

Report to: Cabinet / Overview and Scrutiny

Date: 21st August 2008 / 8th September 2008

Subject: Medium Term Financial Plan 2009-2012

Report of: Executive Director of Business Support Services

Contact officer: Paul McKeivitt X2237

Purpose/summary: To examine the financial projections for the Council over the next 3 years with specific focus on the budget and Council Tax prospects for 2009/10

Alternative options considered and reason for selecting the one recommended: A substantial increase in Council Tax could lead to a cap being imposed. This would be the alternative option to requiring savings to be exemplified

Recommendation/decision: To note the forecast, the potential costs surrounding the risk areas identified, and consider the process for considering growth and reductions. Give guidance on the level of savings to be exemplified.

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial: The report sets the scene for the next 3 years. The key resources from Formula grant, Dedicated Schools Grant and specific grants are forecasts at this stage, but form the basis for the consideration of budget options and strategies to be considered over the coming months.

Staffing: May be affected by options chosen for both growth and efficiencies.

Policy: Budget Framework and Gershon efficiency
Equal Opportunities - Has a Diversity Impact Assessment been conducted? N/A

Wards affected: All
 Special Interest Members – N/A
 Which have been consulted

Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

If yes, have the property implications been agreed with the Corporate Property Officer?

N/A

Does this proposal have significant implications for the Council and the local population?

No a diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure? No

No a diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution?

Yes *

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget?

Yes *

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

No *

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	x
Discussion leading to a decision	x
Monitoring	
Sharing for corporate understanding	

	x
Discussion	
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
	Strategic Partnership Team 22 nd July 2008		
Panel	Overview & Scrutiny	Cabinet	Council
	8 th September 2008	21 st August 2008	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer D. J. Smith

Date 11th August 2008

Financial Outlook 2009/10 – 2011/12

This report sets the Council's Medium Term Financial Strategy for 2009/10 – 2011/12 and highlights a number of key pressures the Council is likely to face over that period.

Summary of report headings

- A. 2007/08 final accounts** – confirms changes to year end balances.

- B. 2008/09 – issues identified during the budget** – service pressures, uncertainties and risks to the budget strategy which remain unmitigated.

- C. Further budget issues identified since March 2008 and in 1st Monitoring report** – an update on the pressures and uncertainties and any other emerging matters for the current year.

- D. Forecast Spend, Council Tax and Balances** – the forecast for the next 3 years to 2011/12 and what this may mean for Council Tax increases and levels of balances.

- E. Council Priorities for 2009/10 onwards** – how we will link our growth processes and other budget strategies to the Council's service objectives as set out in the corporate plan.

- F. Carry forwards, Growth and Revenue Savings** – the way in which flexibility is used to fund corporate priorities including the recycling of efficiency savings.

- G. Capital Investment Strategy** – we need to ensure that our Capital and Revenue financial plans are joined up in terms of financial consequences but also in terms of delivering the corporate plan.

- H. Risk Assessment** – we need to assess the risks to our developing budget strategy over the medium term and mitigate these as far as possible.

- I. Conclusions and Recommendations** – seeks guidance from the Cabinet on the budget strategy process and the level of savings to be exemplified.

A. 2007/08 – final accounts

The final accounts were approved by the special meeting of Audit Committee on 26th June 2008. Balances at 31st March 2007 were £21.489m and £25.898 at 31st March 2008. Carry forward amounts proposed by Chief Officers to fund Council priorities in 2008/09 (see section C) will reduce the available figure to £18.390 million.

B. 2008/09 – issues identified during the budget

The Council has agreed a risk management policy statement which sets out our approach to the identification, assessment, and management of risk we face in the delivery of services. Our aim is to link this with the service and policy planning framework as part of an annual cycle. In terms of 2008/09 budget, the key issues identified were:-

- Pressures in Adult Services – in particular transition from childhood to adulthood, and the increasing numbers of the frail elderly.
- Building Schools for the Future – creation of team and procurement costs.
- Waste Disposal, LATS penalties and the need to invest in additional recycling facilities, including potential GM partnership.
- Job Evaluation, Pay and Grading Review and Equal pay – all these processes have potential to create further pressures on the Council.
- YPO Dividend – continuing likelihood that there will be no dividend payable.
- Capital Receipts in support of the capital programme are forecast to reduce significantly over the medium term.
- The Manchester Airport dividend is currently not included in the 3 year forecast although a dividend which amounts to £1.3m for Wigan has just been approved by the Shareholders of the Airport.

C. Further budget issues identified since March 2008 and in 1st Monitoring report

The budget monitoring reports for 2008/09 have already identified a number of budget pressures particularly in Adult Services and very much related to the areas outlined in the risk assessment made as part of the 2008/09 budget outlined above.

Manchester Airport have declared a dividend worth £1.3m to Wigan Council. This has now been received. As stated above, this is currently provided for in the budget and the dividend is included in the balances. We are currently reviewing this approach and looking at how our neighbouring authorities treat their dividend, one option is to include the dividend in the budget the year after receipt in effect as a contribution from reserves.

On the Capital Programme some £4m in forecast capital receipts has been removed from the programme over the 3 year plan in the light of the downturn in the housing market. This will impact initially on the revenue balances of the Authority if spending on non-supported items such as Aids and Adaptations and Capitalised Repairs continues at existing levels.

Leigh Sports Village - the latest forecast for the Stadium is that it is due to reach practical completion stage in late August / early September. The date has been

moved back several times. Further works will be required by the Developer Greenbank to the overall site to make good defects to the occupied buildings, the pitches and infrastructure and to landscape currently vacant commercial sites. As the Leader indicated at the last Council meeting, additional car parking provision will be needed to meet licensing requirements. The decision of the Rugby Football League not to grant an initial franchise to Leigh Centurions and the delay in completion of the Stadium will impact upon the business plan of Leigh Sports Village Ltd – and in turn, as the current sole shareholder, on the Council. The Sports Village Company is also dependent on the recovery of a service charge from commercial tenants on the site as well as other users. With the downturn in the property market it is likely that this source of income may not reach expectations. Private sector companies also appear to be cutting back on advertising and promotion which in turn will impact on the Company's ability to generate income through sponsorship and naming rights. Additional provision will therefore be required in the current year and in the forecast for support for the scheme. In the short term Leigh Sports Village Ltd is receiving cash flow support from Wigan Metropolitan Development Company. For 2008/9 this required additional revenue support can be offset against the overall forecast underspend and increased interest income reported in the revenue budget monitoring report. Provision will be made in the next capital programme review for the additional car parking and landscaping requirements, although it is expected that some of these costs can be offset against the eventual sale proceeds of the commercial sites.

D. Forecast Spend, Council Tax and Balances

1. Basis of calculation

The starting point is the budget requirement for 2008/09. I have removed from the forecast the incremental changes (pay, inflation and other growth) to schools and central budgets which will be supported by the Dedicated Schools Grant (DSG). This budget will be developed separately alongside of the Forecast and then matched to the DSG once known. (Any interaction with the General Fund will be identified as part of this process – for instance the requirement for schools to make increased contributions to the internal insurance arrangements in the light of their claims experience.)

From this starting point the budget has been uplifted for estimated inflation (excluding schools) and adjusted for any non-recurring items of expenditure and income in 2008/09.

Certain known items of committed growth and variations have also been included. Other pressures are identified in the report and will be considered as part of the Cabinet scrutiny process. Provision for general (as yet unspecified) growth has been omitted from the forecast, given the 3 year budget process which is now embedded.

- **Inflationary Uplift**

The June 2008 Retail Price Index was 4.6% and the Government's target Consumer Price Index 3.8%. The following assumptions have been made for year-on-year inflation.

	2009/10	2010/11	2011/12	Value of 1% in 2009/10
	%	%	%	£'m
Pay inflation (non teaching)	2.5	2.5	2.5	1.4
Price inflation (general)	2.5	2.5	2.5	3.7
Local Income inflation	3.5	3.5	3.5	-2.5
PTA levy	4.0	4.0	4.0	0.2

- **Pay**

The current pay offer of 2.45% for 2008/09 is 0.45% above budget provision. This area will be one which is affected by events which will perhaps supersede the available information at the time of writing. The forecast has been adjusted to 2.5% throughout the medium term.

- **Energy costs**

Separate inflation factors have been applied to specific commodities. These assumptions will be revisited with better intelligence (opportunities for further fixed price contracts etc.). Much depends on the progress of international events affecting energy supplies and prices. However the gas price for the period June 1st 2008 until May 31st 2009 has now been agreed. This will result in a 14% increase in price over that period. In the absence of other information at this stage, similar uplifts are provided on electricity. The YPO are presently working on plans to join with 4 other procurement bodies in the UK to form an extremely large purchaser which will then procure energy direct with the power generators themselves and cut out the shippers.

- **Inflation on income**

As in last year's budget the predictions for car park and market income have fallen short of initial forecasts. Inflation has therefore not been added to these budgets at this stage, but this will be kept under review.

- **Inflation on Landfill Tax**

Included in the forecast are large inflationary increases in respect of rises in the rate of Landfill Tax from £32 / tonne in 2008/09 by £8 / tonne in each of the years of the forecast. Compared to the last MTFP a further £1m has been added in respect of 2011/12.

- **Other Growth**

The forecast on pay, including the effect of increments and employer's superannuation contributions takes no account of what the Job Evaluation Exercise may conclude on pay structures. It does contain the final results of the triennial review of the Greater Manchester Pension Fund.

- **Savings Required**

The indicative figures for *additional* savings (beyond those agreed as part of the last budget challenge) required to arrive at a 2% Council Tax rise are as follows:-

£2.9 million in 2009/10,
£1.4 million in 2010/11 and,
£4.1 million in 2011/12.

These figures will change as the budget forecast develops and spending plans, including addressing the financial risks discussed in this report, are evaluated and incorporated with your approval. The increased need for savings is largely driven by pay and price (particularly Landfill Tax and energy) inflation.

- **Formula Grant**

For 2008/09 to 2010/11 the Formula Grant figures are those announced by the Minister of State for Local Government in respect of the final settlement for 2008/09. For 2011/12 an uplift of 2.5% has been added to the 2010/11 figure.

- **Council Tax base**

The latest figure available for the Council Tax base is included for 2009/10. For future years no increase is assumed. This is because it is felt at this stage that market conditions will lead to an increase in voids and a drop in collection rates. This will inevitably impact upon the tax base over the currency of the plan.

It is also assumed that there will be no surpluses on the Collection Fund and therefore previous support to the General Fund has removed.

2. Reserves

Appendix 1 sets out the forecast for spending, council tax and balances for 2009/10 to 2011/12. As I have previously reported the Local Government Act 2003 placed new duties on local authorities that reinforce sound financial management. When an authority is deciding on its annual budget and council tax level it will have to take into account a report from its chief financial officer on the robustness of the budget and the adequacy of the authority's reserves. The Government has a back up power to impose a minimum level of reserves on an authority that was making inadequate provision. Authorities will be under a duty to monitor their budgets during the year, and consider what action to take if a deterioration is identified.

As Members will know the Government and Audit Commission (in the Use of Resources Assessment) rightly place great emphasis upon the level of balances. Whilst they may have given indicative guidance in the past at about 5% they will not take an absolute position. It remains therefore a matter of professional judgement on which I am required to formally advise you. It can be argued that excessive balances are an opportunity cost to the taxpayer – either more spending on services could have taken place or Council Tax increases could have been less (or a combination of both). On the other hand balances earn interest and provide an internal funding source for the capital programme instead of more expensive external borrowing. Balances which are too low put the organisation at risk if unexpected financial demands appear and in extreme conditions may require spending to be

frozen, Section 114 reports to be issued and productive energies diverted from service delivery to retrenchment and service cuts.

The Council has worked on a 5% level of balances as its target for many years and has in that time contained many “ups & downs” of financial problems – both internally and externally driven. We have a good record of bringing in expenditure (in aggregate) below budget and have used the flexibility of balances to enhance services, deal with the “emergency” situations and provide valuable additional funding to the capital programme when necessary.

An assessment of risks and their impact on balances has been carried out. This tested the sufficiency of balances over the medium term. The main risks have been identified and a value placed on them. The analysis supports the view that 5% balances is a reasonable level over the period of the MTFP. This level takes into account the twin objectives of minimising the cost to the tax payer whilst minimising the effect on the Council of financial risk.

In conclusion my judgement remains the same – that over the medium term the Council should aim for a level of balances which equates to about 5% of our net budget requirement. As in the past we should be prepared to use balances to smooth any tax increases over the medium term.

The table below is an updated position from the 1st budget monitoring report and analyses the projected out turn of balances to March 31st 2009.

		£'m
Balances 1 st April 2008		25.898
Commitments	Capital Programme Support (from 1 st quarter monitoring report not yet finalised)	-1.877
	Contribution to 08/09 budget	-1,247
	Funding carried forward to 2008/09 (see below)	-5.699
Manchester Airport Dividend		+1.300
Predicted outturn variation	(from 1 st quarter monitoring report d)	+0.015
Predicted balances 31 st March 2009		18.390

E. Council Objectives for 2009/10 onwards

The Council’s priorities for improvement are set out in the Corporate Plan and are linked to high level objectives. At this stage of the budget process a number of service pressures have been identified and are set out below:-

Objective - Helping people reach their full potential – including a good start in life for every child and young person, care and protection when life is difficult , healthier and happier lifestyles.

	2009/10 £'000	2010/11 £'000	2011/12 £'000
Adult Services :-			
New Transition cases	1,400		
Demographic Pressures -over 65's - net effect of growth and income.	525	525	525
Demographic Pressures -Learning Disabilities - net effect of growth and income.	635	635	635
	<u>2,560</u>	<u>1,160</u>	<u>1,160</u>

Objective - Strong Communities Leadership - including a place where people respect and value their different backgrounds and get on well together, enriching people's lives through leisure, sporting and cultural activities,

The Council continues to work closely with the Leisure Trust on a number of Strategic projects including Leigh Sports Village, the Joint Service Centre, the Parks and Open Spaces Strategy and other initiatives identified under Getting Wigan Active. The overall impact of these projects both on the Council's Capital and Revenue resource position as well as the Leisure Trust is under close and continuous review and is taken account of in the Medium Term Plan.

Objective - Places people want to live in - including a strong modern economy offering a good standard of living for everyone, people living in decent, affordable homes of their choice, living in a place where you feel safe, improving local facilities, the infrastructure and environment

	2009/10 £'000	2010/11 £'000	2011/12 £'000
Environment			
Waste Management		500	500
Neighbourhood		250	
		<u>750</u>	<u>500</u>

The Council is working in partnership with Wigan and Leigh Housing, the Housing Corporation and Adactus Housing Association to create affordable housing for sale and rent in Wigan over a 10 year plan.

Internal Drivers – including high standards of corporate governance and accountability, excellent service performance and effective support for services

The Support Services Review has been conducted to secure both improvement and efficiency in the way the Council supports front line service delivery. Savings identified are available to be recycled towards the Council's strategic objectives.

Also job evaluation costs have not been provided for within the plan as we are budgeting for this to be finalised within the current pay envelope. Other Authorities that have progressed further with this process have found that the pay bill has risen

as a result. Looking at these cases if the same outcome was replicated here, then this would be the equivalent of an increased cost of between £4.2m and £7m per annum for Wigan Council.

F. Carry forwards, Growth and Revenue Savings

1. Carry forwards from 2007/08

Proposals are set out below. Cabinet are asked approve these proposals.

The first group of items have already received Cabinet approval.

	£'000s
IT Investment Account	997
Highways Maintenance	762
Brighter Borough	518
Twin (Township) Wards	82
Disability Discrimination	47
Unspent IT on CRM transferred to Leisure Trust	18
	2,424

These items were reported during 2007/08 as part of the budget setting process or budget monitoring process.

	£'000s
Unspent Budgets on Benefits Administration	300
Underspend on Asset Management Salaries	192
Unspent Set up Costs on Leigh Sports Village	135
Unspent IT on Terrier Computerisation	57
Unspent Budget on Energy Management Software	41
	725

The final items are earmarked sums for schemes slipping into 2008/09

	£'000s	Strategic Objective
Re-investment from Support Services Review	738	Excellent Services
Environment Services– Waste projects	840	Where people want to live
CYPS Education-Investment in Building Schools for the Future	861	Helping people reach their full potential
IT Consultancy - Abraham Guest project	45	
Chief Executives – E&D, Employee Survey and Citizen's panel	66	Excellent Services
	2,550	

Total proposed for carry forward into 2008/09 is £5.699 million

2 Revenue Savings

Last year you stated that your Council Tax objective for the medium term is to peg increases at a maximum of 2% year on year, with the provision that we would review

this in light of service pressures, with an intention to keep council tax increases within retail price inflation. This is well below the Government's current capping limit of 5% (though this may change) and whilst above the rate of inflation enables the service pressures which are demand led, rather than cost driven, to be met for the residents of the Borough.

The indicative savings targets required to achieve this are set out above. (These are in addition to previously agreed savings – see section D1 above). Any additional growth to the budget would need to be offset by compensating expenditure reductions to keep the Council Tax calculation constant. You may consider however that these are minimum reductions and that in view of continuing service pressures in Adult Services, the required efficiency savings for meeting Gershon targets and the uncertainties around waste disposal and job evaluation/equal pay, there is a need to go further.

If the Council objectives remains that Council Tax rises at no more than 2%, then with current inflation and expected formula grant (known for 2009/10 and 2011/12) and estimated at a 2.5% uplift in 2011/12, there is a continuing need to find cashable efficiencies.

Alternative approaches have been previously discussed – e.g. not automatically providing the cost of increments (this area would perhaps stand a rigorous debate and could save around £1 million), moderating inflation provisions (which would count as a Gershon efficiency) by cash limiting less strategic budgets such as general supplies and services to offset other pressures (it has been calculated previously that savings of £1 million could be achievable on paper).

Clearly your debate will be shaped and informed by the better certainty we can bring to the risk issues and in particular the costs of Job Evaluation where at the moment these costs would need to be contained (offset) because

- They cannot be passed on to the Council Tax payer (because of capping) and,
- The Government is currently not offering any additional funding solution.
- Trade Union representations continue to argue that the Council should make explicit provision for Job Evaluation (JE). As I mentioned earlier in the report elsewhere the costs of JE have been between 3 and 5% of the pay bill.

In considering budget plans departments will need to be clear on the links with corporate objectives and ensure that proposals tackle community need and reduce inequalities.

3 Growth/reprioritising available resources

The plan contains the deliberations for dealing with growth and reductions over the 3 years from 2008/09 to 2010/11 which were carried out as part of the current year's budget process. This links performance with spend. It is recommended we adopt a similar process for next year's budget with departments asked to plan on the basis of a growth and reduction scenario – accommodating service pressures within a suggested budget envelope.

4. Performance Reward and Area Based Grant

It is assumed for the purposes of the plan that PRG and Area Based Grant are budget neutral. Officers led by the Deputy Chief Executive supporting the Local Strategic Management Group of Wigan Borough Partnership have recently evaluated the impact of the end of the NRF programme. This has led to some projects being mainstreamed, with the remainder either commissioned through the Working Neighbourhood Fund or decommissioned.

G. Capital Investment Strategy

As already indicated the medium term plan contains the revenue consequences of all new programmed major investments that have already been approved for inclusion in the Council's Capital Investment programme. In addition the forecast is refined to reflect the changing costs of all previous borrowings, provision for debt repayment and fall out of debt where appropriate. This approach ensures that the revenue forecast and the Capital Investment Strategy are linked and that both continue to reflect the financial consequences of service priorities as stated in the Corporate Plan.

The updated plan shows a marked reduction in expected capital receipts over the 3 years. To ensure the capital and revenue plans are linked this reduction is shown as initially being funded from revenue balances. The Capital Strategy Management Group will keep this area under review and suggest to Cabinet any corrective action which may be required as over the longer term this approach would not be sustainable.

Capital financing charges will be reassessed in the light of these changing circumstances and changes will be introduced to the forecast at the next refresh in the autumn.

H. Risk Assessment

These forecasts are a snapshot of the expected budget position over the next three years. They will, by their nature, change and will need to be updated on a regular basis. There are certain changes that will occur but at present it has not been possible to quantify them. The list below indicates these current areas of uncertainty.

- The budget monitoring reports for 2008/09 have already identified a number of budget pressures particularly in Adult Services and very much related to the areas outlined in the risk assessment made as part of the 2008/09 budget outlined above. The structural budget pressures in these service delivery areas require a longer term strategy to funding. The budget forecast continues to assume a neutral position on these pressures at this stage until the action plans have developed and given a clear indication of the real additional budget investment required net of any alternative service delivery efficiencies.
- The Building Schools for the Future project will require the creation of a corporate team to support what will be an extremely significant capital investment programme. Resources have been identified to assist with the costs in 2008/09 and are contained within the table of underspends from 2007/08. In addition it

has been previously agreed that pre DSG school balances will be available to support the creation of a team and other procurement costs.

- It is assumed that Manchester Airport will not declare a dividend payment during the currency of this forecast beyond the current year. As stated earlier in my report we are reviewing the accounting treatment of the dividend.
- Insurance claims – it is assumed that the current Insurance Provision will be sufficient to meet any liability claims arising.
- Superannuation – as already explained the increase in employers' contributions previously agreed in the 2007/08 budget has been reflected to 2008/09 per the triennial review.
- Equal Pay, as at this stage last year whilst substantial payments have already been made there remains the possibility of individual litigation and grievances.
- It is assumed that the YPO dividend will not be paid over the 3 year plan.
- Demographic change – estimates of the impact of falling schools rolls will be factored into the separate construction of the schools budget to be met by DSG. An examination of the forecast trend in the elderly population indicates an increasing number of individuals in the 85+ category who may become dependent upon Social Services. These pressures would need to be quantified in any growth bid for Adult Services elderly clients.

Office of National Statistics Forecast of population in Wigan			
Age Group	2009	2010	2011
65+	29,200	30,000	30,900
75 – 84	15,300	15,800	16,100
85+	5,200	5,300	5,400
Totals	49,700	51,100	52,400

I. Conclusions and Recommendations

The first forecast shows that if your objective of achieving a 2% Council Tax is to be met then service reductions/efficiencies savings are required. Previously Cabinet agreed that we would review this target in light of service pressures, with an intention to keep council tax increases within retail price inflation which is currently running at 4.6%. This makes no allowance for the other potential financial pressures identified in this report (principally Job Evaluation/Equal Pay, Waste Management and pressures on Adult & Children's services). Provision is also required for additional capital and revenue spend at Leigh Sports Village.

Members are requested to indicate the parameters for the scenarios on which Strategic Management Team will plan the 2009/10 budget based on this initial forecast.

Members are requested to consider the recommendations outlined in section F(1) above for carry forwards.

Appendix 1

Medium Term Financial Plan 2009/10 to 2011/12 :

		ESTIMATE 2009/10		ESTIMATE 2010/11		ESTIMATE 2011/12	
		£'000	£'000	£'000	£'000	£'000	£'000
BASE BUDGET							
Previous year's bud req	(adjusted)	233,169		239,757		245,892	
<i>Add back :-</i>	<i>Use of balances in previous year</i>	<u>0</u>		<u>0</u>		<u>0</u>	
Underlying previous year's net budget requirement			233,169		239,757		245,892
INFLATIONARY UPLIFT							
Overall	Pay	3,235		3,316		3,399	
Overall	Pay adjustment for underprovision in previous year	686					
Overall	Prices	10,174		10,665		11,332	
Overall	Income	-6,402		-6,714		-6,984	
			7,693		7,266		7,746
GRANT CHANGES							
Adults	Social Care Reform	-757		-316		1634	
Adults	Adult Social Care Workforce	-32		-31			
Adults	Carers	-87		-87			
Adults	LDDF	2		1			
Adults	MCA / IMCAS	-44		8			
Adults	Mental Health	-49		-51			
Adults	Preseved Rights Grant	46		34			
CYPS	CAMHS	-23		-21			
CYPS	Carers	-22		-22			
Community Protection	Community Engagement Townships withdrawal of NRF Funding	<u>400</u>				<u>350</u>	
			-566		-485		1,984

		ESTIMATE 2009/10		ESTIMATE 2010/11		ESTIMATE 2011/12	
		£'000	£'000	£'000	£'000	£'000	£'000
GROWTH/ SAVINGS ATTRIBUTED TO CAPITAL INVESTMENT							
Overall	Net change in capital financing charges inc LSV	-600		-900		-400	
			-600		-900		-400
OTHER GROWTH AND SAVINGS							
Overall	Salary Increments	972		991		1,011	
Overall	Increase in rate of employers superannuation - LGPS	846		694		569	
Overall	JSC Unitary Charge					6,705	
Overall	PFI Credits for JSC					-5,241	
Overall	JSC PCT Rental Income					-235	
Overall	JSC W&L Housing Rental Income					-200	
Bus. Supp. Services (L&P)	JSC Admin Buildings Savings					-1,000	
Bus. Supp. Services	JSC Admin Buildings Savings					0	
CYPS	CAMHS	23		21			
CYPS	Carers	22		22			
Adults	Social Care Reform	757		316		-1634	
Adults	Adult Social Care Workforce	32		31			
Adults	Carers	87		87			
Adults	LDDF	-2		-1			
Adults	MCA / IMCAS	44		-8			
Adults	Mental Health	49		51			
Adults	Preseved Rights Grant	-46		-34			
Community Protection	Contribution to Direct Access Hostel	0		0		0	
Community Protection	Homelessness increased contribution to HRA	0		0		0	
Community Protection	Grounds Maint. Increased contribution to HRA	50		50		50	
Environment	Waste Management	500					
Audit & Governance	Municipal Elections (none in 2009)	-190		190			
Audit & Governance	Joint Service Centre - fees	-150				0	
Regeneration	Leisure Trust Adjustment for TWWW and Heritage Store	70		183			
Regeneration	Leisure Trust CSF virement to JSC procurement	-270		-90		-91	
Regeneration	JSC Procurement	270		90		91	
			3,064		2,593		25

		ESTIMATE 2009/10		ESTIMATE 2010/11		ESTIMATE 2011/12	
		£'000	£'000	£'000	£'000	£'000	£'000
PROPOSED NEW GROWTH							
Overall	3 Year Budget Challenge Growth	<u>2,151</u>		<u>1,137</u>		<u>500</u>	
			2,151		1,137		500
VARIATIONS TO BUDGETS			<u>5,215</u>		<u>3,730</u>		<u>525</u>
Environment	Waste Disposal - landfill Tax volume reduction						
	Fall out of deferred purchase						
	Direct Revenue Funding of Capital Programme deficit	1,877		2,479		1,386	
	Fall out of debt with non accrued interest						
		<u>1,877</u>		<u>2,479</u>		<u>1,386</u>	
			1,877		2,479		1,386
TRANSFERS TO / FROM BALANCES AND RESERVES							
	Balances to support Direct Revenue Funding of Capital	- 1,877		- 2,479		- 1,386	
	Accrued Interest provision						
	Balances to support revenue	<u>-1,877</u>		<u>-2,479</u>		<u>-1,386</u>	
			-1,877		-2,479		-1,386
	3 Year Budget Challenge Efficiency Savings		-2,277		-1,981		0
	Add: Efficiency savings required via 09/10 Budget Challenge Process		-2,877		-1,495		-4,142
	BUDGET REQUIREMENT		<u>239,757</u>		<u>245,892</u>		<u>251,605</u>
			239,757		245,892		251,605
YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT							
	% increase		<u>6,588</u>		<u>6,135</u>		<u>5,713</u>
			<u>2.8%</u>		<u>2.6%</u>		<u>2.3%</u>
			6,588		6,135		5,713
			2.8%		2.6%		2.3%
GRANT INCOME							
	Previous year's base for RSG and NNDR		124,489		129,031		133,081
	Add: Adjustments to the base		-83		-32		0
	Revised base funding		124,406		128,999		133,081
	Add: Uplift		4,625		4,082		3,327
	Total revised RSG and NNDR		129,031		133,081		136,408
			129,031		133,081		136,408
COLLECTION FUND SURPLUS					125		
					125		

	ESTIMATE 2009/10		ESTIMATE 2010/11		ESTIMATE 2011/12	
	£'000	£'000	£'000	£'000	£'000	£'000
COUNCIL TAX REQUIREMENT		110,726		112,936		115,197
Year on year increase		2,171		2,210		2,260
% increase		2.00%		2.00%		2.00%
Estimated tax base		95,753		95,753		95,753
Council Tax		£1,156.37		£1,179.46		£1,203.06

Ready reckoner		2009/10	2010/11	2011/12
Amount Required for 2.0% increase		0	4,227	-1,314
1% council tax rise - raises		1,085,551	1,107,262	1,129,365
£1 million on the budget - gives a percentage rise of		1.03	1.03	1.03
£1 million on the budget - amount per Band D		£10.44	£10.44	£10.44

Revenue Balances position		2009/10	2010/11	2011/12
		£'000	£'000	£'000
Anticipated starting point		18,390	15,641	14,255
Less anticipated c'fwd bids				
Proposed usage (capital programme)		-2,749	-1,386	
Use for revenue		0	0	0
Provision for LATS penalties				
Position at end of year		15,641	14,255	14,255
Bellwin threshold (emergency support)		480	492	503
Balances above Bellwin threshold		15,161	13,763	13,752
Expenditure (Budget requirement less addition to balances)		241,634	248,371	252,991
Less :-				
	<i>PTA Levy</i>	19,651	20,437	21,254
	<i>Leisure Trust Funding</i>	17,358	17,827	18,308
Underlying operating costs		204,625	210,108	213,428
Balances as a % of underlying operating costs		7.41%	6.55%	6.44%
Minimum balances		10,231	10,505	10,671
Above (-) or below (+) minimum		-4,930	-3,258	-3,081