

Revenue 2011/12 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 and now incorporates the recommendations from Overview and Scrutiny
- 1.2 This final draft of the budget for 2011-12 shows a surplus of £9,149 which it is recommended should be a contribution to General Fund balances
- 1.3 The provisional settlement figures of the Government Grant we will be receiving in 2011-12 were issued on the 13th December and were incorporated within Draft 2 of this budget. No further changes have been made within this Final draft.
- 1.4 The amount available for distribution from the Collection Fund has been finalised and were prepared by the statutory deadline of 15th January 2011. It has therefore been confirmed that our share of the surplus equates to £130,417.
- 1.5 Since the last report on January 10th 2011 the Bank of England's has maintained interest rates at 0.5%.
- 1.6 The draft budget has been prepared on the basis of expenditure and income inflation at 0% unless other contractual arrangements are in place.

General Fund Revenue Budget

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

Service Area	Approved Budget 2010/11	Proposed Budget 2011/12	Movement
Corporate Core	£4,543,693	£4,028,176	-£515,517
Environment & Community	£11,622,769	£9,783,652	-£1,839,117
Planning, Housing & Economy	£4,947,243	£4,348,141	-£599,102
Service Total	£21,113,705	£18,159,969	-£2,953,736
Centrally Controlled Items			
Provisions (Specific Risk Reserves and pension Comp.)	£263,881	£582,614	£318,733
SNDC Joint Mgt	£0	-£333,000	-£333,000
Credit for Capital Charges	-£2,850,060	-£3,218,477	-£368,417
	£18,527,526	£15,191,106	-£3,336,420
Contribution to (+) / from (-) Earmarked Reserves	£0	£600,000	£600,000
Contribution to (+) / from (-) General Balances	£0	£9,149	£9,149
Net Budget Requirement	£18,527,526	£15,800,255	-£2,727,271
RSG Settlement	-£10,905,340	-£8,574,773	£2,330,567
Council tax Compensation Grant	0	-£155,037	-£155,037
Collection Fund Surplus	-£84,477	-£130,417	-£45,940
Investment Income	-£1,348,753	-£723,407	£625,346
Amount to be funded from Council Tax	£6,188,956	£6,216,621	£27,665
Number of band D equivalent	50113	50337	-224
2011-12 Cost of Band D equivalent	£123.50	£123.50	
2010-11 Cost of Band D equivalent	£123.50	£123.50	
Increase in Annual Council Tax	£0.00	£0.00	
Weekly Increase in Council Tax (pence)	0.00p	0.00p	

- 1.8 The finalisation of support allocations and internal recharges may result in the service total of £18,159,169 being re-allocated across the 3 service areas but the bottom line totals and budget requirement will not change.
- 1.9 In order to balance the budget and secure the £360,510 deficit from Draft Budget 2, further reductions in costs, increases in income and review of reserves and provisions were taken into account. The main drivers for this are summarised in Table 2 below and as can be seen these adjustments have resulted in a surplus of £9,149.

BUDGET MOVEMENT DRAFT 2 TO FINAL (Main Drivers)	£'s
Draft 2 Shortfall	£ 360,510
Scrutiny Recommendations - Car Parking Income	-£ 422,201
Value for Money Review - Cultural & Heritage	-£ 119,322
Deletion of Standards Committee Budget	-£ 20,000
Value for Money Review - Economic Development	-£ 14,000
Additional Costs - Excess Charge Notices	£ 10,057
Additional Utility Costs - Sports Centre	£ 15,614
Interest Review	£ 67,720
Review of Risk Provision /Vacancy Assessment/ Pension Provision	£ 98,304
Various Budget Adjustments	£ 14,169
Final Draft - Surplus - Moved to General Fund Reserve	-£ 9,149

- 1.10 Table 3 below includes a walk from the 2010/11 net service budget to the proposed 2011/12 net service budget highlighting the main drivers of cost pressures, impact of service income and cost reductions.

Budget Walk 2010/11 to 2011/12	
Base Service Budget 2010/11	£18,527,526
Budget Virements	£146,336
2010/11 Budget Pressure Adjustments	£520,098
Budget Reductions	-£3,413,444
Changes in Financing	-£249,023
New Effects	£193,464
Inflation	£75,298
Draft Base Budget 2011/12	£15,800,255

- 1.11 These movements are further analysed in the tables below

Budget Virements

The Budget Virements figure of £146,336 incorporates both the virement of funding for service expenditure and the realignment of costs in respect of the new organisational structure within 2010/11. It is summarised in the following table :-

Budget Virements	
Procurement Action Plan	£13,369
Job Evaluation	-£62,369
Realignment of Services to new organisational structure	-£97,336
	£146,336

Budget Pressures from 2010/11

Budget pressures 2010/11 Budget Monitoring	
DSS Subsidies & Rebates	£50,000
Car Park Income Pressures	£278,000
Rental Income Pressures	£98,000
Environmental Services Dayworks - under recovery	£35,000
Health & Recreation - Various Budget Pressures	£26,615
Customer Services & ICT - Various Budget Pressures	£32,483
	£520,098

Budget Reductions –

As detailed, the total value of reductions included in this budget now totals **£3,413,444**. These are detailed below in Appendix 1A

Changes in Financing

Changes in Financing	
(Use of) Transfer to General Fund Balance	£9,149
(Use of) Transfer to Earmarked Reserves	£600,000
Movement in Risk and Pension Provisions	£318,734
SNDC Joint Working	-£333,000
Concessionary Fares Transfer to the County	-£843,906
	-£249,023

New Effects (Main Drivers)

New Effects (Main Drivers)	
Increase In NNDR	£49,130
Electricity	£26,092
Increased Mgt Fee Sports Centres	£44,319
Town Centre - Fees no longer recoverable	£50,000
Car Park Income Pressure	£125,882
Movement in subsidies - Exchequer Services	-£204,107
Career Grade Increases	£13,000
Various Budget Adjustments	£61,148
Loss of Rental Income Orchard Way shops	£28,000
	£193,464

Council Tax

- 1.12 The level of council tax being proposed is £123.50 pa at Band D and this is in line with Council commitment of a zero increase. Table 1 above also details the Council Tax Compensation Grant which the Council will receive from Central Government in 2011/12 - £155,037.

Joint Senior Management Team with South Northants District Council

- 1.13 During the course of the development of the budget for 2011/12 proposals for Joint Working with South Northants were progressing. The Joint Working Group was preparing a Business Case for consideration and once agreed by full council at their meeting in December the projected, profiled savings from the project could be incorporated in the financial plans of the authority. The draft budget proposals for 2011/12 contain base budget savings of £333,000 as a result of the Joint Senior Management arrangements.

Medium Term Financial Strategy 2012/13 – 2015/16

- 1.14 The coming years will present even further challenges which in the main will relate to the continued cuts to the level of government grants received, local government finance and housing benefit reform, inflation and interest rates.
- 1.15 The Council's has a strong track record and commitment to delivering efficiencies resulting in a 33% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £15.8m in 2011/12. A total of £3.3m (14%) has been delivered as part of the 2011/12 budget as a result of the forecasted funding reductions.
- 1.16 These reductions and forward planning together with the joint working with South Northamptonshire Council strengthens our position to meet the forecast challenges of future years.

Summary

- 1.17 This budget will be presented to the Executive on February 7th 2011 with a recommendation to produce the 2011/12 budget book on the basis of Appendices 1-4 and a recommendation to Council on 21st February 2011 to adopt the 2011/12 budget (as a key decision) and set council tax accordingly.