

Committee:	Executive	Agenda Item No.:	
Date:	20 th December 2010	Status	Open
Category	3. Part of the Budget and Policy Framework		
Subject:	General Fund Budgets – 2010/11 Estimated Outturn & 2011/12		
Report by:	Director of Resources		
Other Officers Involved	Head of Finance and Revenues		
Director	Director Of Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

The development of Policy Led Budgeting will help to inform future spending plans and assist in the delivery of annual efficiency gain targets.

VALUE FOR MONEY

The Budget Process challenges existing spending levels and new spending proposals to ensure that resources are effectively used and directed towards the delivery of the Corporate Aims.

Introduction

1. This report presents the following budgets for Members consideration & approval:
 - 2010/11 estimated Outturn Budget – this is the current year budget revised to take account of changes during the financial year that will end on 31st March 2011
 - 2011/12 Original Budget – this is the proposed budget for the next financial year commencing 1st April 2011, based on the (the currently provisional) grant settlement and by the Council Tax to be set at the Council meeting on 1st March 2011.

2. The detailed budgets for both years and future year projections are shown in the Appendix to the report. After consideration by the Executive the budget will then be reported to the 3 Scrutiny committees in early January 2011. Scrutiny Committees will then have until their next meetings at the end of January / early February 2011 to comment on the budget. The budget will then be reported to the Executive on 7th February 2011, accompanied with the budget book and a risk assessment of material items of income and expenditure. The agreed budget will then be reported to Council on 16th February.

2010/11 estimated Outturn Budget

3. In February last year Members considered the budget for 2010/11 on which the Council Tax was determined and during the year reports have been considered:

- Levels of actual spend have compared to the original budget for the current financial year;
- Budget pressures arising during the year;
- Progress against savings targets.

4. Budget holders have been consulted and the Outturn budget has been prepared to take into account the main changes during the last 9 months.

5. Members will be familiar with some of these budget pressures as they have been detailed in the quarterly budget reports. The items significant in value are:

- Reduction in investment interest £119,300;
- Diesel due to higher prices £49,920;
- Housing Benefit payments not covered by subsidy £27,167;
- Kissinggate income loss linked to the ongoing dispute over the business continuity insurance claim £56,090;
- Contribution from DCC for Green Waste is included in 2010/11 budget to the value of £100,000 but it remains unconfirmed.

These pressures amount to over £352,000.

6. In addition the Council provides some services that are linked in part to the recession. This has resulted in the following:

- Planning fees income reduced due to less large planning developments and associated fees being received by £114,550 (£159,500 last year)
- Land charges due to demand and changes to the pricing structure (reflecting new Government guidance) £30,200;
- Other Fees and Charges have seen a combined net reduction of £85,000.

The recession budget pressures amount to almost £230,000.

7. It is pleasing to note that pressures from last year that have not impacted this year are:
 - No Building Control Consortium deficit;
 - Kissinggate income recovered from low levels after the fire;
 - Income from commercial lettings back on track.
8. Savings have also been possible during the year and have been reflected in the savings strategy. Some of the significant items are:
 - Pay award remains unsettled, no offer has been made by employers, saving £246,000;
 - Procurement projects almost £100,000;
 - NNDR appeals on valuation over £40,000;
 - Earmarked reserves have been reviewed adjusted to levels of spend;
 - Posts that have been vacant during the year and those disestablished at the Council meeting on 17th December 2010 have now been reflected in the budget;
 - Reduction in Superannuation backfunding reduced from last year's cost of £256,000 to £13,000.
 - Reduction in costs from the Internal Audit Consortium of £25,000
9. This position would have been further enhanced had the investments in Icelandic banks achieved their expected return and the principal returned for further investment.
10. There have been some changes to Government grants paid to the Council. These grant changes have been:
 - Area Based Grant reduction – whilst the main change impacted on Working Neighbourhood funding there was a reduction of £4,000 for Cohesion;
 - Housing and Planning Delivery Grant withdrawn, but not budgeted for;
 - Recent communications indicate the Government plan to reduce the Benefits Admin Grant of £85,880. This is contrary to the higher number of claims the Council is now processed.
 - Local Authority Business Growth Incentive grant has been withdrawn, but not budgeted for.
11. Through out the year the Council's savings targets have been monitored on a regular basis and reported monthly to Senior Management team and the Cabinet. The details also supported the recently reported Medium Term Financial Plan.
12. The Savings Strategy categorises the savings according to the likelihood of them being achieved (Green – more than 90%, Amber –

more than 50%, Red - less than 50%). The latest position reflected in the Saving Strategy is as follows:

Category of Savings	Value £'000
Green (included within the budget)	1,080
Amber	120
Red	80
Gap remaining (Savings still to be found)	222
Total of items not in the budget	422

13. The budget reflects the Green savings. The combined effect of vacancies and savings / efficiencies categorised as Green have not yet exceeded the targets set by the Council.
14. It is normal practice at this point in the budget process to remove the contingency budget. This year it is proposed to retain it at a reduced level of £10,000 to deal with any unforeseen costs associated with the potential bad weather and any increase in costs associated with implementing the International Financial Reporting Standard (IFRS). This later item was a concern to the December Audit Committee that will be referred to the Executive to monitor the resourcing and implementation of this project. The £10,000 contingency linked to the staffing report to Council on 17th December is shown as a contribution to an earmarked reserve to reflect that it is not specific to the current or next year's budget.
15. The impact of these changes needs to be reflected in Support Service recharges. It will therefore be necessary to re run the allocations to reflect this level of change before final figures are approved.
16. Comparison between years is affected by the revised allocation of support costs. The changes have been more significant this year as support charges have been the subject of a whole scale review to reflect the current demands of services rather than the historic data that was previously being used. This addresses concerns raised by the Council's External Auditors.
17. The External Auditor in the Annual Governance Report also raised concerns about the estimates made by the Council for its bad debt provisions, in as much as the £0.5m added to the provisions was not sufficient. In setting the budget consideration has been given to some of the points raise and an increase in the bad debt provision of £232,520 has been included to provide for 80% of the Housing Benefit Overpayments.
18. The gap is being addressed in a number of ways which will be reported to future meetings of the Executive or Special Council meetings. The approaches being used to address this gap are:

- Fees and Charges to increase where ever possible from 1st January 2011 to coincide with the change in VAT increase and reduce the administration of changing prices 3 months later;
- Planning fees reduction in the current year to be met by Planning Delivery Grant, amounting to £92,000 with the balance being met from post changes. This has the impact of limiting the balance of PDG to £42,000 to support the budget for 2011/12;
- Vacancies disestablished at the Council meeting on 17th December 2010;
- Year end campaign to generate savings from budgets not fully committed (last year this generated over £250,000);
- Further potential voluntary savings resulting from employee feedback via the mid year appraisals;
- Additional savings proposals considered as part of the saving strategy;

19. The budget for the current year was set it was based on adding £310,379 to the working balance. The outturn budget based on these latest figures sees this change to a requirement of funding from reserves of £496,000. This takes the working balance down to £880,000. This level of use of the working balance will need to remain under review as the above proposals are considered and approved to limit this impact. Changes to the grant funding next year see a boost to reserves above the previously stated minimum requirement.

Original budget for 2011/12

20. Not only does the Council need to revise the current year budget but also generate detailed income and spending proposals for the next 12 months commencing from 1st April 2011.
21. The Council's annual budget is made up of the following main elements:
- Grants from Government
 - Expenditure, income levels and efficiencies
 - Fees and Charges
 - Options for the Council Tax level
 - Reserves to fund any gap in income or benefit from a surplus in available funds
22. Comparison between years is again affected by the new support service cost allocations.
23. Each of these items is now considered in more detail below, specific to the Council's budget for 2011/12 and attached to the report is a summary of the General Fund budget.

Grants from Government – Formula Grant

24. The Government's Spending Review in October 2010 indicated that grants to local authorities would be reduced to reflect the Government's national economic strategy. Estimations of the potential impact have been prepared and presented to Cabinet and at the Council meeting in October.
25. The Government announced the provisional grant settlement on Monday 13th December with a consultation period up to mid January 2011. The Council meeting on 17th December included a summary of the changes; the detail supporting that update is given below.
26. For information only, the comparable figures from the current budget book are as follows:

	2010/11	2011/12	2012/13
	£m	£m	£m
Formula grant	7.927	7.848	7.769
Area Based Grant	2.462	0.000	0.000
Main Grant Funding available	10.389	7.848	7.769
Concessionary Travel costs	0.832	0.935	0.935
Concessionary Travel grant	-0.168	-0.168	-0.168

27. The Government's summary of the grant settlement was that "English councils face average cuts in "spending power" of 4.4% next year". But Communities Secretary Eric Pickles said no local authority would undergo a decrease of more than 8.9% in 2011/12, as a result of the grant reductions. The councils impacted upon the most by losing 8.9% for two years:

Ashfield	Barrow-in-Furness	Bolsover	Burnley
Chesterfield	Copeland	Great Yarmouth	Hastings
Hyndburn	Pendle	Preston	Thanet

28. The definition of 'revenue spending power' used to calculate eligibility for the grant is, broadly speaking, and spending power from council tax and Government revenue grants.
29. The Government has decided to take account of the reduction in revenue spending power for local authorities, reflecting the combined effect of changes to individual revenue grants and the extent to which income from council tax will be available to each council. It will do so by means of a Transition Grant which will help those authorities most affected by reductions in spending power to plan for those reductions. It allows a breathing space in 2011-12 and 2012-13 for councils to make the changes necessary to live within the reduced provision. No transitional grant will be paid after 2012-13.

30. The Government make a reassessment on the Council's current year grant, for comparison purposes only. The Council's adjusted formula grant for 2010/11 is £7.211m. This is based on:
- £7.927m – or previously notified grant
 - £0.689m reduction for Concessionary Travel (2009/10 costs (£0.833m) inflated (£0.857m) less specific grant of £0.168m)
 - £0.027m other adjustments
31. The Council's provisional Formula grant (before Floor Damping) for 2011/12 is calculated as being £5.315m, a £1.9m reduction from the £7.211m shown in the paragraph above.
32. As this would be a massive change for the Council the grant system provides for damping and ceilings to reduce the level of change in grant. The Council's provisional Formula grant after Floor Damping for 2011/12 is £6.216m, (damping effect gives the Council £0.901m). This is the highest damping within Derbyshire. Members may recall the opposite effect in previous years when the Council has lost grant each year due to the ceilings that have prevented the Council receiving its full allocation. This is still a net loss of grant of £0.995m compared to the £7.211m shown above. This loss of funding in reality is higher as there is no increase in funding for inflation etc.
33. New to the Formula grant settlement this year is the Transitional Grant. This is additional revenue grant ('Transition Grant') to certain local authorities in 2011-12 and 2012-13. It will be paid to councils who would otherwise see a reduction in 'revenue spending power' of more than 8.9% in either year. The Transition Grant will help those councils most affected by reductions in spending power to plan for those reductions. It allows a breathing space in 2011-12 and 2012-13 for councils to make the changes necessary to live within the reduced provision. No transitional grant will be paid after 2012-13. In 2011-12 this will amount to £1.828m for the Council.
34. It is proposed that the Transition grant be an addition to the Council's reserves and used in a similar manner to reflect the need for the Council to adjust its spending to a level that is not supported by the use of reserves.
35. Also linked to this is that the Government will provide councils that choose to freeze council tax with the equivalent of a 2.5 % increase in funding.
36. The Government also wants to ensure council tax payers are protected against any authorities who choose to reject the offer and impose excessive council tax rises. Through the Localism Bill, the Government plans to introduce a power for residents to veto excessive council tax increases through a referendum. In the meantime, the Government can take capping action against councils who propose excessive rises.

37. The provisional grant settlement for 2012/13 can be summarised as:

- Adjusted grant drops to £6.186m, a further £30,000 reduction;
- Formula grant without damping amounts to £4.753m;
- Damping provides an additional £0.783m;
- Total Formula grant £5.536m, a further reduction of £649,500
- Transitional Grant £1.248m, the last year of such funding.

38. Projections based on known figures over the four years spending review are detailed below:

Lost Core Grant v Transition Grant

	2011-12	2012-13	2013-14	2014-15	TOTALS
2011-12	995,085	995,085	995,085	995,085	3,980,340
2012-13	-	649,500	649,500	649,500	1,948,500
2013-14	-	-	?	?	
2014-15	-	-	-	?	
				TOTAL	5,928,840
				Transition Grant (2 years)	3,076,040
				Overall Loss Of Grant Funding so far	-2,852,800

Loss of Formula Grant (Core Grant)

	Expected			Actual				
	Loss	% cut	Cumulative	Loss	% cut	Cumulative	Difference	Cumulative
2011-12	671,491	8.47%	671,491	995,085	13.80%	995,085	323,594	323,594
2012-13	468,482	6.45%	1,139,973	649,500	10.50%	1,644,585	181,018	504,612
2013-14	62,464		1,202,437	?		1,644,585		
2014-15	359,170		1,561,607	?		1,644,585		
TOTALS	1,561,607			1,644,585			504,612	

39. The Government consider that this settlement is seen as gives councils the ability to concentrate on what their residents want:

- protecting front line services
- Improving transparency – allowing the public to see where money is being spent, suggesting changes; making suppliers more competitive, and changing the culture among those entrusted with public money
- Sharing services – to achieve greater efficiency and improved services
- Cutting out waste – particularly in back offices
- Improving procurement practice – achieving more competitive prices by making full use of their purchasing power
- Bringing senior pay under control – including sharing senior managers among councils
- More fundamentally, the settlement will see councils take this opportunity to radically rethink and transform their services. Those councils which have substantial reserves should consider using these to address short term costs and pressures, and invest now in order to realise savings in the longer term.

40. When considering the above items these themes are reflected in the Council's existing Saving Strategy.
41. To support councils in their efforts, £200 million has been set aside as a capitalisation facility to help councils modernise: reducing back office costs so they can focus on the front line.
42. In addition the Government also plans further changes:
- Change the law so councils will be able to borrow against the proceeds of future business rates (known as tax increment funding) in order to invest. Details are awaited.
 - As part of the White Paper on Local Growth, the Government announced a review of business rates with the intention that in future local government will be able to keep what they collect. The Local Government Resource Review will begin in the New Year.
43. The Government is also proposing to provide substantial financial incentives for councils to invest in longer term projects, such as the New Homes Bonus available over the next four years for councils investing in new housing, and the £1.4 billion Regional Growth Fund. This is currently being consulted on but in summary:
- It is based on Housing and Planning Delivery Grant money which local authorities previously benefitted from.
 - Funding has been identified for the first four years; therefore, the funding will come from top slicing a portion of the existing formula grant given to local authorities. Therefore the authorities that experience lower or a slower delivery of housing will lose out because the existing formula grant an authority receives will be reduced to subsidise those authorities that are successful in housing delivery.
 - To reward the delivery of housing it proposes to match fund the additional council tax raised when a new home is built, or an empty property is brought back into use. An additional amount for affordable homes will be payable.
 - This involves changes to the local government finance system to reward the authorities that go for growth.
 - It will be paid as an unringfenced grant.
 - It will be equal to the national average for the council tax band on each additional property delivered/ brought back into use and paid for the following six years as a un-ringfenced grant. (additional council tax band D property would be about £1439 per annum)
 - An enhancement of a flat rate £350 per annum for each additional affordable home is proposed. It is intended that the scheme will be a permanent feature beyond the six year cycle.
 - It is proposed that there is an 80 : 20 split between lower : upper tier authorities in two tier areas outside London.

Grants from Government – Area Based Grant (ABG)

44. This non-ringfenced grant, introduced in 2008/09, is abolished. The grant settlement provides no funding.
45. Historically it has provided funds for
 - Cohesion (funding the Council's contribution to the Community and Voluntary Partnership);
 - Climate Change Planning Policy Statement;
 - Economic Assessment Duty;
 - Environmental Damage Regulations;
 - Working Neighbourhood Fund.

Grants from Government – Local Authority Business Growth Incentive

46. The budget assumed no income from this grant. Again this grant is to be abolished.

Expenditure to be incurred in 2011/12

47. The preparation of these budgets has seen a number of changes impacting upon the services. Some of these changes reflect the current economic situation; others reflect changes within the Council.
48. Compared to the budget the Members were considering 12 months ago for 2009/10 there are a number of pressures and savings to be considered.

Budget Pressures

49. The budget pressures are in part similar to those that have been detailed for the 2010/11 Outturn but added to these are others that need to be detailed for Members consideration. All these pressures are detailed below.

50. Single status conditions & job evaluation.

Employee costs have seen some change due to appeals on changes to structures etc. The budgets now reflect the appealed salary levels. The equal pay audit has not changed any grades. The budget reflects the costs of increments associated with the new grades.

51. Pay award.

The staffing budgets for next year are based on a pay award of 0%. This is a decrease from the 2010/11 level of 2%. The gain from this for the Council is offset by an increase in employer's National

Insurance of 1% and employer's pension cost increase of 0.8%. If the Council were to find the national negotiations did agree a pay award at the same levels as central government (£250 for all earning below £21,000) would equate £78,000.

52. Investment interest.

The Council has not been immune to the reductions in interest rates that have taken place during 2010/11. This is further magnified by the slowdown in asset sales and the Icelandic banks' problems. Overall this is a reduction of £108,070 against the 2010/11 original budget.

53. Building Control deficit.

Measures taken to align expenditure to income levels have corrected the historic need to share deficits amongst the three partner councils.

54. Energy prices.

The Council has changed the framework under which it purchased its energy. This is due to start in 2011. Any variations in year will be reported via the quarterly budget monitoring reports.

55. Kissinggate Leisure Centre

The Centre is now operational and all aspects of the building are income generating.

56. Fees and Charges

These will be reported separately and are expected to have an impact on the budget of approximately £161,000 reduction when compared to the current level of income from fees and charges. This includes the known pressures of:

- Planning fees reduction of £114,550 to £325,000;
- Land charges due to demand and forced changes to the pricing structure £30,200.

57. As detailed above for 2009/10 this budget is also affected by:

- Housing Benefit payments not covered by subsidy £81,500;
- The Council's continued share of the collection fund deficit £23,145;
- Diesel due to higher prices £49,920;

58. In addition, the budget for 2011/12 also includes budget pressures for:

- Increased debt charges £55,000;
- Elections £68,000;
- Loss of swimming grant completely £23,000;

- Loss of Waste Efficiency grant for “doorstepping” from DCC £33,000;

Budget Savings

59. The savings made in 2010/11 continue into 2011/12 and additional saving neutralise, in part, some of the above pressures. The significant savings are:

- Procurement projects of over £205,000;
- Transfer of Concessionary Travel arrangements to DCC;
- Joint IT service £40,000;
- Leisure Improvement Plan £67,500;
- IT lease line savings £37,000;
- Pleasley Vale income generation £48,000;
- Earmarked reserves continue to be reviewed.

60. The vacancy factor (new to the 2009/10 budget) will need to be revised to reflect changes approved at the Council meeting on 17th December 2010. The staff budgets have all been based on the Council's approved structure and that all posts are filled. In reality we know there will be staff changes in the year and the vacancies generate a saving to the budget. Over the last 3 years this has been at or exceeded 3%. The economic situation has reduced staff turnover and as such the value of the vacancy factor has been reduced from £540,000 to £300,000.

Efficiencies

61. The National Indicator 179 measuring value for money has been abolished. This will in no way take the pressure off the Council to achieve savings as this will now be driven by the reduction in grants received by the Council. The savings / efficiencies required will be far more demanding than previous targets have been.

62. This change will also impact on the Council Tax bill in that there will be no requirement to show details of the Government's calculated efficiency targets for those bodies with efficiency targets.

63. The Efficiencies shown in the Saving Strategy for the 2011/12 budget reflect the following:

£'000	Description
1,215	Current Efficiency savings planned for 2011/12
592	Expected impact of Autumn Statement
323	Additional grant loss in Provisional Settlement
2,130	Total

64. Any under achievement of this target will be assessed against the Transition Grant that is planned to be added to the Working Balance.
65. This level of saving is then reflected in future years. These values may need to increase in future budget reports to reflect some of the reduction in grant funding and so reduce and ultimately remove the annual deficit.

Budget Bids

66. The significant budget pressures expected for 2011/12 have resulted in no opportunity being given for revenue budget bids. Services will therefore need to report to the Executive any changes that are required and how these can be funded to minimise the impact on the Council.

Budget changes

67. In 2011/12 responsibility for Concessionary Travel will be transferred by the Government to the County level. Government consultation earlier in the year, the results of which are still awaited, gave a number of options which indicated the loss of grant could exceed the expenditure transferred. Questions are still being raised with the Government to determine if there has been any additional loss of grant.

Balancing the budget

68. The overall position of the budget after taking all of the above items into account is that the expenditure and income balance out, assuming savings / efficiencies are achieved.
69. To address this increase in savings target the Council will continue to expand its Saving Strategy to encompass further opportunities to save expenditure, work more efficiently, look to maximise its partnership arrangements and raise additional income.
70. The risk associated with the savings target is matched by the Transition Grant that is planned to be added to the Working Balance.

Council Tax for 2011/12

Council Tax Base

71. In preparation for the budget, the Council meeting on 19th January 2011 will consider the Council Tax Base at Band D. This value will be set cautiously as the Collection fund is carrying a deficit and any over estimation of this value will add to that deficit.

Collection Fund

72. The accounts for 2009/10 showed a collection fund deficit of £709,000, an increase of £158,000 on the previous year. When this was reviewed in January 2010 at the statutory date, it was necessary to declare a deficit to the main precepting bodies. This review will take in January 2011 and will take into account work being considered across Derbyshire to review Single Person Discounts and the low levels of Council tax base increases to minimise any impact to the General fund over the life of the Medium Term Financial Plan. Any increase in the collection fund deficit will be shared with all the major precepting bodies which will include the Council. This will need to be reflected in future savings etc.

Council Tax Options

73. The Council's part of the Council tax bill was set in 2010/11 at £158.15 for a Band D property.
74. This year the Spending review has provided a new option. If the Council were to set a 0% increase (or decrease its Council Tax) then it would be entitled to a grant from the Government of the equivalent of 2.5% increase in its Council Tax. This grant is proposed to then continue for the additional 3 years of the Spending Review.
75. The grant would amount to approximately £90,000 when based on the current tax base to be approved later in year.
76. The previous 2 years Council Tax increases have been at levels below 2%. This grant scheme therefore provides the Council with a greater revenue increase than previous Council Tax increases, whilst benefiting the local tax paying community.
77. The Council is disadvantaged in future years based on the current grant scheme in that its Council Tax Band D will not be as high as it would if assumed increases had been applied and therefore future percentage increases will not generate as larger increase in revenue.
78. At the end of the Spending Review period there is no indication that the grant will continue so there may be a loss of revenue.
79. If the Council were to consider Council Tax increases a £1 increase in Council Tax will generate £22,700, a 1% increase (£1.58) will generate almost £36,000.
80. If the Council were to increase Council Tax rather than adopt the conditions of the grant scheme it may then find that the Government require it to arrange a referendum on the increase, as reflected in the Localism Bill.

81. The area has approximately 34,000 properties in its area. Significant numbers of properties are in Bands A to C (94%, of which 63% are in Band A), which reduces the value of the actual Council Tax bill increases by up to 1/3rd.
82. The Council Tax bill will include the values for the precepting bodies. The most significant element is that for the County Council, almost 70%.

Reserves

83. At the start of the 2010/11 financial year the General Fund Balance was £1.485m. The Outturn budget for 2010/11 sees this reduce by £496,000 and redundancy costs use a further £110,000 to leave a balance of £0.880m.
84. The budget for 2011/12 assumes that the Council will have a balanced budget based on savings to be developed but that £1.8m Transition Grant will be added to the Working Balance making the total, after temporarily funding 4 posts (as detailed in the Council report on 17th December 2010) £2.575m.
85. Future year's budgets are set to generate deficits of approximately 10% of the Working Balance total after the additional £1.2m final Transitional Grant has been added to the Working Balance. Future savings strategies will seek to consider further options to remove is ingoing pressure.

OVERALL ASSESSMENT OF THE 2011/12 BUDGET

86. There is a requirement in CIPFA's guidelines that budgets presented to Members carry the comments of the Council's responsible financial officer. As the author of this report I can confirm that:
 - The levels of reserves are considered to be adequate to fund planned expenditure identified by the Council.
 - The estimates are considered to be robust, employee costs are based on the approved establishment, investment income is based on the advice of the Council's Treasury Management Advisors and income targets are considered to be achievable.
87. Subject to consideration and approval by the Executive the budget will be reported to Scrutiny. Comments of Scrutiny will be referred back to Cabinet. The budget will then be presented to Council on 2nd February 2011. The approval of the budget by the Executive will allow the statutory consultation to take place; this will be reported to Cabinet.

Medium Term Financial Planning

88. The assumptions built into the 2011/12 budget have been carried over in the two successive years.
89. In addition it has been assumed that:
- The levels of Council Tax increases in 2012/13 and 2013/14 are 3%. (These will be considered in further detail as part of the budget process next year);
 - Tax Base to increase at a level of 0.5% for 2012/13 and 2013/14;
 - Government Grant will reduce by the levels indicated in the Spending Review.
90. Taking just these factors into account each of the successive years shows the Council needs to keep a close focus on its budgets to prevent significant deficits occurring during the life of this financial plan.
91. There are some additional changes that have not been factored into these future year budgets, all of which could add additional pressures. These are:
- Concessionary Travel could be subject to additional costs from operator appeals;
 - Concessionary Travel cost sharing arrangements previously agreed may not now be honoured;
 - Collection fund deficits that might materialise due to the economic downturn;
 - Market supplements related to Job Evaluation are subject to annual review
 - Employer superannuation costs are expected to rise.
 - Local elections will have taken place
 - The Localism Bill is expected to allow for discretionary business rates discounts so that local authorities will be able to respond to local circumstances by reducing business rates bills. The financial impact of this change is not currently known.

IMPLICATIONS

Financial: A budget for the General Fund of £9.9m in 2011/12 with additional efficiencies of almost £2.1m assuming the Council Tax increase of 0% was approved, after allowing for the grant to compensate for this. There is ongoing validation of the figures supporting this budget to ensure it delivers the Council's objectives.

Legal: The Council must approve a budget prior to the commencement of the new financial year

Human Resources: None

RECOMMENDATION(S)

1. That the estimated outturn for 2010/11 of £12.003m be approved for consideration by the Scrutiny Committees and reported back to the Executive meeting on 7th February.
2. Recommend to Council a 0% increase in Council Tax based on the Government's compensation arrangements.
3. That the budget for 2011/12 of £9.909m be approved for consideration by the Scrutiny Committees and reported back to the Executive meeting on 7th February.

REASON FOR DECISION

The budget for 2010/11 is revised at this time to align it with the expected outturn. This is good financial management.

The Council is required to approve a budget for 2011/12. This must be a balanced budget.

ATTACHMENTS: Y
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Services

GENERAL FUND SUMMARY

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
603,899	Community Safety	571,530	720,280	666,650	648,330	628,780
559,781	Customer Focused Services	823,270	592,040	764,630	796,670	798,860
5,206,916	Environment	5,147,560	5,283,130	5,155,430	5,074,250	5,049,980
687,635	Regeneration	835,050	857,470	819,790	831,110	833,960
1,916,334	Social Inclusion	1,888,050	1,895,890	1,346,880	1,353,540	1,354,230
2,958,644	Strategic Organisational Development	3,038,440	2,871,360	2,981,270	2,928,230	2,921,340
0	Contingency for Inflation and Other Items	25,000	10,000	25,000	25,000	25,000
0	Savings Targets	0	0	(2,130,000)	(2,130,000)	(2,130,000)
0	Additional efficiencies	(886,038)	(381,725)	0	0	0
0	Vacancy Factor	(540,000)	(40,275)	(300,000)	(300,000)	(300,000)
0	Collection Fund Deficit	9,919	9,919	23,145	33,065	0
0	Additional Bad Debt Provision	0	232,520	0	0	0
0	Employers Pension Increase	0	0	7,100	7,100	7,100
0	Savings Strategy - not on individual areas	0	0	(43,960)	(43,960)	(43,960)
	Temp funded posts 17.12			134,163		
	Council report 17.12 leisure income			(21,000)	(21,000)	(21,000)
	Council report 17.12 DV funding			(28,322)		
	TOTAL EXPENDITURE ON CORPORATE AIMS					
11,933,209		10,912,781	12,050,609	9,400,776	9,202,335	9,124,290
(794,509)	Capital Charges - Reversal	(558,330)	(522,070)	(483,440)	(476,260)	(476,260)
708,935	Debt Charges	1,046,550	1,018,960	1,073,880	1,055,650	1,041,590
(176,806)	Investment Interest	(233,870)	(114,570)	(125,800)	(245,230)	(242,590)
11,670,829		11,167,131	12,432,929	9,865,416	9,536,495	9,447,030
	Appropriations:					
	Contributions to Reserves:					
0	General	0	0	0	0	0
6,000	Historic Buildings	6,000	6,000	6,000	6,000	6,000
85,850	ICT & Office Equipment	75,250	75,250	75,250	75,250	75,250
10,000	Legal Costs	0	0	0	0	0
0	Local Development Scheme	0	0	50,000	50,000	50,000
10,657	Vehicle Replacement Reserve	10,600	12,600	12,600	12,600	12,600
	Restructure (17/12) contingency reserve	0	10,000	0	0	0
0	PDG to fund Planning	0	(91,444)	(42,301)	0	0
(392,938)	Contribution from Earmarked Reserves	(62,140)	(442,330)	(57,620)	(24,000)	(12,000)
11,390,398	TOTAL EXPENDITURE	11,196,841	12,003,005	9,909,345	9,656,345	9,578,880
2,161,794	Parish Precepts **	2,161,794	2,161,794	2,161,794	2,161,794	2,161,794
13,552,192	TOTAL SPENDING REQUIREMENT	13,358,635	14,164,799	12,071,139	11,818,139	11,740,674
(7,893,383)	Formula Grant	(7,926,941)	(7,926,941)	(6,215,674)	(5,536,217)	(5,473,753)
	Council Tax grant			(90,000)	(90,000)	(90,000)
5,658,809	TOTAL TO BE RAISED BY COUNCIL TAX	5,742,073	5,742,073	5,766,033	5,892,721	5,911,376
	COUNCIL TAX 2011/12					
41,860	FUNDING GAP / (SURPLUS)	(310,379)	495,785	(568)	299,201	265,545
1,527,490	Working Balance Brought Forward	1,485,631	1,485,631	880,043	2,574,647	3,523,287
	Transition Grant			1,828,199	1,247,841	
	Temp funding for posts 17.12			(134,163)		
	Redundancy costs from 17.12		(109,803)			
1,485,631	Working Balance Carried Forward	1,796,010	880,043	2,574,647	3,523,287	3,257,743



Community Safety – Ensuring that communities are safe and secure

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
55,808	Bolsover Community Sports Coach Scheme	48,870	76,000	78,340	77,780	77,800
98,050	Bolsover Energised Youth Programme	101,670	108,780	66,950	45,380	24,940
0	Community Action Network	0	(11,550)	(23,990)	(24,710)	(24,710)
252,809	Community Safety	243,750	252,590	240,850	242,510	242,810
0	Community Services Mgmt & Admin	0	0	0	0	0
0	Community & Street Serv Mgmt & Admin	0	0	0	0	0
77,119	Housing Anti Social Behaviour Fund	78,100	163,220	172,120	173,480	174,050
120,216	Neighbourhood Management	99,140	131,240	132,380	133,890	133,890
0	Neighbourhood Mgmt & Admin	0	0	0	0	0
(103)	Parenting Practitioner	0	0	0	0	0
0	Safer & Stronger Communities	0	0	0	0	0

603,899

571,530	720,280	666,650	648,330	628,780
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Customer Focused Services – Providing excellent customer focused services

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
(11,006)	Benefits	176,860	(134,190)	17,480	37,450	38,780
551,518	Council Tax / NNDR	617,990	680,760	698,780	711,060	711,900
(0)	Customer Contact Service	0	0	0	0	0
24,785	Emergency Planning	17,100	28,740	26,930	26,980	27,000
0	Groundwork & Drainage Operations	0	0	0	0	0
(5,516)	Land Charges	11,320	16,730	21,440	21,180	21,180
0	Leisure Services Mgmt & Admin	0	0	0	0	0
0	Revenue Services	0	0	0	0	0
0	Security Services	0	0	0	0	0

559,781

823,270	592,040	764,630	796,670	798,860
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Environment – Promoting and enhancing a clean and sustainable environment

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
168,034	Animal Welfare	163,170	145,100	146,190	147,520	147,700
125,375	Building Control Consortium	108,020	108,020	105,170	103,500	102,190
0	Depot - Bolsover	45,200	58,370	58,370	58,370	58,370
0	Depot - Riverside	0	0	0	0	0
0	Depot - South Normanton	(2,660)	(7,280)	(7,280)	(7,280)	(7,280)
0	Development Mgmt & Admin	0	0	0	0	0
177,389	Drainage Services	187,090	154,330	158,020	161,220	161,310
256,074	Engineering Services	268,400	266,610	276,220	277,700	277,860
0	Environmental Health Mgmt & Admin	0	0	0	0	0
253,605	Food Safety	248,350	265,400	267,920	269,740	271,030
0	Grounds Maintenance	0	13,700	2,990	920	(1,210)
130,396	Health & Safety	142,160	130,690	147,220	147,390	147,560
22,994	Licensing	27,920	28,170	11,170	11,980	12,740
289,331	Parks, Playgrounds & Open Spaces	312,720	300,240	310,400	311,900	312,030
88,510	Pest Control	81,940	76,060	78,420	79,300	79,300
0	Planning Conservation	0	134,130	95,620	96,680	96,700
212,251	Planning Development Control	60,400	244,570	236,260	239,570	239,930
115,489	Planning Enforcement	116,460	127,890	77,250	77,270	77,280
16,098	Planning Environmental Initiatives	17,030	3,880	3,940	3,960	3,970
0	Planning Services Mgmt & Admin	0	0	0	0	0
470,167	Planning Policy	404,900	472,380	311,530	299,420	299,580
304,979	Pollution Reduction	301,650	329,110	333,100	338,240	338,480
37,692	Public Conveniences	39,330	39,270	39,910	40,570	41,250
101,286	Public Health	101,580	37,060	39,320	39,770	27,850
780,971	Street Cleansing	837,110	728,270	783,440	784,490	785,040
0	Street Services Mgmt & Admin	0	0	0	0	0
0	Vehicle Fleet	0	0	0	0	0
1,656,275	Waste Services	1,686,790	1,627,160	1,680,270	1,654,080	1,640,360

5,206,916

5,147,560 5,283,130 5,155,450 5,136,310 5,112,040



Regeneration – Developing healthy, prosperous and sustainable communities

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
21,023	Alliance	22,120	14,680	14,730	14,780	14,790
53,042	Bolsover Wellness Programme	88,910	87,860	73,810	74,800	75,650
318,798	Economic Development	331,040	328,640	331,900	334,770	335,120
0	Economic Development Project Officer	0	0	0	0	0
0	EMDA - Shirebrook Master Plan	0	0	0	0	0
10,244	Feasibility Studies / Development Briefs	0	22,500	0	0	0
22,845	Home Improvement Agency	3,360	0	0	0	0
0	LEGI - Making The Connection	0	0	0	0	0
0	LEGI - Public Procurement	0	0	0	0	0
0	LEGI - Small Business / BizzFizz	0	0	0	0	0
45,782	Markets	31,910	35,720	34,940	36,460	37,900
(82,000)	Planning Delivery Grant	0	0	0	0	0
(1,589)	Pleasley Vale Electricity Trading	1,080	(6,720)	(6,690)	(6,640)	(6,640)
2,493	Pleasley Vale Mills	9,640	50,440	40,260	41,120	41,230
(3,642)	Premises Development	6,840	(10,390)	(10,400)	(10,400)	(10,450)
214,844	Private Sector Housing Renewal	240,980	231,670	236,540	240,990	241,070
0	Regeneration Mgmt & Admin	0	0	0	0	0
0	Strategic Housing Projects	0	0	0	0	0
39,719	Strategic Sub-Regional Partnership	48,730	55,420	56,790	57,200	57,250
(800)	Street Trading	(800)	(800)	(800)	(800)	(800)
46,876	Tourism Promotion & Development	51,240	48,450	48,710	48,830	48,840

687,635

835,050	857,470	819,790	831,110	833,960
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Social Inclusion – Promoting fairness, equality and lifelong learning

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
160	Bolsover Apprenticeship Programme	0	5,330	5,330	0	0
669,292	Concessionary Fares & TV Licenses	662,790	658,350	22,770	22,990	23,020
193,243	Creswell Leisure Centre	232,910	286,070	315,340	318,640	318,670
98,881	Culture & Heritage	109,720	97,060	105,310	105,470	105,490
0	Family Intervention Project	0	0	0	0	0
43,457	Frederick Gents School Community Use	44,410	47,110	48,300	48,790	48,820
72,104	GO Football	68,070	70,450	72,690	73,800	73,820
138,522	Homelessness	156,350	146,550	153,670	155,740	156,210
315,254	Kissinggate Leisure Centre	289,940	315,350	314,940	316,470	316,500
41,236	Miscellaneous Expenses	49,380	50,300	81,800	81,800	81,800
85,575	Outdoor Sports & Recreation Facilities	89,570	93,330	96,400	96,700	96,740
147,675	Repairs and Maintenance - GF	53,070	0	0	0	0
0	S106 - Formal & Informal Recreation	0	0	0	0	0
0	S106 - Percent for Art	0	0	0	0	0
121,841	Sports Development	140,010	136,240	140,580	143,390	143,410
0	Stores Overhead Account	0	0	0	0	0
(12,539)	Town Centre Housing	(10,170)	(12,250)	(12,250)	(12,250)	(12,250)
1,634	Welfare Services	2,000	2,000	2,000	2,000	2,000

1,916,334

1,888,050 1,895,890 1,346,880 1,353,540 1,354,230



Strategic Organisational Development – Continually improving our organisation

Actual 2009/10 £	Details of Expenditure	Original Estimate 2010/11 £	Estimated Outturn 2010/11 £	Base Budget 2011/12 £	Forecast 2012/13 £	Forecast 2013/14 £
	0 Audit Services	0	0	0	0	0
	0 Building Cleaning	0	14,350	14,510	15,550	15,600
	0 Catering	0	0	0	0	0
	0 Chief Executive & Partnership Team	930	1,400	3,910	(4,200)	(4,200)
	0 County Elections	0	0	0	0	0
1,026,968	Corporate Management	1,028,430	1,020,420	1,064,090	1,072,220	1,074,570
	0 Customer Service & Performance	18,480	(6,450)	0	0	0
1,037,774	Democratic Representation & Mgmt	1,036,700	890,580	889,540	889,050	891,450
	0 Democratic Services	0	0	0	0	0
	0 Director of Development	0	0	0	0	0
	0 Director of Resources	0	0	0	0	0
	0 Director of Neighbourhoods	0	0	0	0	0
	0 District Council Elections	0	1,000	59,000	0	0
84,285	Electoral Registration	79,060	73,390	73,190	73,090	73,100
	0 European Elections	0	0	0	0	0
	0 Financial Services	0	0	0	0	0
	0 Human Resources & Payroll	1,000	(5,700)	0	0	0
	0 Information & Communication Technology	0	0	0	0	0
	0 Legal Services	0	0	0	0	0
809,615	Non Distributed Costs	873,840	882,370	877,030	882,520	870,820
	0 Parliamentary Elections	0	0	0	0	0
	0 Parish Council Elections	0	0	0	0	0
	0 Payroll	0	0	0	0	0
	0 Reprographics	0	0	0	0	0
	0 Shared Procurement Unit	0	0	0	0	0
	0 Sherwood Lodge	0	0	0	0	0
	0 Solicitor to the Council	0	0	0	0	0

2,958,644

3,038,440 2,871,360 2,981,270 2,928,230 2,921,340