

Revenue 2010/11 Budget Proposal and Analysis

The Status of the Budget

- 1.1 This third draft of the budget presented to the Executive has been subject to further validation of revenue, capital bids and efficiency savings.
- 1.2 The final allocation of central Government Grant has been confirmed and has remained as per the three year settlement.
- 1.3 The amount available for distribution from the Collection Fund was prepared by the statutory deadline of 15th January 2010 has been confirmed that our share of the surplus equates to £84,447.
- 1.4 Since the last report on January 11th 2010 the Bank of England's has maintained interest rates at 0.5%.
- 1.5 Consumer Prices Index (CPI) annual inflation – the Government's target measure was 2.9 per cent in December, up from 1.9 per cent in November.
- 1.6 Overall the reversal of the VAT rate change back to 17.5% and the price of oil made the largest contribution to increase in the CPI annual rate.
- 1.7 The balanced budget has been achieved on the assumption that the pay award for 2010/11 is 0%. This is currently subject to a union ballot which closes on 1st February and a result is expected on 2nd February 2010.
- 1.8 The draft budget, in line with budget guidelines and has provided for all other expenditure and income inflation at 0% unless other contractual arrangements are in place.
- 1.9 The budget includes the additional costs associated with job evaluation which is due to be implemented in April 2010. This process has involved redesigning the pay structure from a spot structure to an incremental scheme. This process is again subject to a Union vote and as a result the additional costs related to this scheme have not yet been allocated by individual services (or staff) as indicative grades are not due for release until February 2nd 2010.
- 1.10 The Council has reviewed the composition of the Corporate Management Team and Extended Management Team. This has resulted in a restructure which will change the composition from 4 directorates and improvement to 2 directorates and a corporate centre. This has contributed to the savings in the 2010/11 revenue budget.
- 1.11 The budget has been based on the current structure so will need to be rebuilt based on the new structure. This will not have any impact on the budget requirement but will change presentation. The 2009/10 outturn will also need to be rebuilt reflecting the new structure so comparison can be made.
- 1.12 As a result of 1.9 and 1.10 the support costs of the Council have not yet been allocated against all services in the proposed new organisation structure. This has no impact on the budget requirement as it will only result in the re-

allocation of cost between directorates. The process for this exercise will be detailed in the budget book.

General Fund Revenue Budget

1.13 The General Fund Revenue budget is shown below in Table 1.

SERVICE EXPENDITURE - excluding support allocation	Outturn 2008/09	Budget 2009/10	Projection 2009/10	Budget Draft 1 2010/11	Budget Draft 2 2010/11	Budget Proposal 2010/11
Services Sub-Total	£23,450,526	£22,972,430	£22,571,539	£20,955,445	£20,520,532	£20,318,280
Capital Charges Reversed	-£2,504,576	-£2,491,010	-£2,491,010	-£2,491,010	-£2,491,010	-£2,850,060
Sub Total	£20,945,950	£20,481,420	£20,080,529	£18,464,435	£18,029,522	£17,468,220
(% decrease)		2%	2%	8%	11%	6%
Reserves & Provisions	£1,453,387	-£654,556	-£853,665	£811,615	£788,408	£1,084,909
Net Expenditure Services Funding	£22,399,337	£19,826,864	£19,226,864	£19,276,050	£18,817,930	£18,553,129
Investment Income	£5,977,100	£2,915,931	£2,315,931	£1,655,742	£1,582,662	£1,374,356
Government Grant	£10,359,016	£10,637,129	£10,637,129	£10,996,881	£10,905,340	£10,905,340
Collection Fund	£101,591	£108,313	£108,313	£108,313	£108,313	£84,477
Council Tax	£5,961,630	£6,165,491	£6,165,491	£6,165,491	£6,188,956	£6,188,956
	£22,399,337	£19,826,864	£19,226,864	£18,926,427	£18,785,271	£18,553,129
Potential Shortfall	£0	£0	£0	£349,623	£32,659	£0
COUNCIL TAX						
Relevant Tax Base	49,678	49,923	49,923	49,923	50,113	50,113
Council Tax Rate for Band "D"	£120.00	£123.50	£123.50	£123.50	£123.50	£123.50
Council Tax Collection	£5,961,630	£6,165,491	£6,165,491	£6,165,491	£6,188,956	£6,188,956

1.14 In order to balance the budget and secure the £32,659 further reductions in costs and increases in income were taken into account. The main driver for the reduction related to a further review of discretionary spend and this contributed £44,000.

1.15 The impact of job evaluation and the proposed pay structure has also been updated in this final draft.

1.16 The table below includes a walk from the 2009/10 budget to the proposed 2010/11 budget highlighting the main drivers of cost pressures, impact of service income and cost reductions.

Walk from 2009/10 Budget to Draft 2010/11 Budget	
2010/11	£18,553,129
2009/10	£19,826,864
NET REDUCTION	-£1,273,735
Cost Increases - main drivers	
Job Evaluation - impact	£538,000
Reduced Balances & Interest Rates	£1,541,575
Unavoidable Growth :	
Concessionary Fares	£150,000
SCM - Unitary Fee	£174,153
District Elections	£53,342
Inflation - Sports Centre Modernisation	£56,000
Cost Increase	£2,513,070
Increased Income - main drivers	
Increase in Revenue Support Grant	-£268,211
Additional Subsidy Income	-£147,000
Increased Income	-£415,211
Cost Reductions - main drivers (Analysed in Detail Below)	
£1m Action Plan (excluding non cashable pay award reduction)	-£793,111
VFM	-£650,000
FYE 2009/10	-£478,794
Efficiencies	-£834,271
Cost Reductions (See 1.13 Below for detailed analysis)	-£2,756,176
Budget Adjustments - main drivers	
Asbestos - use of reserves	-£73,440
Pension Compensation - reserve	-£138,000
Engineering Services S38 - reserve	-£94,000
Support Adjustment (Incorrect Support 08/09)	-£74,790
Use of LABGI reserve (Local Authority Business Growth Incentive)	-£35,000
08/09 Virement	-£132,000
Various	-£68,188
Budget Adjustment	-£615,418
NET REDUCTION (as above)	-£1,273,735

- 1.17 As detailed above the total value of reductions included in this budget now totals £2,756,176. These are detailed below and show the impact both by directorate and impact on services.

Review of Savings	2009/10 FYE Effects	VFM & MTFS Savings	£1m Action Plan	Efficiencies	Total	CSR	IMP	CEX	EAC	PHE	Total
DRAFT 1											
Training - reduction in staff (10%) - reduce training budget			£51,000		£51,000	£51,000					£51,000
Cleaning - reduce agency to formal external contract			£10,000		£10,000			£10,000			£10,000
Rev's & Bens - support reduction			£124,000		£124,000	£124,000					£124,000
ICT - arising from review of operations area			£50,000		£50,000	£50,000					£50,000
EAC - review of expenditure			£100,000		£100,000				£100,000		£100,000
Engineering / Bldg Control - service transfer to County			£50,000		£50,000					£50,000	£50,000
Planning Policy - Post Deletion			£50,000		£50,000					£50,000	£50,000
Legal -Retirements / 85 year rule			£75,000		£75,000	£75,000					£75,000
Centralised Corporate Recovery			£51,000		£51,000	£51,000					£51,000
Improvement end fixed term		£100,000			£100,000		£100,000				£100,000
VFM Housing - part of 3 yr plan		£200,000			£200,000					£200,000	£200,000
Revs and Bens		£250,000			£250,000	£250,000					£250,000
Property VFM		£100,000			£100,000			£100,000			£100,000
Multifunctional Devices - impact on printing	£35,000				£35,000	£35,000					£35,000
Job Evaluation (One off Expenses)	£150,000				£150,000			£150,000			£150,000
Finance - Restructure	£51,000				£51,000	£51,000					£51,000
Head of Business Services - Post Deletion	£70,466				£70,466	£70,466					£70,466
Full Year Effects - EAC budget reductions	£172,328				£172,328				£172,328		£172,328
PHE - Removal of Assist. Conservation officer Post				£33,000	£33,000				£33,000		£33,000
Efficiencies				£671,686	£671,686	£350,938	£31,943	£60,121	£175,398	£53,286	£671,686
DRAFT 2											
Expression of Interest			£94,975		£94,975	£94,975					£94,975
Reduction in Insurance			£77,136		£77,136	£77,136					£77,136
Reduction of Training Budget in lieu of Stables			£60,000		£60,000	£60,000					£60,000
Efficiencies				£85,737	£85,737	£34,169		£1,154	£6,000	£44,414	£85,737
DRAFT 3											
Review of Discretionary Spend				£43,848	£43,848			£11,369	£32,479		£43,848
TOTAL	£478,794	£650,000	£793,111	£834,271	£2,756,176	£1,374,684	£131,943	£332,644	£519,205	£397,700	£2,756,176
						50%	5%	12%	19%	14%	
0% pay award (saving from 1.25% assumption) (subject to ballot)			£228,000		£228,000						
Real Cost reduction	£478,794	£650,000	£1,021,111	£834,271	£2,984,176						

1.18 The following table provides an overview as to how the £2,756,176 budget reduction impacts on service provision and the method of provision. This identifies that 68% of the reductions identified have no current impact on service provision and 15% is in relation to the outsourcing of the revenues and benefits contract

Review of Savings	Service Impact	No Service Impact	Outsourcing
DRAFT 1			
Training - reduction in staff (10%) - reduce training budget		£51,000	
Cleaning - reduce agency to formal external contract		£10,000	
Rev's & Bens - support reduction			£124,000
ICT - arising from review of operations area		£50,000	
EAC - review of expenditure	£31,000	£69,000	
Engineering / Bldg Control - service tfr to County	£50,000		
Planning Policy - Post Deletion	£50,000		
Legal -Retirements / 85 year rule		£75,000	
Centralised Corporate Recovery		£51,000	
Improvement end fixed term		£100,000	
VFM Housing - part of 3 yr plan	£77,262	£122,738	
Revs and Bens			£250,000
Property VFM		£100,000	
Multifunctional Devices - impact on printing		£35,000	
Job Evaluation (One off Expenses)		£150,000	
Finance - Restructure		£51,000	
Head of Business Services - Post Deletion		£70,466	
Full Year Effects - EAC 09/10 budget reductions	£172,328		
PHE- Removal of Assistant Conservation officer Post	£33,000		
Efficiencies	£81,286	£543,450	£46,950
DRAFT 2			
Expression of Interest		£94,975	
Reduction in Insurance		£77,136	
Reduction of Training Budget in lieu of Stables		£60,000	
Efficiencies - Review of Discretionary Spend		£85,737	
DRAFT 3			
Efficiencies - Review of Discretionary Spend		£43,848	
TOTAL	£494,876	£1,840,350	£420,950
	17%	68%	15%

Council Tax

1.19 The level of council tax being proposed is £123.50pa at Band D this is in line with Council commitment of a zero increase.

Medium Term Financial Strategy 2010/11 – 2014/15

1.20 The coming years will present even further challenges which in the main will relate to the uncertainty around the level of cuts on government grants, impact of the forthcoming General Election and expected spending review, inflation and interest rates.

- 1.21 The Medium Term Financial Strategy will be modelled on a number of scenarios and be updated. The Council's has a strong track record and commitment to delivering efficiencies resulting in a 21% reduction in net expenditure of services since 2007/08. This strengthens its position to meet the forecast challenges of future years.

Summary

- 1.22 This budget will be presented to the Executive on February 1st 2010 with a recommendation to produce the 2010/11 budget book on the basis of Appendices 1-5 and a recommendation to Council on 22nd February 2010 to adopt the 2010/11 budget (as a key decision) and set council tax accordingly.