding is necessary?**What is the impact on Performance?****What is the impact on the Public and other Service Users?****Medium Term Financial Strategy****Are there any other costs arising from this proposal ?****Does this link to the capital programme?****Financial Summary – Budget Requirement**

| | <u>Year 1 (£)</u> | <u>Year2 (£)</u> | <u>Year3 (£)</u> |
|---------------------------------|-------------------|------------------|------------------|
| | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> |
| | | | |
| | | | |
| | | | |
| <u>Total Requirement</u> | | | |

Budget Briefing – Manager's Group 17 Sept 2009

Julie Crellin – Head of Finance and MIS

Local government will be setting its three year medium term financial plan and annual budget for next year, 2010/11, with no statement from government of spending plans for the following two years. 2010/11 is the last year of the current three year settlement.

To reduce the national deficit during the life of the next parliament, however, significant cuts are expected in public sector spending. Capital expenditure will fall by 25% in period 2010/11 to 2013/14 – but there are no firm indications regarding revenue expenditure. Estimates vary between 7% and 20% reductions.

For Copeland – if the reduction relates only to (general) grant – the Revenue Support Grant and Area Based Grant (which is around £8.5 million) we would see a reduction of between £600k to £1.7 million. Incidentally, our service specific grants amount to around £20 million !

Parameters for Budget Planning for 2010/11 – RPWG 10th September

- Budget settlement for 2010/11 from Central Government to be as indicated in CSR 2007 – which is basically 0.35% increase in Revenue Support Grant, which was factored into MTFs. Assume no change to this.
- Pay inflation – increase of 1% only.
- Non-pay lines – no increase for inflation. Instead must bid as a pressure for any increases associated with contractual increases. A 'central pot' will be established against which these will be considered.
- Savings to be identified in the region of £500k - £700k to manage estimated gap between continuing revenue budget and likely funding for 2010/11
- Acceptance that 2011/12 will be a difficult year – and we need to use next 12 months to prepare for this – 'Choosing to Change' and developing new Corporate Plan should help this. Expectation is that priority or objective lead budgeting will be expected from central government to manage the reduction in public finances.
- Public consultation to be undertaken re 'SIMALTO' to find out public's preferences for budget support – and therefore, if funding reduces the degree of tolerance for reductions. Should verify Council Plan consultation and reflect PLACE survey.
- Income generation review to be conducted using external company. Benchmark and indicate options for new/other sources of income generation.
- Use TASK budget build as basic building block for the whole budget. Use approach (modified) introduced for 2009/10 build.
- Aim to have draft budget completed by no later than 10th December to compare/support Draft Corporate Plan and Service Plans.

Budget 2010/11

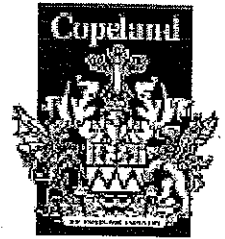
Julie Crellin, Head of Finance and MIS
Manager's Group (17 Sept 2009)

Budget 2010/11

- Difficult circumstances beyond 2010/11 – expectation of significant cuts for CSR 2010.
- 2010/11 revenue budget – target of £500k to £750k savings to find
- 1% pay rise allowed and all other budget lines with NO increase for inflation – except contractual (bid for from central pot)
- Budget build on TASK – refinement of 2009/10 budget approach only (to allow for minor <£1,000 corrections to 09/10 base etc)

Budget 2010/11

- Budget build to be completed by 28th Oct. It may be reviewed after RPWG on 19th Nov.
- Need draft budgets for RPWG on 19th Nov – (deadline agenda papers 10th Nov)
- Using budget consultation tool to inform the process – and support Corporate Plan development
- Using external review re income generation options
- Aim to have 2010/11 budget complete by end Dec – need to focus on 2011/12+ options thereafter



FINANCIAL PLANNING GUIDANCE FOR SERVICE MANAGERS

Leading the transformation of
West Cumbria to a prosperous
future

Update: September 2009

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1 Introduction and Background

- 1.1 The purpose of this guidance is to provide managers with a quick reference for preparing their financial plans within the context of the Council's new resource planning framework. The guidance must be read in conjunction with the Budget and Policy Framework Rules and Financial Regulations as set out in Part 4 the Council's Constitution.
- 1.2 The purpose of financial planning is to ensure that spending decisions taken now are financially viable over the medium to longer term taking a whole life costing approach to capital investment decisions including the revenue implications of managing and maintaining building projects by way of an example. As it is illegal to budget for a deficit position the balanced budget position must be sustained well into the future. Managers must ensure that spending decisions are fully quantified and capable of being financed over the life of projects, as benefits are realised, without placing undue constraints on future generations of tax payers.
- 1.3 The Chief Executive is committed to integrating service planning with financial planning as the resource planning strategy is crucial to the successful delivery of Council's Corporate Plan objectives because it ensures that sufficient resources are directed towards corporate priorities. Copeland's corporate priorities for the next 5 years are to be considered under the following broad headings:
- influencing national and regional change
 - strong strategic partnerships
 - regenerating Copeland
 - improving skills and education: retaining skills
 - sufficient and diverse job opportunities
 - safer Copeland
 - quality living environment
 - quality housing
 - flexible transport infrastructure
 - creating opportunities for community involvement
 - equality of opportunity
 - leisure and Culture
 - improving health
 - improving customer service.
- 1.4 The Medium Term Financial Strategy (MTFS) was agreed in February 2008 and it aims to optimise the allocation of resources by balancing spending on services, community leadership and the management/professional capacity to improve services, efficiency and governance. The Strategy outlines how the Council intends to align its financial resources to national and local priorities within the total resources available to it over the next three years. This high

level framework is driven by Corporate Team and forms the top down approach to financial planning.

- 1.5 The Medium Term Financial Forecast (MTFF) takes account of Council's latest overall financial position and three year projections in the light of the most up to date information in relation to efficiency saving targets, inflation indices, local demographics and the financial impact of new and emerging policy both locally and nationally. The MTFS was revised in February 2009 when Council agreed the 2009/10 budget. This is set out in Appendix C to RPWG (3rd July 2009. The budget assumes in broad terms a need to find approximately £1.5 million of revenue savings in 2011/12. In addition ear-marked reserves of £3.3 million will have been utilised over the period to fund specific activities, largely the Regeneration Delivery Plan.
- 1.6 The budget projections assume that contributions to the operating budget from reserves will not be available with effect from 2011/12 if the Council maintains its current strategy of retaining £1.7m risk-based reserves and its current ear-marked reserves. A detailed review of reserves is being undertaken to establish if any of these can be released to general fund balances for future use.
- 1.7 Financial planning requires a top down and bottom up approach to resource allocation and therefore at a more detailed level the Medium Term Financial Plan (MTFP) focuses on an ongoing review of spend by services and informs how senior management will re-direct resources towards Council's priorities in the short to medium term timeframe.

2. The National Context

- 2.1 Each year the Comprehensive Spending Review (CSR) determines central government priorities and spending plans for the next three financial years. The last CSR was announced in October 2007 and it covered the period 2008/09 to 2010/11. HM Treasury indicated that:
 - efficiency savings of at least 3% per year (now increased to 4% from 2010/11 onwards) are required across central and local government, with a focus on net cashable savings and therefore when certain fixed costs are taken into account the efficiency savings expected from Council services are 3.5%
 - public sector current expenditure is forecast to grow by 1.9% in real terms in 2009/2010
 - Local Government expenditure is expected to grow by 1% in real terms and is mainly aimed at education, adult social care and housing and hence it is unlikely that significant additional funding will be made available to districts
 - There will be additional PFI funding for sustainable waste management arrangements and environmental transformation projects although the amount is not significant
 - pay and workforce plans aimed at maintaining the pace of workforce modernisation across the public sector are to be contained within the Government's inflation target of 2% although general inflation is running at twice this level

- annual Council Tax increases should be below 5% (see par. 3.2 below) however councils (excluding districts and London Boroughs) will have power to raise (modest) supplementary business rates but there will no longer be funding from LABGI grant.

3. The Local Context

3.1 Local factors that influence available finance include:

- council Tax levels
- council Tax collection rates
- movements in Council Tax Base
- cash-flow management and investment decisions
- spending decisions
- Council's reserve strategy in relation to unforeseen business risk.

3.2 The original medium-term strategy assumes a 3.9% increase in Council Tax over the period of the strategy. This was increased to 4.5% when setting 2009/10 bas budget. The council tax base is low and so for every 1% increase in tax Copeland gets in the region of only £40k.

3.3 Like other council's cost pressures facing the Council include:

- rising employer's contributions to pensions
- single status/equal pay
- above inflation price increases, particularly in relation to contracts.

Additional cost pressures facing Copeland relate to it being a rural area with over 50 miles of coastline and the need to maintain sea defences, combat cliff degradation and ensure that area beaches continue to reach a high environmental standard.

3.4 Copeland has many opportunities also:

- being in a key position to influence the West Cumbria master plan for Britain's energy coast
- being in a prime location of historical interest and natural beauty to attract visitors.

4. The Resource Planning Framework

4.1 In April 2007 Council approved its Resources Planning Strategy and the new resources planning framework will explore in detail how the MTFs can be implemented. The framework is designed to link service planning with financial planning and is underpinned by service reviews.

4.2 When conducting service reviews the top 14 diagnostic question to be answered by service managers are as follows:

- What is the purpose of the service?
- Why do we deliver the service (i.e. mandatory/discretionary political priority)?

- What are the expected outcomes from the service?
- Do we have a choice about the level of service to be provided relative to supply and demand (overall capacity) and opportunities for sharing services?
- Do we have choice about the standard of service (bronze, silver or gold)?
- How much does it cost and what is the comparative level of spend compared with benchmark authorities?
- How good is the service (as measured against our benchmark profile, PIs/ inspection results CPA/CAA) - is it becoming more or less efficient and are trends showing the service is stable, declining or improving (in relation to (a) cost and (b) performance)?
- How might things change - are there opportunities to reduce costs and or increase productivity (i.e. make the service more efficient) or to vary the level and or quality of service?
- What would be the impact on partnerships and the wider community be as a result of a reduction or withdrawal of service (business growth incentive or transport schemes) or from implementing proposed options (considered above) to reduce costs?
- Will there be any impact (direct/indirect) on key PIs (own or others) associated with proposed changes?
- Is there any impact from the proposed changes in terms of knock on effects in other areas (e.g. if community warden service is reduced does this increase make demands on other sections such as nuisance team or housing officers)?
- Do you have ideas for savings in other areas across the Council or directorates?
- Are there changes to the way another service is delivered which could help you achieve savings in your area?

4.3 Value For Money (VFM) underpins the resource planning framework when procuring public services i.e. the drive for economy, efficiency and effectiveness (the three Es):

- Economy is about getting the best price (not necessarily the cheapest) for a defined level of service.
- Efficiency is about raising productivity and considers the ratios of inputs to outputs.
- Effectiveness is about achieving planned outcomes in an economic and efficient manner.

The three Es are integral to the concepts of VFM and BV:

- VFM endorses "putting people first" through stakeholder consultation and participation, whereas
- BV introduces the concept of the learning organisation striving for continuous improvement (to be best) in a dynamic business environment.

- 4.4 This drive for efficiency means that for any given area of activity managers are expected to increase productivity and reduce costs. The measuring of efficiency gains is defined comprehensively in the DCLG guidance, however, an abridged version of the official guidance is provided at Annex 1 for quick reference but readers are referred to the full Guidance for an in-depth understanding.
- 4.5 In the short to medium term the direction of travel, in terms of performance (as diagnosed at 4.2 above), can be expressed simply in terms of squeeze, hold, nudge or drive where:
- SQUEEZE is a reduction in the level or the performance of a service given its priority and affordability which may result in a reduction in resources
 - HOLD is where the current level & performance of a service is broadly where the Council wants it to be given its priority and affordability
 - NUDGE is where the current level & performance of a service is very close to where the Council wants it to be given its priority and hence a small focused improvement may get the service to where it needs to be which may or may not require additional funding
 - DRIVE is where the current level & performance of a service is far below where the Council wants it to be given its priority and hence will require a significant and sustained focus on improvement; depending on current costs/value this may have to be achieved with or without additional funding for money.
- 4.6 The main aim of service reviews is to see how we can do things differently and more efficiently within a financial constraint of no overall additional funding for the Council. Service reviews give Council the opportunity to re-align resources in accordance with corporate priorities. Cutting out inefficiencies should not lead to service cuts as efficiency savings are ploughed back into services. The financial strategy savings targets have been built up as follows:
- this year's base budget
 - LESS: 3% cash savings target
 - PLUS: Inflation and other pressures / growth
 - LESS price and/or volume increases on fees / charges

Guidance on the definition of efficiencies is given at Appendix A.

- 4.7 Following a review of their services, Heads of Service, in conjunction with Corporate Directors and Portfolio Holders, will be expected to put forward savings proposals within these planning guidelines. Corporate Directors in consultation with the relevant portfolio holders will be able to refine the targets between their services to reflect deliverability and priorities within their services. Proposals will be presented by the Heads of Service and considered by the Resource Planning Working Group. Confirmation of savings required will take place in December, when the Council's final settlement figures are announced.

5. Budget Build

- 5.1 The first stage of budget build is a detailed review of 2009/10 actual performance against budget, as part of the management accounting process for quarter 2 (to 30 September 2009), in order to project the full year position. This can then be used as a basis for management to see whether the current budget is sustainable for the short and medium term. The forward look gives managers a window of opportunity to take action, if need be, to address a potential budget gap position and identify potential budget pressures that will impact on 2010/11. The Briefing to Managers Group on 17th September 2009 set the inflationary framework for 2010/11. In general, 2010/11 will be a "cash freeze" budget for most services.
- 5.2 The second stage of budget build is to establish any growth / savings / efficiencies for 2010/11. The management accountants will roll forward the latest approved budgets together with the 2009/10 management projected out-turn, which will inform the financial planning process for the coming three years. Managers will be expected to build the budget, directly on to the financial system – training and support will be given by Accountancy Services. This will follow the same format as for the 2009/10 budget. [Example of proposed format is shown at Appendix B].
- 5.3 Only in exceptional services will growth be considered – and will need to bid to RPWG. If budget holders believe that they cannot manage within their baseline allocation, they will have to find additional savings or generate additional income.
- 5.4 The service review will need to justify the business case for any savings/growth proposals, with cash-backed efficiency gains being differentiated from service reductions.
- 5.5 Budget build is a top down/bottom up process and involves negotiation at several levels before final agreement is taken at Corporate Team as to what recommendation is to be taken to Resource Planning Working Group:
- Section Managers may re-align budgets across their cost centres but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with their Head of Service;
 - Heads of Service may re-align budgets across services within their area of jurisdiction but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with their Director;
 - Directors may re-align budgets across Service Heads within their area of jurisdiction but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with the Chief Executive.
 - If the proposal is likely to affect the services of another Head of Service or cross over Member portfolios, then it will only be implemented with the agreement of the Chief Executive. The exception to this is as follows;

Ex CCT contracts (Parks and Open Spaces, Waste Management, Leisure and Culture) and Enforcement – The Head of Leisure &

Environmental Services is allowed to incur operational revenue expenditure against a specific activity as long as it is financed by income generated by that activity, as demonstrated by a business case, and agreed with the Head of Finance & Management Information Systems.

All virements must be notified to the Accountancy section, in order that adjustments to monitoring reports may be made and Members duly informed, as part of the process for reporting financial performance.

- 5.6 When calculating the budget, underlying assumptions about activity trends, demand forecasts and business risks must be clearly set out, continuously reviewed and updated in line with agreed management action aimed at bridging any potential budget gap. A sensitivity analysis needs to be carried out against the assumptions to ensure that they remain robust and that sufficient contingency reserves are maintained. The Strategic Risk Register will need to include:
- the monetary risk of not achieving the efficiency savings
 - the maintaining of sufficient reserves to cover budgeted contingency plans for those events that are most likely to occur in any given scenario. [Risk-based Reserve Strategy]

6 The Reserves Strategy (General Fund)

- 6.1 The reserves strategy is based on local circumstances including the overall budget size, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves, provisions and the Council's track record in budget management and its business risk. Risk based evidence is derived from Directors' Reviews of their budgets and carrying out sensitivity (what if) analysis against variables used in their financial estimates when making budget assumptions. Once financial risks are quantified they will be taken into account when building the reserves strategy and hence should not be built into the service budgets.
- 6.2 Based on Council's present business risk strategy, the optimal level of risk-based general reserve to be held over the medium term is £1.7m.
- 6.3 In addition to the general reserve, there are a number of allocated/earmarked reserves and these are currently being reviewed in the context of the resource planning strategy. In order to maintain the stability and resilience afforded by the Reserves Strategy it is important that:
- managers not include any contribution to be made to or from unallocated General Fund Reserves in their financial plans as it is not prudent to finance ongoing spending from reserves
 - no further calls should be made on reserves, other than those for risks that have been identified, except where risks could not have been reasonably foreseen and cannot be dealt with within the budget through management or policy actions

- any excess reserves should be targeted towards setting up a contingency fund in the first instance and then towards one-off invest to save and/or improvement initiatives and, where there is a draw down on reserves, which causes the approved Reserves Strategy to be off target, the shortfall must be paid back within the three years' planning framework - which will put further pressure on revenue budgets.

Efficiency Recognition

The basic principles, as to what counts as an efficiency gain, **apply to both capital and revenue expenditure.**

- **Cashable gains** are achieved through reduced inputs ("money, people, assets" or prices "procurement, labour costs") for the same (or more) outputs and hence money is released to be used elsewhere or to hold down Council Tax.
- **Non cashable gains** are achieved through increased productivity (i.e. greater outputs or improved quality for either the same inputs or a proportionately smaller increase in resources) as reflected in lower unit costs; the measure is the rate by which unit costs are falling and as absolute costs are not necessarily reduced productivity gains are deemed to be non cash backed.

Councils may report efficiencies from associate organisations whose levies or precepts contribute to their baseline expenditure. Efficiencies relating to the use of the voluntary sector or other partners should be calculated in line with good business practice taking account of risk, full cost recovery and funding stability.

Valuing an outcome may be a pointer to efficiency but calculating an efficiency gain must be done in a specific way. In order to demonstrate that efficiency gains have been achieved inputs, outputs and outcomes must be measured and compared with previous performance and a cross quality check must be carried to provide assurance to the Government and Council that the quality of service is maintained.

Measurement Principles

- The GDP/GVA inflator is the default rate unless otherwise stipulated.
- Efficiency gains may be achieved from capital spending.
- Efficiencies must be measured net of costs (invest/spend to save).
- Fees and charges can generate efficiencies in certain circumstance but these are limited.
- Efficiency gains may be generated through partnerships.
- It is important to calculate part year gains and include the full year effect on future years.
- Quality crosschecks must demonstrate that the quality of service has been maintained.

The following useful points should be taken into consideration when measuring efficiency:

- A suite of **quality cross check indicators** for each sector has been identified by the measurement taskforce at Annex 1 to the DCLG guidance and councils are recommended to choose their indicator from this list.
- When making **inter year comparisons** costs must be flexed to take account of inflation to ensure that like is being compared with like.

- **One off efficiency gains** must be differentiated from ones that continue over time i.e. year on year (ongoing efficiency gains must genuinely continue over time).
- **Increased income** from fees and charges can be counted as an efficiency gain when the demand is externally led e.g. development control applications which are as a result of greater demand for residential development count as an efficiency providing there are economies of scale in processing the additional applications; another example is discounts designed to attract more customers (e.g. leisure centres) which lead to a net increase in income; similarly, spend to save to stimulate demand, through improved security (CCTV) for example, which leads to a net increase in income can count as an efficiency gain.
- **Net interest gains from earlier receipt of income** arising from more efficient collection processes or a reduction in the level of bad debt as a result of a change in policy are classified as an efficiency saving.
- Efficiency gains from **capital spend** are measured under four elements:
 1. Pre-contract costs (revenue or capital) should be allocated pro rata to the total pre-contract costs incurred and allocated pro rata to services in the manner in which the total capital expenditure incurred for the scheme accrues to individual services (unless otherwise justified).
 2. Efficiencies gained from the initial cost of capital assets should be allocated pro rata across financial year(s) to the capital expenditure incurred on the asset(s) and pro rata to services each year in the manner in which the capital expenditure incurred on the asset(s) in that year accrues to individual services (unless otherwise justified).
 3. Gains achieved through integrated capital and revenue budgeting can be measured by taking the total net cost of the service(s) (i.e. gross cost less income) for the year as defined within the CIPFA Best Value Accounting Code Of Practice and comparing this with what it would have been (best estimate) without the efficiency measures. Movements, such as a change in the valuation of the asset, that would have occurred independently of the exercise should not be included as an efficiency gain.
 4. The asset use optimisation principles are as in 3 above.
- **Revenue from the sale of services to another organisation** would qualify as an efficiency as long as the quality of service provided to the public was maintained or improved; in assessing the value of the sale any proportion relating to an increase in income to the purchaser as a result of increased prices to the public could not be counted as an efficiency gain.

Gains derived from the following actions **do not count as efficiency**:

- **Service cuts** (these are defined as a reduction of outputs or the quality of those outputs that result in poorer services for users).
- **A drop in standard** (e.g. from a "gold plated" to a "no frills" service).
- **Asset sales and cuts or slippage in a planned capital programme** that impact adversely on services.

- **Reclassification** of activities which involve no change in inputs or outputs (i.e. are simply re-labelled).
- **Transfer of costs and subsidies intra the public sector** (only count if public services as a whole benefits).
- **Arbitrary cuts in payments to the Voluntary & Community Sector (VCS)** which lead to either cuts in services or their quality or require the VCS to use charitable donations to maintain the existing levels of service.
- Improvements in a council's financial position that arise from the **activity of Treasury management**.
- Switching to earlier income collection dates or from arrears to advance collection; this action denotes **a transfer of interest payments from the public to the local authority**.

Measuring and reporting efficiency

- Efficiency is about raising productivity and enhancing VFM; it is not about service cuts. Efficiency gains must be measured and reported in such so as not to mask actual cuts in service levels.
- Efficiency gains can be cashable and non cashable.
- **Improved productivity** can be demonstrated through lower unit costs
- **Cash backed efficiency** savings can be demonstrated through reduced budgets to achieve the same or greater level of service.
- Efficiency plans will need to be closely monitored to ensure that they are robust as the process will be assessed in the Use of Resources Judgement as part of the Comprehensive Performance Assessment.

The CPA Use of resources key line of enquiry seeks evidence that:

- Costs compare well with others allowing for external factors and including level of overheads and how they are accounted for.
- Costs are commensurate with service delivery, performance and outcomes achieved.
- Costs reflect policy decisions.
- The council monitors and reviews value for money including consideration given to VFM in the budget process, achievements of efficiency as planned in budgets, best value reviews and cost indicators.
- The council has improved value for money and achieved efficiency gains (over the last three years) whilst maintaining the quality of services and responding to local needs.
- Procurement and other spending decisions take account of full long term costs.
- Financial regulations and contract standing orders reflect the framework for achieving VFM, e.g. competitive tendering.

Cashable efficiencies can be achieved by:

- Departmental streamlining.
- Rationalisation of accommodation, land and property.
- Competitive tendering and contract negotiations.
- Procurement economies such as regional purchasing consortia.
- On line recruitment policies and rationalisation of use of recruitment agencies for temporary staff and consultants.
- Process migration and service transformation.
- Shared services and joint working between authorities.

Examples of non cashable efficiencies include:

- Improving sickness and absence levels.
- Use of mobile technology.
- Flexible working arrangements.
- Working with third parties (CAB).
- Longer access times to local services.
- Automation of requisitioning and invoicing processes.

Definition of Categories for Analysing Efficiency Gains

Category

This denotes the type of proposal that is being put forward in terms of budgetary impact and the level of discretion attached to implementation. Interdependent options are:

Unavoidable Increase A proposal requiring an increase in budget, over which the Council has little or no control. This should include contractual commitments, demographic increases, new government burdens etc, but should not include for example a proposal generating from within the Council and included in the Leader's Statement as such an item should be included as a growth item.

Growth Items Any proposal resulting in a budgetary increase over which the Council has a degree of choice whether to implement or not.

Budget Reductions:

- **disinvestments** Any proposal that will result in a reduction in the level service area.
- **efficiency** Any proposal that results in the same level of service for less money or increased productivity for less money.

No impact An item neutral in resource terms. Interdependent items that net off to nil should be analysed gross.

Classification / Reference

The classification of proposals is undertaken as sub-sets of the categories above. Each proposal will have a reference taken from the group summary sheet that will indicate the classification to which it relates.

The classifications and corresponding references are outlined in the following pages.

Unavoidable Increases:

| | |
|--|--|
| Demographic and volume changes | An increase resulting from changes in the borough's demographics that will lead to cost implications for the Council's services for example a new housing estate will require additional refuse collection bins and rounds. |
| Full year effects of items agreed for 2007/08 | Any ongoing growth included in the 2007/08 budget for part year only. Impact of Cabinet decisions made during the year. |
| Unavoidable price increases | Inflation will be allocated to relevant codes in line with general inflation and managers should use this column to outline items that are projected to increase in excess of general inflation. |
| Budget pressures identified in 2007/08 monitoring | Overspends that have been identified in monitoring and are due to ongoing issues. Ongoing pressures may be deemed unavoidable where to withhold the increase would lead to a reduction in the agreed service level. |
| Reductions in specific grants and contributions | The impact of grants ceasing or being reduced compared to 2007/08. |
| Legislative changes (including transfer of responsibilities) | New/changed responsibilities and transfers of responsibilities arising from Government policy. Should only include non-discretionary items. |
| Revenue consequences of capital programme | Capital projects are likely to impact upon revenue through additional running costs or through the delivery of efficiency savings. In addition, items funded through borrowing will attract financing and depreciation costs. Any capital projects included in the capital programme later in the process will need to have their revenue costs reflected in this section. |

Growth Proposals:

| | |
|---|---|
| Future service developments arising from current policies | The impact of current policies not already included in budget plans. |
| Risk management issues | Pressures arising out of risk analysis undertaken. Actions mitigating risks identified in risk registers. |
| Service Growth / Enhancement | Any other growth item leading to an improvement in service either internally or to the public. |
| Spend to Save | Items where upfront revenue expenditure is expected to deliver budget savings in future years. |

Budget Reductions:

| | |
|--|---|
| Additional Income (beyond inflation) | Inflation will be applied to income budgets as a matter of course during the budget process. This section should outline increases in income expected <u>above inflation only</u> . This may be due to additional volume or price increases beyond inflation. |
| Efficiencies | Savings that do not reduce the level of service provided: e.g. price reductions or price increases below inflation, process improvements, market testing, etc. |
| Service Reductions | Savings that result in a lower level of service being provided. |
| Increases in specific grants and contributions | All new grants that are not ring-fenced, and any increases in third party contributions. If the group wishes to use the grant to enhance services a corresponding growth item should be included separately above and explicitly linked. |
| Other windfall reductions | Any other budget reduction not falling in to the classifications above. |

COPELAND BOROUGH COUNCIL 2010/11 BUDGET DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)

1 Introduction

Budget Managers are required to complete their detailed 2010/11 revenue budget proposal on the Total Finance computerised system. Full instructions and training will be given prior to input. Please see timetable for training purposes.

Budget Managers and Holders will be set up and given access to build and amend the current approved 2009/10 budget as their budget proposal for 2010/11. If you cannot access any of your budgets please contact MATT FREESTONE (contact details listed below).

Budget Managers are also required to show any changes in growth or savings greater than £5,000 for 2011/12 and 2012/13, from 2010/11 budget proposal. This is required for Medium Term Financial Strategy (MTFS) purposes

Budget Managers will need to ensure that they fully consult with their Corporate Team member, and secondly, liaise with other Budget Managers if they know of any significant changes affecting other departments' e.g. public buildings bases of charge changing for users.

Deadline for managers to **complete budget build is 29th October 2009.**

2 Budget Build Requirements

Budget Managers completing the budget build for areas of responsibility can only amend detail lines of expenditure and income directly under their control.

Clear and concise notes must be made using the *Notes Button within Total Finance* (this will be demonstrated at the training sessions). Supporting documentation and evidence for budget build purposes should also be attached as a note on Total Finance, and a hardcopy retained by the Budget Manager. All items of change greater than £1,000 require budget Managers to complete the Official Pro-forma Working Paper (10/11 001 version1).

Detailed Lines of Expenditure that Budget Managers CANNOT AMEND

Salaries, Wages, Employers NI and Superannuation

These will be accounted for separately. Confirmation of posts within each department will require confirmation and sign-off by Corporate Team Member (see separate guidance)

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DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

Any related income funding will also be completed on budget build by Accountancy only after agreement by Corporate Team Member.

Insurances

These will be accounted for separately. Insurance information within each department will be requested by Accountancy Services, and will require confirmation and sign-off by Corporate Team Member (see separate guidance)

Public Buildings Fund

This is in effect a recharge from the centrally managed fund, and will be allocated on an agreed unit basis.
Allocations will be notified to occupiers of the buildings.

Recharges From and To Other Services

This will be completed as part of the recharge run carried out by Accountancy Services once all data has been received for allocation purposes.

It is proposed to have a number of interim recharge runs prior to finalisation.

3 Detailed Lines of Expenditure that Budget Managers CAN AMEND

Employees expenses

For car allowances and other expenses

Premises

Managers can amend all premises lines with the exception of Public Buildings Fund

Supplies and Services

Managers can amend all supplies and services lines with the exception of Insurances

Agency and Other Contracted Services

Managers can amend all agency and other contracted services.

Income

Managers can amend all income lines with the exception of recharges.

As part of your budget build pack on Total Finance there will be a copy of your budgets separated into the subjective heading listed above

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

4 Definitions of Columns within the Total Finance Budget Model (2010/11)

Current Budget 2009/10 (column 1)

This shows the current approved budget for 2009/10. This is based on the original approved budget with any approved changes to date. This column cannot be changed by Budget Holders, but forms the basis for 2010/11 budget build.

Adjustments for One-off Virements 09/10 (column 2)

This shows one-off approved budget adjustments and virements made to the original 2009/10 budget and which do not impact on 2010/11 budget and future years.

This column cannot be changed by Budget Holders, but forms the basis for 2010/11 budget build.

Salary Adjustments 09/10 (column 3)

This shows changes to 2009/10 initial base budget for the 0.3% pay award settled during the year, a 0.5% increase in the employers' superannuation rate, and, the effect of reducing the initially estimated pay award of 2.5% allowed for in the 2009/10 budget process, to a more realistic 1.0% based on the current economic climate. This column cannot be changed by Budget Holders, but forms the basis for 2010/11 budget build.

Non-salary Budget Corrections (column 4)

This column allows Budget Managers to make minor changes of up to £1,000 to their detailed lines of budgeted non-salary related income and expenditure.

Items in excess will be allowed to ensure budgets are on the correct nominal code. Notification must however be given to your Accountancy Officer when including on budget build.

This is in recognition that budgets need to be flexible in meeting managers changing business needs. This column can be changed by Budget Managers, but it is expected that any changes should not impact on the overall approved current 2009/10 budget i.e. if you increase your advertising budget by £1,000 that this is financed by a corresponding reduction in other non-salary detail codes within your responsibility e.g. postages.

Increases in expenditure and reductions in income must be entered as a positive figure, with any reductions in expenditure / increases in income shown as a negative figure.

Any significant corrections to your budget that affect the Council's overall budgetary position, needs to be recorded in this column and brought to the attention of Paul Robson and your Accountancy Officer.

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

There will NOT be a detailed code for MISCELLANEOUS EXPENDITURE in 2010/11 budget. This column should be used to correct the budget and move to a more relevant detailed code. If you do not have a relevant code, or seek further advice, please contact your Accountancy Assistant. Any expenditure showing on miscellaneous expenditure detail codes will be removed by Accountancy prior to finalising the budget.

Base Budget for Planning Purposes (column 5)

This sub-total column is as a result of adding columns 1, 2, 3 and 4 together.

This gives you the base position after salary adjustments, non-salary budget corrections, and adjustments for one-off virements approved in 2009/10.

As Budget Managers, you will not be able to change this. A block has been put on the column.

Salary Adjustments 10/11 (column 6)

This will be determined through the separate exercise for salaries budget build.

This column allows for salary based increments where applicable, an increase in employers' superannuation to 17.3%, any required changes to appropriate levels of National Insurance, and inflation of 1.0%.

A change in budget build strategy this year will see all employers superannuation charges included in departmental budgets (and not an element included in the corporate management budget).

As Budget Managers, you will not be able to change this. A block has been put on the column.

Contractual Increases (column 7)

Known contractual increases need to be included in this column, supported by a note and supporting attachments to the system.

Inflationary increases are not being allowed for unless contractual.

As Budget Managers, you will be able to change this column.

All figures should be positive.

Growth / Pressures (column 8)

Summary Definition

This column is as a result of any known expenditure growth and pressures on resources that were not included in the budget in 09/10.

Expenditure growth and pressures may be already known from recent experience, or Member driven to meet the Council's top priorities.

As Budget Managers, you will be able to change this column.

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

The official template must be completed and attached as a note to the system. To obtain a Proposal Reference Number please contact your Accountancy Officer.

Any growth / pressure items not supported by an attached completed template will be removed from budget build and notification given to Budget Manager.

All figures will be positive.

Pressures Sub-total (column 9)

This sub-total column is as a result of adding columns 4, 5, and 6 together. This gives you the total for 2010/11 salary adjustments, any contractual increases, and known expenditure growth and pressures.

As Budget Managers, you will not be able to change this. A block has been put on the column.

Expenditure Savings (Cash Reductions) (column 10)

Summary Definition

Cash savings can be defined as cash savings realised from not doing something, because this is no longer a Council priority ie reduction in service, or, due to budget incorrectly overstated in terms of what is actually happening and what you expect to happen.

Total cash savings required as part of the Medium Term Financial Strategy are in excess of £500k for 2010/11.

As Budget Managers, you will be able to change this.

All figures entered in this column must have a minus (-) sign in front of it.

These are estimated cash savings from

- not doing something eg. not renewing subscriptions to a publication, or
- 2009/10 budget was a bad estimate in comparison to what has actually happened, and, what we think will happen during 2010/11 ie advertising costs estimated higher than actual in 2009/10 and expect to remain at same level during 10/11.

Expenditure Savings (Efficiencies) (column 11)

Summary Definition

Efficiency savings can be defined as carrying out the same level of service at reduced cost, and/or, increasing the service delivery base at the same cost level as previous.

As Budget Managers, you will be able to change this column. Full supporting evidence will need to be included as a note on system, with any attachments included.

Savings will have a minus (-) sign in front of it.

Figures entered in this column can either be a plus (+) or a minus (-).

COPELAND BOROUGH COUNCIL 2010/11 BUDGET DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)

Savings will have a minus (-) sign in front of it.
Corresponding increases in costs will be shown as a plus.
As a result the total of this column will show the net efficiency saving which will be treated as cashable savings in building the budget.

Savings Sub-total (column 12)

This sub-total column is as a result of adding columns 8 and 9 together. This gives you the total net expenditure efficiency and expenditure cash savings for 2010/11.

As Budget Managers, you will not be able to change this. A block has been put on the column.

Income Price (column 13)

Summary Definition

This column allows shows the effect on the base budget of price changes on proposed fees and charges.

Due to the current economic climate it is expected that discretionary price changes will be minimal. There may however be statutory price changes that will need to be reflected in this column.

As Budget Managers, you will **complete this column** based on the proposals set out in the separate fees and charges working paper.

Increases in income as a result of price change only will need to be input with a minus (-).

A reduction in price will require a positive figure (+).

Income Volume (column 14)

Summary Definition

This column shows the effect on the base budget in terms of volume as a result of changes in proposed fees and charges.

As Budget Managers, you will **complete this column** based on the proposals set out in the separate fees and charges working paper.

An example may be that we propose a 2% increase in price. The base is £100 therefore the total income affected by price is now £102. As a result of this price increase there is a drop in demand of say £1. Therefore the volume column would show +£1, with price column showing -£2. Overall the net effect is -£1 ie increased income to the Council and service.

Sub-total (column 15)

This sub-total column is as a result of adding columns 12 and 13 together. This gives you total income affected by price and volume.

As Budget Managers, you will not be able to change this. A block has been put on the column.

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

Draft 2010/2011 Budget (column 16)

Summary Definition

This column shows the proposed base budget for 2010/11 before accounting for any Accountancy Services adjustments agreed with management. This adds columns 4, 8, 11, and 14 together.

As Budget Managers, you will not be able to change this. A block has been put on the column.

Reserve Funded Expenditure (column 17)

Summary Definition

This column shows planned expenditure during 2010/100 to be funded from previously Executive approved ear-marked revenue reserves.

Budget Managers are required to complete the official Expenditure To Be Funded From Ear-marked Revenue Reserves form. Full details and workings will be required to support any application.

The completed form and details need to be forwarded to your Accountancy Officer for input into the system for budget build purposes.

As Budget Managers, you will not be able to change this. A block has been put on the column.

2010/11 Budget Requirement (column 18)

Summary Definition

This column shows the total budget requirement of the Council at cost centre level, to be funded from council Tax and ear-marked reserves.

As Budget Managers, you will not be able to change this. A block has been put on the column.

5 Definitions of Columns within the Total Finance Budget Model (2011/12 and 2012/13)

To assist the development of the Council's MTFS Budget Holders are requested to complete two columns for each year 2011/12 and 2012/13.

Growth / Pressures (column 1)

COPELAND BOROUGH COUNCIL 2010/11 BUDGET DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)

Any known changes in growth / pressures in excess of £5,000, from your 2010/11 budget proposal, should be entered here, and in the year it impacts upon.

Include by way of note and attach any relevant documentation to the system.

Savings (column 2)

Any known changes in savings in excess of £5,000, from your 2010/11 budget proposal, should be entered here, and in the year it impacts upon.

Enter savings as a negative (-).

Include by way of note and attach any relevant documentation to the system.

6 Summary

- Managers must complete budget build by 29 October 2009 for 2010/11, 2011/12, and 2012/13.
- Working papers and notes must be attached using the notes button on Total Finance. Failure to do so will result in informing the Budget Manager that the figure entered on budget build is to be removed.
- Accountancy Services will be continuously carrying out a quality check that all figures are fully supported.
- Accountancy will fully support management in assisting the budget process. Please contact your Accountancy Officer as detailed below.

Contacts:

If you require assistance, guidance or advice when building your budgets, please contact the following:

| | | | |
|------------------------|----------------|--|--------|
| Budget Strategy | Julie Crellin | jcrellin@copeland.gov.uk | 598452 |
| | Alison Clark | aclark@copeland.gov.uk | 598463 |
| Definitions | Paul Robson | probson@Copeland.gov.uk | 598461 |
| System | Matt Freestone | mfreestone@copeland.gov.uk | 598456 |
| Figures; | | | |
| L&ES | Jean Swinburn | jswinburn@copeland.gov.uk | 598459 |
| Development Strategy | Paul Robson | probson@Copeland.gov.uk | 598461 |
| | Joy Bain | jbain@copeland.gov.uk | 598405 |
| Development Operations | | | |
| | Paul Robson | probson@Copeland.gov.uk | 598461 |

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
DEFINITIONS FOR BUDGET BUILD (REVENUE ONLY)**

| | | | |
|-------------------------|-----------------|--|--------|
| | Joy Bain | jbain@copeland.gov.uk | 598405 |
| Finance & MIS | Matt Freestone | mfreestone@copeland.gov.uk | 598456 |
| Policy | Kirsty Groggins | kgroggins@copeland.gov.uk | 598460 |
| CEO | Kirsty Groggins | kgroggins@copeland.gov.uk | 598460 |
| Customer S. | Jean Swinburn | jswinburn@copeland.gov.uk | 598459 |
| Legal | Kirsty Groggins | kgroggins@copeland.gov.uk | 598460 |
| Public Service Delivery | Kirsty Groggins | kgroggins@copeland.gov.uk | 598460 |

**COPELAND BOROUGH COUNCIL 2010/11 BUDGET
WORKING PAPERS FOR BUDGET BUILD (REVENUE ONLY)**

1 Introduction

For changes to budget lines in excess of £1,000, only workings shown on the official **pro-formas** will be allowed for budget build purposes

All budget line changes must be supported with a detailed working paper fully justifying adjustments made to the budget build exercise carried out on Total Finance.

Changes less than £1,000 still require a note to be included on the system.

These working papers must be neat, clear, concise, and signed and dated by the Budget Manager / Holder.

2 Total Finance Note

Each completed pro-forma must be attached to the budget build model on Total finance using the note button on system.

3 Accountancy Quality Check

Failure to attach a completed, and signed off official pro forma for changes in excess of £1,000, will result in the figures being removed from the budget build model when Accountancy Services carry out their quality checks. You will be notified of any such actions prior to removal.

For changes less than £1,000, if a note does not support the figure, again, this will result in the figures being removed from the budget build model when Accountancy Services carry out their quality checks, and you will be notified of any such actions prior to removal.

Contacts:

If you require assistance, guidance or advice when building your budgets, please contact your Accountancy Officer listed on page 2 of the Managers Pack.

**COPELAND BOROUGH COUNCIL
2010/11 REVENUE BUDGET
WORKING PAPER**

DIRECTORATE
SERVICE
COSTCENTRE
DETAIL CODE
DETAIL DESCRIPTION
BUDGET BUILD COLUMN NUMBER
BUDGET BUILD DESCRIPTION
Revision No
Date

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Detailed Workings

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Office Use Only

Accuracy and Reasonableness Check
Check correctly entered on budget build
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Designation
Date

Initial
Initial

**COPELAND BOROUGH COUNCIL
2010/11 REVENUE BUDGET
EARMARKED RESERVE FUNDED EXPENDITURE WORKING PAPER**

**DIRECTORATE
SERVICE
REVENUE COSTCENTRE
REVENUE DETAIL CODE
DETAIL DESCRIPTION
APPROVED EARMARKED RESERVE
DESCRIPTION
APPROVED EARMARKED RESERVE NUMBER
AMOUNT (£)
BALANCE AVAILABLE**

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Brief Description;

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Detailed Workings

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| Name | |
| Designation | |
| Date | |

Pro-forma 10/11 002

Version 1

Date 21 09 09

50A

TEMPLATE FOR BUDGET PLANNING 2010/11 +

EFFICIENCY / SAVINGS PROPOSAL REF NO _____

| | |
|-----------------|--|
| Budget Area | |
| Head of Service | |

Summary of Efficiency (Y / N) or Budget Saving (Y / N) Proposal

| |
|--|
| |
|--|

ImpactWhat is the impact on Performance?

| |
|--|
| |
|--|

What is the impact on the Public and other Service Users?

| |
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| |
|--|

Medium Term Financial Strategy

Are there any new costs arising from this proposal ? (e.g. retraining, redundancy?)
Does this link to the capital programme?

| |
|--|
| |
|--|

Financial Summary

| | <u>Year 1 (£)</u> <u>2010/11</u> | <u>Year2 (£)</u> <u>2011/12</u> | <u>Year3 (£)</u> <u>2012/13</u> |
|---------------------|-------------------------------------|------------------------------------|------------------------------------|
| | | | |
| | | | |
| | | | |
| <u>Total Impact</u> | | | |

TEMPLATE FOR BUDGET PLANNING 2010/11 +

BUDGET PRESSURE PROPOSAL REF NO _____

| | |
|-----------------|--|
| Budget Area | |
| Head of Service | |

Summary of Budget Pressure Proposal

| |
|--|
| |
|--|

Impact – why is this funding is necessary?What is the impact on Performance?What is the impact on the Public and other Service Users?Medium Term Financial StrategyAre there any other costs arising from this proposal ?Does this link to the capital programme?Financial Summary – Budget Requirement

| | <u>Year 1 (£)</u> <u>2010/11</u> | <u>Year2 (£)</u> <u>2011/12</u> | <u>Year3 (£)</u> <u>2012/13</u> |
|--------------------------|-------------------------------------|------------------------------------|------------------------------------|
| | | | |
| | | | |
| | | | |
| <u>Total Requirement</u> | | | |

BEACON & TIC

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES (NON-MEMBERS) 2009/10 £ | BASE PROPOSAL (NON-MEMBERS) 2010/11 £ | ADDITIONAL INCREASE PROPOSALS (NON-MEMBERS) 2010/11 £ |
|---|---|--|--|
| TICKETS | | | |
| Adult | 5.00 | | |
| Child | 0.00 | | |
| Priority | n/a | | |
| Student | 4.00 | | |
| Senior | 4.00 | | |
| Educational Group | 0.00 | | |
| Adult Group (10+) | 3.60 | | |
| Child Group (10+) | 0.00 | | |
| PASSPORTS (Membership) | | | |
| Adult | 8.00 | | |
| Senior | 8.00 | | |
| Child | 0.00 | | |
| ROOM HIRE | | | |
| Conference Centre (Free for Visiting Schools) | 0.00 | | |
| Per Hour | 16.00 | | |
| Per Half Day | 50.00 | | |
| Full Day | 90.00 | | |
| LIBRARY (Free for Research) | | | |
| Hourly | 11.00 | | |
| DARKROOM | 12.00 | | |
| HARBOUR GALLERY (Per Hour - Subject to Availability) | 40.00 | | |

PLAN PRINTING

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| | £ | £ |
| Copy OS Sheet extracts (x8) | 0.00 | 0.00 |
| Detailed file histories, planning, blg regs., env. Health (domestic) | 0.00 | 0.00 |
| Detailed file histories, planning, blg regs., env. Health (business) | 0.00 | 0.00 |
| Copy approval notices, completion notices, and statutory notices | 0.00 | 0.00 |
| Copy planning applications - to interested parties not directly consulted | 0.00 | 0.00 |

BUILDING CONTROL

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 (STATUTORY SET FEES) | CURRENT FEES | BASE PROPOSAL |
|--|--------------|---------------|
| | 2009/10 | 2010/11 |
| please see attached Appendix | £ | £ |

DEVELOPMENT CONTROL

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 (STATUTORY SET FEES) | CURRENT FEES | BASE PROPOSAL |
|--|--------------|---------------|
| | 2009/10 | 2010/11 |
| | £ | £ |

HOMELESSNESS

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|--|--------------|---------------|
| | 2009/10 | 2010/11 |
| | £ | £ |
| Homelessness All Room Sizes (per night) | 12.60 | |

CREMATORIUM

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|--|--------------|---------------|
| | 2009/10 | 2010/11 |
| | £ | £ |
| PART 1: CREMATION FEES | | |
| Stillborn or Child up to 1-month | 0.00 | |
| Child 1-month to 12 Years | 150.00 | |
| Person over 12 Years: Resident | 486.00 | |
| Person over 12 Years: Non Resident | 551.00 | |
| Medical Referee's Fees Mon-Fri | 25.00 | |
| Sat, Sun & Public Hols | 25.00 | |
| Cameo Tax | 40.00 | |
| PART 2: OPTIONAL CHARGES | | |
| Certificate of Cremation | 25.00 | |
| Postage of Remains (UK Only) | 40.00 | |
| Strewing of Remains (From Other Crematoria) | 40.00 | |
| Strewing of Remains (From those returned) | 20.00 | |
| Use of Chapel of Rest (24hrs or part) | 42.00 | |
| URNS & CASKETS | | |
| Metal Urn | 23.00 | |
| Wooden Casket | 35.00 | |
| Plastic Urn | 9.00 | |
| Bio-Degradable Urns | 9.00 | |
| BOOK OF REMEMBRANCE INSCRIPTION CHARGES (Incl. VAT) | | |
| <i>Book of Remembrance:</i> | | |
| 2-Line Entry | 53.00 | |
| 5-Line Entry | 77.00 | |
| 8-Line Entry | 110.00 | |
| <i>Miniature Books:</i> | | |
| 2-Line Entry | 57.00 | |
| 5-Line Entry | 65.00 | |
| 8-Line Entry | 77.00 | |
| <i>Memorial Cards:</i> | | |
| <i>Coloured:</i> | | |
| 2-Line Entry | 27.00 | |
| 5-Line Entry | 35.00 | |
| 8-Line Entry | 47.00 | |
| <i>White:</i> | | |
| 2-Line Entry | 25.00 | |
| 5-Line Entry | 29.00 | |
| 8-Line Entry | 41.00 | |
| Floral Emblem, Badge or Motif | 55.00 | |
| Coat of Arms | 85.00 | |

CEMETERY

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| PART 1: INTERNMENT FEES | | |
| Stillborn or Child up to 1-month | 0.00 | |
| Child 1-Month up to 16 Years | 170.00 | |
| Person 17 Years and over | 465.00 | |
| Internment in a Vault | 550.00 | |
| Cremated Remains | 135.00 | |
| Strewing of Cremated Remains | 40.00 | |
| Additional charge for non-resident of Copeland Borough (Applicable to [3] & [4] above) | 255.00 | |
| PART 2: EXCLUSIVE RIGHTS OF BURIAL | | |
| In a grave adjoining main paths (all areas of Copeland) | 355.00 | |
| Other Graves | 425.00 | |
| Cremated Remains | 125.00 | |
| PART 3: MEMORIALS & INSCRIPTIONS | | |
| Flat Stone not exceeding 600mm x 600mm | 40.00 | |
| Flat Stone between 600mm x 600mm and 1000mmx1000mm | 49.00 | |
| Flat Stone exceeding 1000mm x 1000mm | 77.00 | |
| Head Stone not exceeding 1.5m in height | 89.00 | |
| Vase not exceeding 600mm in height | 23.00 | |
| Additional Inscription | 29.00 | |
| PART 4: MISCELLANEOUS FEES | | |
| Exhumation (Not including Labour) | 950.00 | |
| Transfer of Exclusive Rights | 45.00 | |
| Certified copy of Register Entry | 45.00 | |
| Family Tree search Fee | 85.00 | |

TRINITY GARDENS

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---------------------------------|--------------|---------------|
| | 2009/10 | 2010/11 |
| Strewing | 40.00 | |
| Charge per Plaque | 40.00 | |
| Inscription per Letter/Number | 5.50 | |
| Garden Grave (Platinum Service) | 300.00 | |
| Garden Grave (Diamond Service) | 250.00 | |

MARKETS

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| WHITEHAVEN | | |
| <i>Summer:</i> | | |
| Regular | 15.00 | |
| Casual | 22.50 | |
| <i>Winter:</i> | | |
| Regular | 15.00 | |
| Casual | 22.50 | |
| EGREMONT | | |
| <i>Summer:</i> | | |
| Regular | 15.00 | |
| Casual | 22.50 | |
| <i>Winter:</i> | | |
| Regular | 15.00 | |
| Casual | 22.50 | |
| CLEATOR MOOR (Subject to ongoing review) | | |
| <i>Summer:</i> | | |
| Regular | 9.00 | |
| Casual | 10.00 | |
| <i>Winter:</i> | | |
| Regular | 9.00 | |
| Casual | 10.00 | |

PEST CONTROL

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|--------------------------------------|--------------|---------------|
| | 2009/10 | 2009/10 |
| Wasps (Domestic Full Rate) | 35.00 | |
| Wasps (Domestic Concessionary) | 20.00 | |
| Wasps (Commercial Contract) | 60.00 | |
| Wasps (Commercial One-off) | 70.00 | |
| Rats (Domestic Full Rate) | 0.00 | |
| Rats (Domestic Concessionary) | 0.00 | |
| Rats (Commercial Contract) | 60.00 | |
| Rats (Commercial One-off) | 70.00 | |
| Mice (Domestic Full Rate) | 35.00 | |
| Mice (Domestic Concessionary) | 0.00 | |
| Mice (Commercial Contract) | 60.00 | |
| Mice (Commercial One-off) | 70.00 | |
| Bedbugs (Domestic Full Rate) | 35.00 | |
| Bedbugs (Domestic Concessionary) | 0.00 | |
| Bedbugs (Commercial Contract) | 60.00 | |
| Bedbugs (Commercial One-off) | 70.00 | |
| Cockroaches (Domestic Full Rate) | 35.00 | |
| Cockroaches (Domestic Concessionary) | 0.00 | |
| Cockroaches (Commercial Contract) | 60.00 | |
| Cockroaches (Commercial One-off) | 70.00 | |
| Fleas (Domestic Full Rate) | 35.00 | |
| Fleas (Domestic Concessionary) | 25.00 | |
| Fleas (Commercial Contract) | 60.00 | |
| Fleas (Commercial One-off) | 70.00 | |
| Ants (Domestic Full Rate) | 35.00 | |
| Ants (Domestic Concessionary) | 25.00 | |
| Ants (Commercial Contract) | 60.00 | |
| Ants (Commercial One-off) | 70.00 | |

OUTDOOR FACILITIES

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---------------------------------|--------------|---------------|
| | 2009/10 | 2010/11 |
| PLAYING PITCHES | | |
| Per Season | 405.00 | |
| Per Match | 50.00 | |
| MILLOM PARK | | |
| Bowling Green: | | |
| Season Ticket Snr | 0.00 | |
| Season Ticket Jnr/OAP | 0.00 | |
| Green Fees Snr | 0.00 | |
| Green Fees Jnr/OAP | 0.00 | |
| Millom Tennis | | |
| Season Ticket Snr | 0.00 | |
| Season Ticket Jnr/OAP | 0.00 | |
| Court 45 Mins) Snr | 0.00 | |
| Court 45 Mins) Jnr/OAP | 0.00 | |
| Hire of Racket | 0.00 | |
| Hire of Balls | 0.00 | |
| Millom Tennis | | |
| Seniors | 0.00 | |
| Juniors/OAP | 0.00 | |

CAR PARKS

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|--|--------------|---------------|
| | 2009/10 | 2010/11 |
| CHAPEL STREET EGREMONT | | |
| Up to 1 hr | 0.50 | |
| Up to 2 hrs | 0.75 | |
| Up to 3 hrs | 0.95 | |
| Up to 4 hrs | 1.25 | |
| Over 4 hrs | 2.05 | |
| Monthly Car Passes (25 bays only) | 33.00 | |
| SCHOOLHOUSE LANE WHITEHAVEN | | |
| Up to 1 hr | 1.05 | |
| Up to 2 hrs | 1.45 | |
| Up to 3 hrs | 1.90 | |
| Up to 4 hrs | | |
| Over 4 hrs | | |
| Overnight parking (maximum stay 3hrs) | 3.35 | |
| SENHOUSE STREET WHITEHAVEN | | |
| Up to 1 hr | 1.05 | |
| Up to 2 hrs | 1.40 | |
| Up to 3 hrs | 2.05 | |
| Up to 4 hrs | 2.60 | |
| Overnight parking (maximum stay 4hrs) | 3.35 | |
| ST BEES FORESHORE | | |
| Up to 1 hr | 0.80 | |
| Up to 2 hrs | 1.20 | |
| Up to 3 hrs | 1.70 | |
| Up to 4 hrs | 2.30 | |
| Up to 5 hrs | 2.90 | |
| Over 5 hrs | 3.30 | |
| 7 Day Permit | 7.55 | |
| THE COPELAND CENTRE WHITEHAVEN | | |
| Up to 1 hr | 1.05 | |
| Up to 2 hrs | 1.45 | |
| Up to 3 hrs | 2.05 | |
| Up to 4 hrs | 2.50 | |
| Over 4 hours | 3.35 | |
| Overnight parking (Charges apply Saturday and Sunday only) | | |

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| SPORTS CENTRE WHITEHAVEN | | |
| Up to 1 hr | 1.05 | |
| Up to 2 hrs | 1.45 | |
| Up to 3 hrs | 1.95 | |
| Up to 4 hrs | 2.50 | |
| Over 4 hrs | 3.40 | |
| Overnight parking | 3.35 | |
| Season Tickets per month (59bays only) | 55.00 | |
| BECK GREEN EGREMONT | | |
| Up to 1 hr | 0.50 | |
| Up to 2 hrs | 0.75 | |
| Up to 4 hrs / 3 hrs | 0.95 | |
| Upto 6 hrs / 4 hrs | 1.25 | |
| Over 6 hrs / 4 hrs | 2.05 | |
| BEACON WHITEHAVEN | | |
| Up to 1 hour | 1.05 | |
| Up to 2 hrs | 1.30 | |
| Up to 3 hrs | 1.95 | |
| Up to 4 hrs | 2.50 | |
| Over 4 hrs | 3.35 | |
| Overnight parking | 3.35 | |
| NORTH SHORE, WHITEHAVEN | | |
| Up to 1 hour | 1.05 | |
| Up to 2 hrs | 1.30 | |
| Up to 3 hrs | 1.95 | |
| Up to 4 hrs | 2.50 | |
| Over 4 hrs | 3.35 | |
| Overnight parking | 3.35 | |
| Monthly car park pass (10 bays only) | | |
| SOUTH SHORE, WHITEHAVEN (CAR PARK) | | |
| Up to 1 hour | 1.05 | |
| Up to 2 hrs | 1.45 | |
| Up to 3 hrs | 1.95 | |
| Up to 4 hrs | 2.50 | |
| Over 4 hours | 3.35 | |
| Overnight parking | 3.35 | |
| Monthly car park pass(5 bays only) | 55.00 | |
| SOUTH SHORE, WHITEHAVEN (BUS BAYS) | | |
| Up to 4 hrs | 50.00 | |
| Over 4 hrs | 15.00 | |
| Overnight parking | 3.35 | |

FOOD HYGIENE

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|--|---|---------------|
| | 2009/10 | 2010/11 |
| EXPORT CERTIFICATES | 30 | |
| FOOD HYGIENE COURSE Foundation | 37 | |
| Sampling Costs (Administration & Travelling) (Per Supply) (STATUTORY) | No change - rate set in Private Water Supplies Regulations 1991. Note - Private Water Regulations are due for amendment no details are available to date (29.1.09) | |

HEALTH & SAFETY

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| Training Course (Basic H&S) | 37.00 | |
| Skin Piercing Registration | 88.00 | |
| Transfer of Registration (For Premises or Individual) | 88.00 | |

ENVIRONMENTAL PROTECTION

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 (STATUTORY SET FEES - Announced by DEFRA) | CURRENT FEES | BASE PROPOSAL |
|---|-------------------------------------|---------------|
| | 2009/10 | 2010/11 |
| Application for authorisation in accordance with the Environmental Protection Act 1990, Part I, Part B processes | s for 09/10 not confirmed (28.1.09) | |
| Except for small waste oil burners <0.4 MWTh | Statutory - as above | |
| Unloading of petrol into storage tanks at a service station | Statutory - as above | |
| Substantial changes to an Authorisation | Statutory - as above | |
| Except for small waste oil burners <0.4MWTh | Statutory - as above | |
| Unloading of Petrol into storage tanks at a service station | Statutory - as above | |
| Change to implement an upgrading plan | Statutory - as above | |
| Annual subsistence Charge | Statutory - as above | |
| Standard Charge where paid quarterly | Statutory - as above | |
| Except for Small Waste oil burners <0.4MWTh | Statutory - as above | |
| Unloading of Petrol into storage tanks at a service station | Statutory - as above | |
| Odourising of Natural Gas | Statutory - as above | |
| Pet Shops | 66.00 | |
| Dangerous Wild Animals | 153.00 | |
| Riding Establishments | 168.00 | |
| Animal Boarding Establishments | 122.00 | |
| Dog Breeding | 58.00 | |
| Zoo Licence (Exclusive of Veterinary Fees the Full cost of which is added) | 153.00 | |

WASTE MANAGEMENT

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---|--------------|---------------|
| | 2009/10 | 2010/11 |
| | £ | £ |
| Commercial Collections | | |
| 240 Litre Container | 5.00 | |
| 360 Litre Container | 6.50 | |
| 660 Litre Container | 11.00 | |
| 1100 Litre Container | 17.00 | |
| Trade Sacks (Per 50) | 130.00 | |
| Annual Waste Transfer Note | 15.00 | |
| OTHER CHARGEABLE COLLECTIONS | | |
| Household waste for which a charge for collection can be made | | |
| 240 Litre Container | 3.00 | |
| 360 Litre Container | 4.00 | |
| 660 Litre Container | 6.00 | |
| 1100 Litre Container | 9.00 | |
| Orange sacks | | |
| Bulk Collections | 0.00 | |
| Domestic Bins | n/a | |
| Domestic Wheeled Bins (240L) | 30.00 | |
| Collection Rate per hour for larger jobs to be based on time taken to collect (minimum charge) | | |
| First Hour Rate | 70.00 | |
| Second & Subsequent Hours | 60.00 | |
| Half Hour Rate | 35.00 | |
| Building Cleaning Hourly Rate (Std Mon-Fri) | 12.50 | |

LAND CHARGES

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---------------------------------|--------------|---------------|
| | 2009/10 | 2010/11 |
| Search Fees | 111.00 | |
| Personal Search (Statutory) | Actual cost | |

LICENSING

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---------------------------------|--------------|---------------|
| | 2009/10 | 2010/11 |
| Hackney Carriage Vehicle | 104.96 | |
| Hackney Carriage Driver | 62.00 | |
| Private Hire Vehicle | 102.61 | |
| Private Hire Driver | 62.00 | |
| Private Hire Operator | 120.00 | |

HOUSING BENEFITS

2009/10 BASE BUDGET INCOME

PROPOSED 2010/11 BASE BUDGET INCOME

| PROPOSED FEES & CHARGES 2010/11 | CURRENT FEES | BASE PROPOSAL |
|---------------------------------|--------------|---------------|
| | 2009/10 | 2010/11 |
| COURT COSTS | £ | £ |
| Summons costs | 55.00 | |

COPELAND BOROUGH COUNCIL
2010/11 BUDGET
CAPITAL BID FORM -

Manager:

Designation:

Project Title

Location

Project Appraisal Outline

Strategic Objective:

Supports one or more of the 6 corporate priorities

Supports Corporate Improvement Plan

Financial and Human Resource Implications

Project and risk management

Scheme Details:

Background (why?)

Description (how to be undertaken?)

Implications of not undertaking the scheme (with evidence)

Key Objectives

Financial Implications of Project

| | 2010/11 £ | 2011/12 £ | 2012/13 £ | Total £ |
|---|--------------|--------------|--------------|------------|
| TOTAL Project Cost | | | | 0 |
| Financing: | | | | |
| CBC Capital | | | | 0 |
| External (name where from): | | | | |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| Revenue Implications (ensure revenue bid is submitted separately) | | | | |

Projected Detailed Total Expenditure by Quarter - for 2010/11 only at this stage

| Item/Type of Expenditure (e.g. Land acquisition, legal fees, project management costs, software licence etc) | Projected Total Expenditure by 30th June 2010 £ | Projected Total Expenditure by 30th Sept 2010 £ | Projected Total Expenditure by 31st Dec 2010 £ | Projected Total Expenditure by 31st March 2011 £ | Total £ |
|--|--|--|---|---|------------|
| a. | | | | | 0 |
| b. | | | | | 0 |
| c. | | | | | 0 |
| d. | | | | | 0 |
| e. | | | | | 0 |
| | 0 | 0 | 0 | 0 | 0 |

Signature:

Date:

COPELAND BOROUGH COUNCIL 2010/11 BUDGET GUIDANCE FOR BUDGET BUILD (CAPITAL ONLY)

1 Introduction

Budget Managers and Holders will be required to complete the official capital pro-forma for consideration in the capital programme for 2010/11.

The capital pro-forma will be forwarded electronically to Budget Managers by e-mail for completion purposes

A separate form must be completed for each bid..

Full instructions and training will be given prior to input.

2 Existing Capital Schemes

You will need to complete a pro-forma for schemes that have previously been approved, clearly marking as "existing scheme" and include programmed expenditure as per your original submission.

This is to ensure we minimise the risk of omitting any current schemes.

**THIS IS NOT THE CARRY FORWARD BUT PLANNED CAPITAL
EXPENDITURE AS PER THE PREVIOUSLY APPROVED BIDS FROM
PREVIOUS YEARS**

3 New Capital Schemes

You must complete all sections on the pro-forma.

The pro-forma must be signed and dated and returned electronically to Ann Treble, Capital Accountant.

Contacts:

If you require assistance, guidance or advice when building your budgets, please contact the following:

Ann Treble atreble@copeland.gov.uk

598458

Budget Build 2010/11

Presentation notes

The Finance department have an updated budget model on Total Finance for the 2010/11 budget build.

The model loosely follows the one used in 2009/10 and as such the training given will be a refresher for those budget holders who used the model last year.

Accessing the Budget Build

To access the budget model, you need to have the latest version of Total Finance on your PC. The link for this installation was emailed out on the 14th August 2009. This should install version 9.1.200.4 on to your PC. If you have not yet installed this version, please let me know and I'll install the software for you. Also, if you need your log on details reset, just let me know.

Once you have logged on to Total Finance, you click on to the Budget Modelling link just under the tool bar at the top of the screen.

From there, click on the Budget Build 2010/11 Modelling tab. You can then click on 'Maintain - Budget Build 2010/11'.

Once you click on the tab, a pop up box will be shown asking which department / cost centre etc you'd like to view. If you leave the boxes blank, you'll be able to see all budgets which fall under your departments. Access is restricted to your system settings on Total.

The Budget Model

The budget build is essentially a set out in a similar manner to a spreadsheet. With your cost centres and detail codes listed down the left hand side and the amendment columns shown from left to right.

When entering figures for the 2010/11 budget, please do so on the 2009/10 Forecast. If you want to enter any figures for consecutive years, please do so on the following tabs e.g. any changes to be made for the 2011/12 budget are made on the 2010/11 Forecast.

To enter an amount, simply click on the cell and type in a figure. This will then feed through the sub-totals etc and total itself up at the bottom of the page.

When you change a figure, the cell shows a red tab in the corner. When hovering over the cell with the mouse, it shows who changed the figure, when and what it has been changed to and from.

You can also attach notes and documents to the cells. To do this click on the cell you want to attach the notes too, and then click on the notepad at the top of the page.

Please ensure you click on the disc to save any notes! You can then press escape to return to the model.

Once you have made your changes, click on the Orange tick box in the top/middle of the page. This will save any changes.

If you have any queries, please contact either myself or one of the Accountancy team.

COPELAND BOROUGH COUNCIL

2010/11 TO 2012/13 BUDGET

INFORMATION PACK

RETURN SLIP

I _____ (name), _____ (designation)

have received and read the 2010/11 to 2012/13 Budget Information Pack.

Signed: _____

Date: _____

(copy to be retained)

COPELAND BOROUGH COUNCIL

2010/11 TO 2012/13 BUDGET

INFORMATION PACK

RETURN SLIP

I _____ (name), _____ (designation)

have received and read the 2010/11 to 2012/13 Budget Information Pack.

Signed: _____

Date: _____

(return fao Paul Robson, Accountancy Services)

Appendix B – RPWG 1st October 2009**RPWG – BUDGET PRESENTATIONS (19 NOVEMBER 2009)**

Service Area –

Head of Service –

Budget Manager(s) -

Budget Summary –

| | 2009/10 Base Budget (£) | 2010/11 Proposal (£) | Changes (£) |
|--------------------------------------|----------------------------|-------------------------|----------------|
| Budget Line – Service | | | |
| Budget Line – Service | | | |
| Budget Line – Service | | | |
| | | | |
| Total Finance and MIS Revenue Budget | | | |

NB - all budgets are taken from Budget Build and assume 1% pay rise on pre - JE rates

1. **Main Reasons for Changes between the two years**2. **Key Budget Assumptions**3. **Proposed Key Objectives of the Service**

4. **Summary of Savings Identified in the Proposal – and Implications**
(refer to Savings Templates where necessary – as these contain much more detail)

Cash:

Efficiencies:

5. Summary of Bids for Growth (new areas of spend) And Policy Implications
(refer to Pressures Templates where necessary – as these contain much more detail)

6. Budget considerations 2011/12 onwards

Are there any longer term pressures?

What would the impact be if the net budget was reduced by 10% in 2011/12? How might this be accommodated ? (this is for further development later in budget process – but some early thinking at this stage is necessary).

7. Pricing Strategy (if applicable)

8. Linkages to Capital Programme (if applicable)

9. Other Considerations

- **Transformation Agenda – Options for longer term savings**

Could the service be delivered in a different way?

How could improved processes, use of technology and / or shared services help make this service more efficient?

- **Linkages to Other Corporate Priorities?**

- **Outstanding Commitments and links to previous Council decisions satisfied?**

RESOURCE PLANNING WORKING GROUP
29TH October 2009

ITEM NO _____

PORTFOLIO HOLDER:
LEAD OFFICER:
REPORT AUTHOR:

Cllr E Woodburn
Liam Murphy, Chief Executive
Julie Crellin, Head of Finance and MIS

**THREE YEAR (HIGH LEVEL) MEDIUM TERM REVENUE
 BUDGET (2010/11 TO 2012/13)**

Summary:

This report provides Members with an initial (high level) Medium Term Revenue Budget for the three years from 2010/11 to 2012/13 before the return of information from Service Managers in respect of budget pressures and savings which will be presented at the meeting of 19th November.

The paper assumes 2010/11 general grant funding is consistent with current comprehensive spending review indications and, in 2011/12 and 2012/13, poses scenarios of reductions in general grant funding from 10% to 20%, resulting in a minimum revenue funding gap of between £294k in 2010/11, rising to a potential gap of £3.317 million in 2012/13. This sets the context for future service planning and budget preparation.

Recommendations:

Members are asked to:-

1. Note this report and the high level assumptions underpinning it.
2. Note the potential revenue funding gap for the 3 year period from 2010/11 to 2012/13 before consideration of service pressures and options for savings from service planning.

1. INTRODUCTION

- 1.1. The purpose of the report is to set the context in which the Heads of Service will be presenting their detailed budgets at the next meeting of RPWG. It sets out, at a high level, the continuation budget for 2009/10 and, building on the assumptions agreed at the meeting of 1st October 2009, the 'standstill' budgets for the period from 2010/11 to 2012/13.

- 1.2. The Three Year Medium Term Revenue Budget presented in Appendix A is for planning purposes. In exploring the impact of 10% and 20% reductions in general grant funding (mindful of the expected budget reductions in the next round of Comprehensive Spending Review (2010)), it puts into context for Copeland, the potentially significant impact of the reductions in government funding recently predicted in Local Government Press. The Local Government Chronicle's recent survey of Local Authority Chief Executives shows that over 97% are beginning to prepare for large reductions in government grants in the medium term. One in three are planning for reductions of 10% - 15% and more than one third, for 15% - 20% reductions.
- 1.3. The key message for 2010/11 is based on a standstill budget i.e. before identification of any service related pressures or savings, there is a need to find minimum savings of £294k in 2010/11 to balance the revenue budget.
- 1.4. The stark message, however, relates to the uncertainty in relation to government grant support beyond 2010/11. The projections are based on a range of assumptions, and Copeland is no different to other Local Authorities who will have to set a balanced budget for next year, mindful of the uncertainties in future years.
- 1.5. The scenario planning indicates a possible revenue budget gap of between £1,464k and £3,088k in 2011/12 and savings of between £1,686k and £3,317k in 2012/13, depending on the funding scenarios and before consideration of service planning requirements.
- 1.6. At this stage, the Medium Term Revenue Budget does not take into account savings and pressures from Heads of Service and Budget Managers. These will be added to this high level budget during the next phase of the process. The indicative use of Earmarked Reserves agreed by Council in February is attached as Appendix B, as is the risk based reserve. Both will be revisited after the November meetings. Members will note the projected position at 31st March 2012 for earmarked reserves was £2.401million.

2. DETAIL

- 2.1. Members will recall, at the RPWG meeting of 1st October 2009, the Head of Finance and MIS asked Members to agree the assumptions to be factored into an updated medium term revenue budget to be presented at this meeting. The agreed assumptions are set out in paragraphs 2.3 and 2.4 below and are reflected in the high level budget spreadsheet in Appendix A of this report.

- 2.2. The 2009/10 net budget agreed by Council (to be funded by general grant and Council tax) was £12.345million. At this point, the PFI grant was classified as a service specific grant, however, finalisation of the 2006/07 and 2007/08 accounts in March resulted in the re-classification of this grant, on the advice of the Audit Commission. The PFI grant of £847k is a general grant and the base budget 2009/10 has been amended accordingly, increasing the net budget (to be funded by general grant and Council Tax) to £13.182 million.
- 2.3. Pay inflation rates are assumed to be 1% for 2010/11, and 1.5% for 2011/12 and 2012/13. Non-pay inflation as 1% for 2010/11, 1.5% for 2011/12 and 2% for 2012/13.
- 2.4. In line with the indication from the Society of County Treasurers to expect a request from Central Government of keep Council Tax increases wherever possible to 2% or lower, Council Tax increases have been assumed to be 2% for the 3 years from 2010/11 to 2012/13.
- 2.5. Where indicative allocations of general grant funding have been provided by central government, these have been factored in, e.g. the cessation after 2010/11 of the Safer and Stronger Communities Grant element of the Area Based Grant. It has been assumed service specific grants will remain at 2009/10 levels and the Revenue Support Grant will increase by 0.5% annually.
- 2.6. Taking these assumptions into account, the standstill (before pressures and savings) high-level budget for 2010/11 shows a funding gap of £294k.
- 2.7. By 2011/12, assuming general grant funding remains in line with 2007 Comprehensive Spending review allocations, this gap increases to £1,464k. This assumes the Area Based Grant ceases to continue beyond next year. If, however, a 10% reduction in **general grants** funding is applied, the gap increases to £2,276k. A 20% reduction would take the gap to £3,088k.
- 2.8. By 2012/13, the standstill funding gap widens to £1,686k and a 10% reduction in general grant funding would result in a gap of £2,502k, rising to £3,317k if the reduction was 20%.
- 2.9. In terms of a way forward, the scenario planning presented here re-emphasises the conclusion of RPWG at its meeting in July that the Council's development of its priorities will be critical if it is to set a sustainable budget in the medium term. Choosing to Change provides a mechanism to determine the Council's Vision and underlying principles and objectives.
- 2.10. Benchmarking analysis of costs including the 'cost of being' will inform this process. The SIMALTO budget consultation process to be undertaken in November with our public presents us with an opportunity

to inform the public (again) of the national funding picture and from the analysis, to be received at the meeting of 10th December, an assessment of the public's preferences in the face of budget reductions.

Appendices

Appendix A – High Level Medium Term Revenue Budget (2010/11 – 2012/13)

Appendix B - Summary of Movement on Reserves (Council Budget Paper – Feb 2009)

Julie Crellin
23rd October 2009

APPENDIX A - HIGH LEVEL MEDIUM TERM REVENUE BUDGET (2010 /11 to 2012/13)

| | 2010/11 | | | | 2011/12 | | | |
|------------------------------------|----------------------------------|-----------------------------------|--|---------------------------------------|-------------------------------|-------------------------------------|--|-------------------------------|
| | 09/10 Base Budget £'000 | Adj. To base 09/10 £'000 | Base Budget for planning purposes £'000 | Inflation: Pay 1% Non-pay £'000 | Salary Increments £'000 | Council tax increase 2% £'000 | RSG inc.at 0.5% & ABG decrease. £'000 | Standstill Budget £'000 |
| Expenditure | | | | | | | | |
| Salaries | 9,573 | (80) | 9,493 | 95 | 40 | | | 9,812 |
| Non-salaries | 31,023 | 2,833 | 33,856 | 100 | | | | 34,058 |
| Gross Expenditure | 40,596 | 2,753 | 43,349 | 195 | 40 | | | 43,870 |
| Income | | | | | | | | |
| Other | (436) | | (436) | | | | | |
| Fees and Charges | (5,458) | | (5,458) | | | | | |
| Investments | (545) | | (545) | | | | | |
| Service Specific Grants | (20,975) | (2,810) | (23,785) | | | | | |
| Gross Income | (27,414) | (2,810) | (30,224) | | | | | |
| Total Net Expenditure | 13,182 | (57) | 13,125 | 195 | 40 | | | |
| Funded By: | | | | | | | | |
| Council Tax | (3,906) | | (3,906) | | | | | |
| Collection Fund deficit | 6 | | 6 | | | | | |
| General Government Grants: | | | | | | | | |
| Revenue Support Grant | | | | | | (78) | | |
| Area Based Grant | (7,186) | | (7,186) | | | | | |
| Safer & Stronger Communities Grant | (1,000) | (23) | (1,023) | | | | (36) | |
| PFI Grant | (258) | | (258) | | | | 1,000 | |
| | (837) | | (837) | | | | | |
| | (13,182) | (23) | (13,205) | | | (78) | 222 | |
| Minimum Revenue Funding Gap | | | | | | | | |
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(detailed analysis - A Clark, Deputy s.151 Officer)

RPWG - 29TH OCTOBER 2009
APPENDIX A - HIGH LEVEL MEDI

| 2012/13 | | | | | |
|--|---------------------------------------|-------------------------------|-------------------------------------|---|-------------------------------|
| | Inflation: Pay 2% Non-pay £'000 | Salary increments £'000 | Council tax increase 2% £'000 | RSG inc.at 0.5% & ABG decrease £'000 | Standstill Budget £'000 |
| Expenditure | | | | | |
| Salaries | 196 | 40 | | | 10,049 |
| Non-salaries | 104 | | | | 34,161 |
| Gross Expenditure | 300 | 40 | | | 44,210 |
| Income | | | | | |
| Other | | | | | - |
| Fees and Charges | | | | | (436) |
| Investments | | | | | (5,458) |
| Service Specific Grants | | | | | (545) |
| Gross Income | | | | | (23,786) |
| | | | | | (30,224) |
| Total Net Expenditure | 300 | 40 | | | 13,986 |
| Funded By: | | | | | |
| Council Tax | | | (81) | | (4,145) |
| Collection Fund deficit | | | | | |
| General Government Grants: | | | | | |
| Revenue Support Grant | | | | (36) | (7,294) |
| Area Based Grant | | | | | (23) |
| Safer & Stronger Communities Grant | | | | | - |
| PFI Grant | | | | | (837) |
| | - | - | (81) | (36) | (12,299) |
| Minimum Revenue Funding Gap | | | | | 1,686 |
| Funding Gap Scenarios: | | | | | |
| 10% reduction in general grant funding | | | | | 2,502 |
| 20% reduction in general grant funding | | | | | 3,317 |

(detailed analysis - A Clark, Deputy s.151 C

12/2/2009

Copeland Budget Presentation

Julie Crellin (Head of Finance and MIS)

2nd December 2009



2 December 2009

09 12 01 Budget Presentation Members.ppt

1

Introduction

Purpose -

- Respond to a request from C2C for Members to better understand the budget.

Also offers opportunities:-

- Learning - provide an overview of Copeland's current budget and the challenges we are likely to face (understand the terminology)
- Dialogue between S151 Officer and the Elected Members – preparation for the Budget Council meeting in March
- Future - Identify future training needs



2 December 2009

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2

What do you mean by 'Budget'?

Assumption behind the presentation:-

- Focus on explaining (high level) the Current Year Budget 2009/10
- Why we prepare a budget and how
- What are the issues facing us as we consider 2010/11+ budget ?



2 December 2009

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3

Why Set a Budget?

- Determine resource requirements to deliver our service plans - £ expression
- 'One-off' exercise – but can be altered throughout the year (clearly recorded)
- Legal requirement ('balanced budget' set by 11/03)
- Required to set the Council Tax
- Also provide basis for bidding for funding

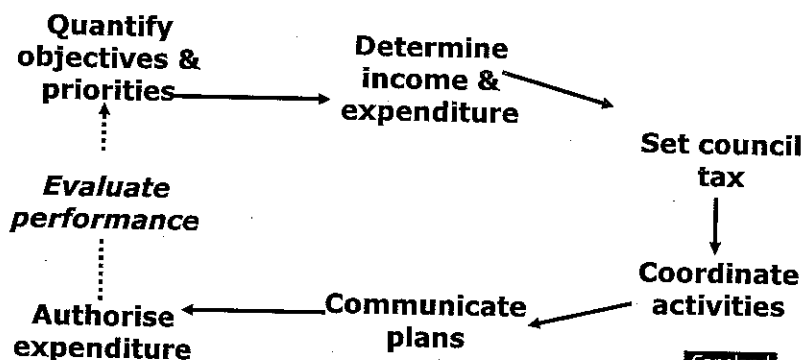


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4

Budget Setting



2 December 2009

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5

Typical Budget Timetable

- Sept – Confirm Outturn and General Fund Balances (Audit complete)
- Sept/Oct – Services prepare detailed budgets. Update Medium Term Financial Plan
- Nov/ Dec – Financial Settlements announced
- January – Further refinement (petitioning and lobbying)
- By 11 March – Council Tax level determined and balanced budget set



2 December 2009

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6

Budget Roles – Responsibilities

- Executive – propose the policy framework and budget to Full Council
- Full Council (all Members) – approve policy framework and budget within which Exec operates
- Audit Cttee - Approve and monitor compliance with the authority's framework of accountability and control including budgetary control
- Senior Mgmt – provide strategic direction for policy and services (including finance) link to Chief Finance Officer (dialogue and consultation)
- Section 151 Officer – Statutory responsibilities
- Managers – budget holders manage services within approved budgets



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Reminder- The Budget 2009/10

- Original Gross Revenue Budget - £42.345 million
- Original Net Budget of £14.094 million - £12.345 million supported by Council Tax, RSG and ABG and Earmarked Reserves of £1.749 million
- Current Gross Capital Budget of £7.847 million supported by external grants and capital receipts (£4.479k (57%) from external grants)
- Total turnover of Copeland is c. £50 million



2 December 2009

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8

Capital and Revenue Budgets

- Must identify capital and revenue budgets – funded differently
- Accounting requirements determine definition of capital expenditure – all else is revenue.
- Capital Expenditure stated in the SORP
- Annual Revenue Budget – short term financial planning (one year). Analysed by services – income and expenditure in producing service
- Capital Budget – long term financial planning tool set within context of Asset Management Plan – (land, buildings, equipment etc)



2 December 2009

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9

Capital vs Revenue Expenditure

Revenue

("running costs")

- Economic benefit of one year or less
- "Low" cost individually, high cost in total
- Examples
 - Salaries (£9.5mil of £42.3 million (22%) and £8.5 mil of £13.182 mil (64.5%))
 - Utilities (heat, light etc)
 - Contracts with suppliers
 - Equipment (below deminimis)

Capital

(creating & improving assets (not maintaining the value))

- Economic benefit of more than one year
- Generally large and expensive individually
- Examples
 - Procurement of land, buildings and major equipment
 - Professional fees for capital works



2 December 2009

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10

Sources of Funding (Revenue)

- Central Grants e.g. Formula Grant and area based grant (via LGF Settlement)
- Specific Grants from Government – e.g. Housing Benefit Subsidy, Planning Delivery Grant etc
- Businesses – Business Rates (NNDR) part of the pooled system via the Formula Grant
- Households – Council Tax
- Service Users – Fees and Charges
- Others – External Grant Funding
- Other – Reserves and Balances



2 December 2009

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11

Sources of Funding (Capital)

Internal (CBC supported by capital receipts)

- Capital Receipts from asset sales
- Contributions from Revenue

External

- Government Capital Grants
- (Prudential) Borrowing
- Leasing
- PFI
- Grants from Other Bodies – e.g. NWDA, EU etc



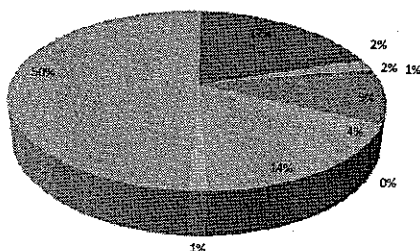
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12

Revenue Budget – Funding

Funding of 2009/10 Original Gross Budgeted Expenditure



- Revenue Support Grant (17%) (£7.186m)
- Area Based Grant - WNF (2%) (£1m)
- PFI Grant (2%) (£0.837m)
- Safer Stronger Communities Grant (1%) (£0.259m)
- District Council Tax Requirement (9%) (£3.906m)
- Collection Fund Deficit (0%) (£0.006m)
- Expenditure Funded From Reserves (4%) (£1.749m)
- Fees and Charges (13%) (£5.894m)
- Investments (1%) (£0.545m)
- Service Specific Grants (52%) (£20.5m)



2 December 2009

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13

Revenue Budget – Where it's spent

2009/10 Original Budget - Direct Gross Expenditure by Service

| | Gross Expenditure £000 | Gross % | Net Expenditure £000 |
|---|---------------------------|---------------|-------------------------|
| Housing Benefits and Council Tax Administration | 21,955 | 51.8% | 52 |
| Waste Management (including Environmental Cleansing) | 3,059 | 7.2% | 1,708 |
| Customer Services and Communications | 644 | 1.5% | 644 |
| Legal, Democratic, and Member Services | 1,176 | 2.8% | 938 |
| Corporate functions; Finance, IT, Policy and Performance, HR, Chief Executive, Communications | 2,046 | 4.8% | 2,040 |
| Exchequer (eg Treasury Management, Audit Fees, Payroll, and Insurances etc.) | 1,328 | 3.1% | 686 |
| Concessionary Travel | 744 | 1.8% | 531 |
| Training and Provision for Pay and Grading Review | 698 | 1.6% | 698 |
| Grants to Parishes and New Initiatives | 82 | 0.2% | 82 |
| Regeneration and Development (including Working Neighbourhoods, Economy & Tourism, Beacon and Nuclear Support) | 1,818 | 4.3% | 1,679 |
| Property Management | 2,813 | 6.6% | 1,222 |
| Planning and Building Control | 1,320 | 3.1% | 753 |
| Strategic Housing Services | 508 | 1.2% | 424 |
| Community Partnerships (incl LSP and PSD) | 310 | 0.7% | 0 |
| Leisure and Environmental Services (includes Parks and Open Spaces, Enforcement, Environmental Health, and Cultural Services including Arts and Sports Development) | 3,844 | 9.1% | 2,637 |
| Total Gross Expenditure | 42,345 | 100.0% | 14,094 |



2 December 2009

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14

Issues for the Budget Going Forward – National Context

- Public Expectation of Improved Council Services
- Disquiet over levels of Council Tax – expectation of <2% increases – 1% generates only £37k for CBC
- Changing demographics – aging population
- National Debt highest since 1974
- Increased emphasis on Efficiencies – 4%
- Election on the horizon
- Final Year of CSR 2009 (set out funding for 07/08, 08/09 and 09/10)
- Pre-Budget Statement on 9 December – give better picture (possibly)
- April 2009 statement – cuts to borrowing by 2014 £175 billion to £90 billion



2 December 2009

09 12 01 Budget Presentation Members.ppt

15

Issues for Budget Going Forward - Copeland

- Reduction in Service Specific or General Grants – 10% cut in general grant- around £800k. 20% reduction - £1.6 million (over 10% of net budget !)
- Little opportunity to raise Council Tax
- Pressures to fund are c. £600k e.g. statutory responsibilities in relation to Nuclear Power (presentation 14 Dec); Treasury Management % returns at historic low; potential reduction to service specific grants e.g. Concessionary Fares; inflation if/when economy picks up.
- Continue to generate capital receipts to fund capital programme – or borrow (and finance the borrowing!)



2 December 2009

09 12 01 Budget Presentation Members.ppt

16

Ways to Resolve Budget Issues?

- Work together to reduce costs or raise income
- Above all - clear prioritisation of budget linked to Corporate Plan and Vision (C2C)
- Statutory vs non-statutory services
- Reduce cost base – manage staffing and service implications
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12/2/2009

Copeland Budget Presentation

Julie Crellin (Head of Finance and MIS)

2nd December 2009



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Introduction

Purpose -

- Respond to a request from C2C for Members to better understand the budget.

Also offers opportunities:-

- Learning - provide an overview of Copeland's current budget and the challenges we are likely to face (understand the terminology)
- Dialogue between S151 Officer and the Elected Members – preparation for the Budget Council meeting in March
- Future - Identify future training needs



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What do you mean by 'Budget'?

Assumption behind the presentation:-

- Focus on explaining (high level) the Current Year Budget 2009/10
- Why we prepare a budget and how
- What are the issues facing us as we consider 2010/11+ budget ?



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Why Set a Budget?

- Determine resource requirements to deliver our service plans - £ expression
- 'One-off' exercise – but can be altered throughout the year (clearly recorded)
- Legal requirement ('balanced budget' set by 11/03)
- Required to set the Council Tax
- Also provide basis for bidding for funding

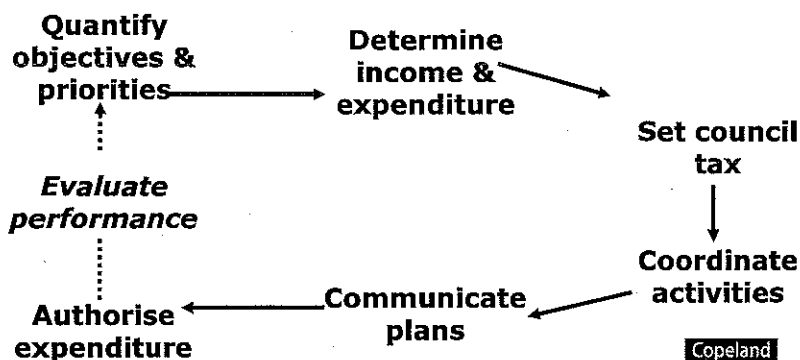


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Budget Setting



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Typical Budget Timetable

- Sept – Confirm Outturn and General Fund Balances (Audit complete)
- Sept/Oct – Services prepare detailed budgets. Update Medium Term Financial Plan
- Nov/ Dec – Financial Settlements announced
- January – Further refinement (petitioning and lobbying)
- By 11 March – Council Tax level determined and balanced budget set



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Budget Roles – Responsibilities

- Executive – propose the policy framework and budget to Full Council
- Full Council (all Members) – approve policy framework and budget within which Exec operates
- Audit Cttee – Approve and monitor compliance with the authority's framework of accountability and control including budgetary control
- Senior Mgmt – provide strategic direction for policy and services (including finance) link to Chief Finance Officer (dialogue and consultation)
- Section 151 Officer – Statutory responsibilities
- Managers – budget holders manage services within approved budgets



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Reminder- The Budget 2009/10

- Original Gross Revenue Budget - £42.345 million
- Original Net Budget of £14.094 million - £12.345 million supported by Council Tax, RSG and ABG and Earmarked Reserves of £1.749 million
- Current Gross Capital Budget of £7.847 million supported by external grants and capital receipts (£4.479k (57%) from external grants)
- Total turnover of Copeland is c. £50 million



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Capital and Revenue Budgets

- Must identify capital and revenue budgets – funded differently
- Accounting requirements determine definition of capital expenditure – all else is revenue.
- Capital Expenditure stated in the SORP
- Annual Revenue Budget – short term financial planning (one year). Analysed by services – income and expenditure in producing service
- Capital Budget – long term financial planning tool set within context of Asset Management Plan – (land, buildings, equipment etc)



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Capital vs Revenue Expenditure

Revenue

("running costs")

- Economic benefit of one year or less
- "Low" cost individually, high cost in total
- Examples
 - Salaries (£9.5mil of £42.3 million (22%) and £8.5 mil of £13.182 mil (64.5%))
 - Utilities (heat, light etc)
 - Contracts with suppliers
 - Equipment (below deminimis)

Capital

(creating & improving assets (not maintaining the value))

- Economic benefit of more than one year
- Generally large and expensive individually
- Examples
 - Procurement of land, buildings and major equipment
 - Professional fees for capital works



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Sources of Funding (Revenue)

- Central Grants e.g. Formula Grant and area based grant (via LGF Settlement)
- Specific Grants from Government – e.g. Housing Benefit Subsidy, Planning Delivery Grant etc
- Businesses – Business Rates (NNDR) part of the pooled system via the Formula Grant
- Households – Council Tax
- Service Users – Fees and Charges
- Others – External Grant Funding
- Other – Reserves and Balances



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Sources of Funding (Capital)

Internal (CBC supported by capital receipts)

- Capital Receipts from asset sales
- Contributions from Revenue

External

- Government Capital Grants
- (Prudential) Borrowing
- Leasing
- PFI
- Grants from Other Bodies – e.g. NWDA, EU etc



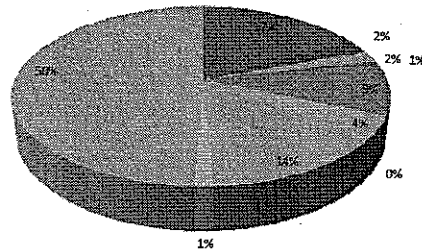
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Revenue Budget – Funding

Funding of 2009/10 Original Gross Budgeted Expenditure



- Revenue Support Grant (17%) (£7.186m)
- Area Based Grant - WNF (2%) (£1m)
- PFI Grant (2%) (£0.837m)
- Safer Stronger Communities Grant (1%) (£0.259)
- District Council Tax Requirement (9%) (£3.906m)
- Collection Fund Deficit (0%) (£0.006m)
- Expenditure Funded From Reserves (4%) (£1.749m)
- Fees and Charges (13%) (£5.894m)
- Investments (1%) (£0.545m)
- Service Specific Grants (52%) (£20.545m)



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Revenue Budget – Where it's spent

2009/10 Original Budget - Direct Gross Expenditure by Service

| | Gross Expenditure £000 | Gross % | Net Expenditure £000 |
|---|---------------------------|---------------|-------------------------|
| Housing Benefits and Council Tax Administration | 21,955 | 51.8% | 52 |
| Waste Management (including Environmental Cleansing) | 3,059 | 7.2% | 1,708 |
| Customer Services and Communications | 644 | 1.5% | 644 |
| Legal, Democratic, and Member Services | 1,176 | 2.8% | 938 |
| Corporate functions; Finance, IT, Policy and Performance, HR, Chief Executive, Communications | 2,046 | 4.8% | 2,040 |
| Exchequer (eg Treasury Management, Audit Fees, Payroll, and Insurances etc.) | 1,328 | 3.1% | 686 |
| Concessionary Travel | 744 | 1.8% | 531 |
| Training and Provision for Pay and Grading Review | 698 | 1.6% | 698 |
| Grants to Parishes and New Initiatives | 82 | 0.2% | 82 |
| Regeneration and Development (including Working Neighbourhoods, Economy & Tourism, Beacon and Nuclear Support) | 1,818 | 4.3% | 1,679 |
| Property Management | 2,813 | 6.6% | 1,222 |
| Planning and Building Control | 1,320 | 3.1% | 753 |
| Strategic Housing Services | 508 | 1.2% | 424 |
| Community Partnerships (incl LSP and PSD) | 310 | 0.7% | 0 |
| Leisure and Environmental Services (includes Parks and Open Spaces, Enforcement, Environmental Health, and Cultural Services including Arts and Sports Development) | 3,844 | 9.1% | 2,637 |
| Total Gross Expenditure | 42,345 | 100.0% | 14,094 |



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Issues for the Budget Going Forward – National Context

- Public Expectation of Improved Council Services
- Disquiet over levels of Council Tax – expectation of <2% increases – 1% generates only £37k for CBC
- Changing demographics – aging population
- National Debt highest since 1974
- Increased emphasis on Efficiencies – 4%
- Election on the horizon
- Final Year of CSR 2009 (set out funding for 07/08, 08/09 and 09/10)
- Pre-Budget Statement on 9 December – give better picture (possibly)
- April 2009 statement – cuts to borrowing by 2014 £175 billion to £90 billion



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Issues for Budget Going Forward - Copeland

- Reduction in Service Specific or General Grants – 10% cut in general grant- around £800k. 20% reduction - £1.6 million (over 10% of net budget !)
- Little opportunity to raise Council Tax
- Pressures to fund are c. £600k e.g. statutory responsibilities in relation to Nuclear Power (presentation 14 Dec); Treasury Management % returns at historic low; potential reduction to service specific grants e.g. Concessionary Fares; inflation if/when economy picks up.
- Continue to generate capital receipts to fund capital programme – or borrow (and finance the borrowing!)



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Ways to Resolve Budget Issues?

- Work together to reduce costs or raise income
- Above all - clear prioritisation of budget linked to Corporate Plan and Vision (C2C)
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