

MEDIUM TERM FINANCIAL STRATEGY UPDATE
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Portfolio Area:	Efficiency and Resources
Report Presented by:	Councillor M. Lager

Background Papers:	Updated Medium Term Financial Strategy 2008/09 to 2012/13 - Cabinet report and minutes 1 st December 2008 and Finance Proposals 2009/10 - Cabinet report and minutes 10 th February 2009
Corporate Implications:	Please refer to table at end of report
Options:	To accept or make amendment to the assumptions for the Medium Term Financial Strategy 2010/11 to 2013/14
Risks:	Detailed in the report

Executive Summary

The Council's Medium Term Financial Strategy (MTFS) 2009/10 to 2012/13 was prepared on the basis of assumptions and predictions regarding a range of factors that were considered likely to impact on the Council's expenditure and income. It is clear that since that time the economic climate, nationally and locally, has been difficult and challenging and is having a significant impact on the Council's finances.

The main areas that will have an impact as the Council reviews and rolls forward its MTFS for 2010/11 to 2013/14 are:

- General rate of inflation has reduced, with the Retail Prices Index currently negative. Looking ahead the Government's target for inflation remains at 2% and this is included for 2010/11 onwards (compares to 2.5% in current MTFS).
- Pay and pension costs. Employee costs are a significant proportion of the Council's total costs. The pay award for 2009/10 has been agreed at 1% (plus minor additional increases for points on the lowest grade and leave entitlement). It is proposed that pay be increased by 1% (compared to 2.5%) together with an allowance of 1% for incremental progression for those staff not at the top of their grade. Pension contribution costs are set until 2010/11, with a review to be undertaken as at 31st March 2010 to determine the contribution costs for 2011/12 to 2013/14. Performance of the equity markets has a significant impact on pension funds but the Government is consulting on proposed changes to the method of assessing Councils' contributions in order to lessen the level of increases required at the next review.
- Service Level Agreements with Greenfields CH for a number of services, including accommodation, are coming to an end during 2009/10. The loss of the income received needs to be addressed in order that increased costs do not fall to the Council.
- Income received for a number of the Council's services is declining. In particular services linked to the housing market i.e. Building Control and local land searches. Other services such as car parking are also recording a decline in income.

- The decline in the housing market is also expected to impact on the growth in the Council's taxbase. The anticipated increase is reduced from 1% per annum to 0.5% per annum.
- Investment income had been a significant source of income to support the revenue accounts however the low interest rate environment over the last year is predicted to continue.
- Government grant has been set for 2010/11 at £10.23million, this being the final year of a three-year settlement. For the next three-year settlement, covering 2011/12 to 2013/14, it is expected that the grant will be cut and three scenarios are provided: the best case would be for a standstill at £10.23million, the worst case would be for a reduction of 6.66% each year, (average reduction against standstill of £0.63million per year) and the central case would be a reduction of 3.33% each year (average reduction against standstill of £0.33million per year).
- The estimated net running costs of the proposed new swimming pool in Witham show that a net surplus of income could be achieved. This would mean that savings of £0.5million could be achieved against the current loss made at the Bramston Sports Centre. For the purposes of the MTFs three scenarios are suggested: the best case being that £0.5million savings are achieved in 2012/13; the worst case that no savings are achieved and a central case of £0.3million savings are achieved.

In order to address the affordability gap for 2010/11 and 2011/12 members initially agreed that efficiency savings of £500,000 be identified, but this was subsequently increased in June 2009 to £800,000 as a number of the issues raised above became evident.

The changes made to the assumptions, together with the central case for Government grant for 2011/12 onwards, provide for an increase in the affordability gap for 2010/11 and 2011/12 to just under £1.1million.

The proposed strategy is to balance the revenue account over the two years, without any ongoing recourse to balances. It is proposed that this is achieved by identifying a range of efficiency savings and possible service reductions which could be delivered over the next two years, with a value between £1.2 million and £1.5million. Setting a target higher than the predicted funding gap will provide a menu from which the Council could make choices and also allow for the uncertainty over the amount of grant to be received from the Government in 2011/12.

To achieve this, a number of reviews are in progress to identify efficiencies for 2010/11 and 2011/12. Management Board are scrutinising proposed plans for all services. Members of the Performance, Innovation and Efficiency Programme Board will scrutinise all efficiency saving proposals with the Chief Executive and Directors during November 2009.

In addition, the assumptions will be kept under review and be subject to challenge and changes will be made as and when decisions are taken which address the impact of the Service Level Agreements with Greenfields CH coming to an end.

An update of the financial position will be presented to the Cabinet at its meeting on 7th December 2009.

Finally, with regard to Parish Support Grant payments, the Council adopted a policy for 2009/10 whereby the increase applied to the Parish Support Grant was limited to 2.5%, but this increase was reduced down to nil where increases in Parish or Town Council precepts were increased by more than 2.5%. As parish/town councils will shortly commence looking at their finances for 2010/11, Members are asked to consider the Parish Support Grant arrangements for 2010/11.

Decision

Members are requested to:

- a) agree (or amend as appropriate) the assumptions contained in the report;
- b) note the consequential impact of the revised assumptions and agree the Council's draft Medium Term Financial Strategy for 2010/11 to 2013/14;
- c) agree to an increase in the efficiency target to a range between £1.2million and £1.5million, required to address the funding gap for 2010/11 and 2011/12; and
- d) Consider the arrangements for Parish Support Grant for 2010/11

The Budget Consultation and Budget Setting process timetable for 2010/11 was agreed by the Cabinet on 1st September 2009.

In accordance with that timetable this report provides an initial update to the Medium Term Financial Strategy 2009/10 to 2012/13 (MTFS), which was agreed by Full Council on 16th February 2009.

The summary of the spending profile for the General Fund for the four-year period, as provided in the MTFS, is attached as an Appendix A.

The MTFS will continually be updated by officers during the budget process with updates to Members by report to the Cabinet, before it is finally approved in February 2010.

The MTFS was prepared prior to the closure of the 2008/09 accounts and on the basis of assumptions and predictions regarding a range of factors that were likely to impact on the Council's expenditure and income. It is clear that since that time the economic climate, nationally and locally, has been difficult and challenging and is having a significant impact on the Council's finances.

1. Current position on MTFS

1.1 2008/09 Outturn

The accounts for 2008/09 were reported to the Audit Committee on 29th June and to the Cabinet on 6th July 2009. The General Fund balance carried forward from 2008/09 is £2.834million, less than that predicted of £3.1million when the MTFS was approved.

This balance is after budgets totalling £235,241 were approved to be carried forward to 2009/10 to meet one-off expenditure.

The Housing Revenue Account balance carried forward is £5.148million, marginally less than that predicted of £5.152million.

1.2 Expenditure/Income in 2009/10

Balances

The Finance Proposals 2009/10 report indicated that some of the efficiency savings proposed for 2009/10 involved a reduction in staff numbers, which could involve redundancy and possible early retirement costs if no suitable alternative employment was to be found for staff through the staff stability scheme. Costs of £406,000 have been incurred for the reduction of nine members of staff between 1st April and 30th September 2009. These costs are to be met from the General Fund balance (£333,000) and the Housing Revenue Account balance (£73,000).

In addition, Full Council, on 20th July 2009, agreed to set-aside a provision, of £500,000 from the General Fund balance, for redundancy and possible early retirement costs which may be required for staffing reductions to achieve the £800,000 revenue budget reduction target for 2010/11 and 2011/12.

The quarterly performance monitor based on the first quarter's income and expenditure in 2009/10 predicts a net additional withdrawal from the General Fund balance of £188,000.

A number of the issues identified for 2009/10 will, unless addressed, continue to have an impact on 2010/11 onwards:

Expenditure Budgets

- a) The provision of a number of services to Greenfields Community Housing (GCH) are due to end in the current year and assumptions were made within the budget as to how the losses of income were to be addressed. As work has progressed on these it is clear that some of the assumptions are at risk of not being delivered as anticipated:
- Discussion with Essex County Council regarding occupying the space in Causeway House to be vacated by GCH has been protracted, with negotiations still in progress at the time of writing. Draft Heads of Terms have been discussed and the proposed charges have been included in the updated MTFS profile, attached at Appendix B. A rent free period of four months is being requested, which will impact on the finances for 2009/10 (rental of £12,900 per month was assumed).
 - No agreement has been reached regarding the use of the IT infrastructure in Causeway House by ECC, £100,000 per annum is provided within the budget. Whilst discussions are ongoing it is assumed that cost savings of £21,000 will be made against the budget.
 - A report on the future of Millenium Tower is included as a separate item on this agenda. However the assumption that the loss of revenue from GCH would be addressed in 2009/10 is unlikely to be achieved (rental of £17,200 per month assumed). For the purposes of the updated MTFS profile it has been assumed that £150,000 of the lost income will be addressed for 2010/11.
 - Cordons Farm. Discussions with Greenfields CH regarding their continuing use of this facility are ongoing. At this time the assumption in the updated MTFS profile is that a revised level of income will be negotiated with GCH.
- b) Grounds maintenance tender for Greenfields Community Housing. The tender submitted by the Council to undertake the grounds maintenance contract for GCH from 1st January 2010 was unsuccessful. Whilst TUPE arrangements will apply for some staff and the majority of direct costs will be reduced it is anticipated that residual annual costs of approximately £104,000 will fall on the General Fund.
- c) Pay award due April 2009. An offer from the Employers' Organisation of a 1% increase (1.25% increase for the lower points of grade 1) and an increase in leave entitlement from 20 to 21 days for employees with less than 5 years' service has recently been accepted by the unions. This agreement will provide a saving against the budget of approximately £191,000 (as an allowance of 2.5% was provided in the budget).

Income Budgets

- d) Local land charges. The Council was required to reduce its charges for land searches to a level which simply covered the costs of the service; this was implemented from mid-April 2009. The consequence of this is that the budgetted surplus, of £150,000, will not be achieved.
- e) Building Control fees. Demand for this service has declined and it is forecast that income will be £148,000 less than budgetted. Although £49,000 of this will be met from the Building Control Reserve in 2009/10 this will reduce the reserve to zero.
- f) Car park charges. Usage of the car parks is less than anticipated and a reduction in income of £67,000 is predicted in 2009/10.
- g) Interest earned on Investments. With the Base Rate at an all time low it is forecast that interest rates for the investment of monies in the year will achieve an average of 1%. This compares with 2.5% provided when the budget was agreed and leads to a reduction of £318,000. This amount is divided between General Fund, Housing Revenue Account and other accounts (includes Section 106 contributions). The

amount of the reduction for General Fund is £143,750; this will be met from the Treasury Management Reserve in 2009/10 (taking the balance on the reserve to £262,000 as at 31st March 2010).

Other pressures/risks

- h) Following the significant increase experienced in energy costs in October 2008 the budget for 2009/10 anticipates a reduction in costs, of £51,980, when the contract is renewed in October 2009.
- i) Fuel costs. At present the increase to the base budget for fuel for 2009/10 is proving to be adequate.

1.3 Spending Pressures for 2010/11 to 2013/14

In addition to the impact of the issues raised above continuing into future years' budgets it is necessary to review the assumptions in the current MTFs for 2010/11 and future years.

Expenditure

- a) A provision is made for general inflationary increases applicable to some expenditure heads, for example, contracts, business rates and transport related costs. This is currently provided at 2.5%, however the Consumer Prices Index (CPI) (the Government's target measure) stands at 1.6% for August. The target set by the Government for CPI remains at 2% and it is proposed to use this figure for 2010/11 onwards.
- b) Pay inflation is included at 2.5% plus an allowance for incremental progression (i.e. for staff not at the top of their grade). As mentioned above the pay award for 2009/10 has been settled at 1% and it is proposed to use this figure plus an allowance of 1% for increments for financial planning for 2010/11 onwards.
- c) Pension Costs. The employer's contribution to the pension scheme is set on a three-yearly basis, with the current agreement covering the years 2008/09 to 2010/11. A review of the Essex Pension Scheme will be conducted as at 31st March 2010 which will determine the contribution rates for 2011/12 to 2013/14. The Government is currently consulting on changes to the Local Government Pension Scheme, including changes to the methodology on the valuation of the scheme and increasing employee contributions, these will, if agreed, impact on the triennial review. The Government has also announced that it intends to issue a further consultation paper on the longer term future of the Scheme, and how it might best respond to changes in the workplace, workforce and economy. Essex CC has indicated, for financial planning purposes, that it anticipates that costs could increase by 1.3% of pensionable pay, per annum from 2011/12.
- d) Parish/Town Councils Support Grant. For 2009/10 it was agreed that a limit be applied to the amount of support grant paid to parish/town councils i.e. increase applied to the Parish Support Grant (PSG) was limited to 2.5%, but the increase reduced down to nil where increases in Parish or Town Council precepts were increased by more than 2.5%. For example, a Parish Council increasing its precept by 4.5% received an increase in its PSG of 0.5% and an increase of 5% or above received no increase. A number of parish/town councils will commence reviewing their finance requirements for 2010/11 in the coming weeks and therefore consideration should be given to the arrangements for Parish Support Grant for 2010/11.

- e) Proposed swimming pool in Witham in 2012/13. The Council is to consider a number of options regarding the facilities to be provided. The options for additional facilities including fitness suite, squash courts, dance studio, etc have different income and expenditure projections ranging from a net deficit to a net surplus. The current facilities at Bramston Sports Centre make an annual loss of £0.5million. Three scenarios are provided: best case of annual savings of £0.5million; worst case of no annual savings and a central case of annual savings of £0.3million.

Income

- f) Government Grant. The Government announced a three-year settlement for 2008/09 to 2010/11, which provides a 2.9% increase for 2010/11. It is possible that changes may be made but these are likely to be only minor amendments. The Government will undertake a Comprehensive Spending Review in 2010 which will be used to determine the next three-year grant settlement for 2011/12 to 2013/14. The current MTFs anticipated an annual increase of 2.5% for 2011/12 onwards, however, in view of the current debate on public finances nationally, three scenarios are considered and these are presented in the table below:

	2010/11 £	2011/12 £	2012/13 £	2013/14 £
No increase	10,231,363	10,231,363	10,231,363	10,231,363
Annual Reduction of 3.33%	10,231,363	9,890,659	9,561,300	9,242,908
Annual Reduction of 6.66%	10,231,363	9,549,955	8,913,928	8,320,260

In updating the MTFs, the scenario considered most likely to occur is an annual reduction in the grant of 3.33%.

- g) Fees and Charges. The current MTFs provides an allowance for an increase of 3% on some discretionary fees and charges, exclusions include car parking charges. The Council agreed not to increase existing fees and charges for 2009/10. Proposals for increases in discretionary fees and charges, together with the implications of a proposal to introduce a single concessionary rate of 25% for all concessions, as proposed in the report by the Fees and Charges Task & Finish group, will be presented as an integral part of the budget proposals to the meeting of the Cabinet in December 2009.
- h) It is assumed that car park charges will be increased in 2010/11 and these will ensure that the £67,000 shortfall against budget, currently predicted for 2009/10, is addressed.
- i) No provision is included in the MTFs for the receipt of an allocation of Local Authority Business Growth Incentive grant. Whilst the Council has received an allocation in previous years this has specifically been used for one-off expenditures and it is proposed to continue with this approach, as allocations are not guaranteed.
- j) The majority of the costs of the Local Development Framework are currently met from the Housing and Planning Delivery Grant. The Council needs to receive a minimum grant allocation of £150,000 to meet the estimated annual costs. In previous years grant in excess of this amount has been used for one-off expenditure within the planning and housing services.
- k) Investment Income. The rates of interest used in the current MTFs for the years 2010/11, 2011/12 and 2012/13 are 3%, 3.5% and 3.5% respectively. Following discussion with our Treasury advisors, Arlingclose, average rates of interest of 1.5%

for 2010/11, 2.25% for 2011/12, and 3% for 2012/13 and 2013/14 are provided in the updated MTFs profile.

- l) The amount of interest received will also be dependent on the monies available for investment. With schemes being developed for Braintree town centre and a new swimming pool in Witham, funds allocated to these will need to be reflected in the cash flow which in turn will reduce the amount of interest earned. It should be noted that for £1million spent on new capital schemes the loss of interest will be £15,000 in 2010/11 rising to £30,000 for 2012/13 onwards.
- m) The Council will be required to account for the losses on the investments with the three Icelandic Banks in 2010/11. At present one interim repayment of £205,000 has been received from one of the banks. Latest information regarding the likely level of repayments against the £5million investments is for £3.99million, providing a loss of £1.01million. The loss will either be charged to revenue, ultimately funded from balances, or subject to a request to the Secretary of State for approval to capitalise the loss and meet from capital resources. The Council's claim for repayment also includes an additional element for lost interest, which if received the recovered amount will be added to balances.
- n) Council taxbase. Whilst, the taxbase for 2009/10 was set at 52,889 (an increase of 0.58% over 2007/08), an increase of 1% year-on-year had been assumed for 2010/11 to 2012/13 in the MTFs. With the slowdown in the housing market and new housing developments the increase is now considered optimistic. The implications of changing the year-on-year increase to 0.5% for the years 2010/11 to 2012/13 is additional savings required of £43,145, £88,936 and £137,826 respectively. The taxbase figure to be used for 2010/11 will be determined using information as at 30th November 2009.
- o) Council Tax. For the purposes of the MTFs profile a 2.5% increase, year on year, in council tax is assumed.

Other pressures/risks

- p) The Council's two major service contracts, for ICT and leisure management, both reach the end of the current contract period during the timeframe of this MTFs period. The ICT contract runs to March 2011 and the leisure management contract runs to August 2012. Whilst work has commenced on reviewing the Council's options regarding both of these contracts it is too early to determine the likely financial impact.
- q) No allowance has been made for growth.
- r) No attempt has been made to predict a recovery in the economy and the consequential increases in levels of some income sources. This is on the basis that any improvements in income will provide the Council with opportunity to fund future growth in priority areas.

2. Balances

2.1 General Fund Balance

The General Fund balance as at 1st April 2009 was £2.834million.

Based on the predicted outturn for 2009/10, together with allocations from the balance agreed during the year the General Fund balance as at 31st March 2010 will be £1.535million.

If the write-off of the predicted losses on the investments with the Icelandic banks, of £1.01million, has to be charged to revenue in 2010/11 then this will reduce the General Fund balance to £0.525million. This would be below the minimum level of £1.5million agreed by Council, although the Council would still have a substantial balance on the HRA account, see below.

2.2 Earmarked Reserves

Total amount of balances earmarked for specific purposes was £4.015million as at 1st April 2009. The balances are earmarked for a variety of purposes including: capital financing, treasury management, risk management, concessionary fares, vehicle replacements, balances carried forward from previous years.

Planned movements on the earmarked reserves will be presented in the MTFs update report to the Cabinet in December 2009.

2.3 Housing Revenue Account Balance

The Housing Revenue Account balance was £5.148million as at 1st April 2009. Based on the predicted outturn for 2009/10 the balance will reduce to £5.025million as at 31st March 2010. This balance will transfer to the General Fund following the closure of the HRA, currently expected to be in 2012/13.

3. Funding Gap and Strategy

The financial impact on the MTFs from the updated assumptions as outlined above provides funding gaps for the years 2010/11 to 2013/14 of:

	2009/10* £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Worst Case	(112)	(548)	(728)	(729)	(783)
Best Case	(112)	(548)	(47)	407	(190)
Central Case	(112)	(548)	(387)	(123)	(508)

Note:* The funding gap now projected for 2009/10 will need to be addressed either in 2009/10 or 2010/11.

The funding gap to be addressed between now and 2011/12 varies at best £0.7million to at worst £1.39million, with the central case of £1.05million.

The proposed strategy is to balance the revenue account over the two years, without any ongoing recourse to balances. It is proposed that this is achieved by identifying a range of efficiency savings and possible service reductions which could be delivered over the next two years, with a value between £1.2 million and £1.5million. Setting a target higher than the predicted funding gap will provide a menu from which the Council could make choices and allow for the uncertainty over the amount of grant to be received from the Government in 2011/12.

4. Efficiency Reviews

In order to address the funding gap identified in the current MTFs for 2010/11 and 2011/12 it was agreed that the Performance, Innovation and Efficiency Programme Board be requested to identify £500,000 of efficiency savings over the next two years.

At the meeting of Cabinet on 8th June 2009 the amount requested to be identified was increased to £800,000, this was as a result of a number of the issues at 1.2 above already having been identified.

The agreed process to identify efficiencies involves a number of reviews:

- Review of all Business Plans looking at inputs, outcomes, costs and benchmarking to ensure the service is providing the optimum level of service at the least cost.
- Rationalisation of Management – Reducing tiers and numbers of managers by merging services and changing structures.
- Review of relationships/processes between front line and back office services with a view to reducing process and administration costs.
- An analysis of cross-service spend looking at comparisons with other authorities and identifying cheaper suppliers, contracts etc.
- Ideas and innovations (Brainwaves Special) – asking all staff/Councillors for ideas they have for reducing costs and increasing income.
- Increased scrutiny of vacancies with directors authorising posts to be filled.

Each of the above has commenced with reports on progress being received by the Performance Innovation and Efficiency Programme Board.

At this stage in the Budget process, the updated MTFS profile does not include any new efficiency savings, the only savings included are those identified as part of the budget setting for 2009/10.

Proposed efficiency savings, requiring member decision, will be included in the MTFS report to Cabinet in December 2009.

5. Capital Programme

4.1 Resources

The main source of funding which the Council has to deliver its Capital Strategy comes from the sale of assets. The downturn in the housing market continues to impact with reduced land values and very few sales of former council houses (the Council receives a share of the Right to Buy receipt with Greenfields CH).

Capital receipts:

- a) Capital Receipts are currently anticipated from the sales of the Former Riverside pool site, Braintree and land and property east of High Street, Halstead.
- b) Four Right to Buy completions are anticipated per annum.
- c) The Council receives a share of VAT savings from Greenfields CH, which was agreed as part of the housing stock transfer. The sharing agreement will generate £27million between the Council and GCH over a ten-year period, from 2008.

- d) Sales of housing assets. Three dwellings retained at transfer have been or are to be sold in 2009/10 generating approximately £360,000 and the recent sale of College House realises £70,000. In order to maximise the use of this resource it needs to be used to fund housing projects. If the resource is not used for this purpose then the Council is required to set-aside 75% of the sum and pay this to the Government.

Government Grants:

- a) It is anticipated that the Council will continue to receive a capital grant each year from the Government in respect of Disabled Facilities grants.
- b) The Council has been allocated £4.037million of Growth Area Funding grant (GAF) from the Government. The bid for the funding highlighted a number of prioritised schemes including land purchases (land assembly for development and to increase employment opportunities), improvements to cycleways, green space and riverside walk improvements at John Ray Park.

Reserves and Section 106 agreements

- a) Monies were set aside from revenue a number of years ago to provide finance for the capital programme. The balance available from this reserve is £200,000.
- b) Section 106 Agreements are a means of achieving new or improved assets in a particular area, being agreed with developers as 'planning gain'. Depending on the agreement, the developer either provides finance for the Council to undertake the work or provides the asset.

Community Fund

The Community Fund was established with £11million as part of the housing stock transfer arrangements. The Fund has been created for:

- New social housing;
- Estate environmental works;
- Regeneration activities;
- Other projects which benefit the community

The Community Fund Board, consisting of three representatives from the Council and Greenfields CH, decide on the utilisation of the fund.

Large Scale Voluntary Transfer (LSVT)

This is the capital receipt which the Council received from the housing stock transfer. The receipt, of £19.4million, has mainly been invested with the interest earned supporting the revenue account, the exception being the current temporary use of part of the monies to finance the capital programme where capital receipts have been delayed, e.g. the sale of the former Riverside pool site, Braintree.

The schedule of capital resources at Appendix C shows that just under £5 million of the LSVT receipt will have been used temporarily as at 31st March 2010. The majority of this will be replaced from capital receipts anticipated during 2010/11.

As stated at paragraph 1.3 (income (I)) above, if all or part of this receipt is used to finance capital schemes then the impact of the loss of interest will be an increase of the funding gap on the revenue account.

4.2 Capital Programme

The Capital Programme for 2010/11 onwards currently includes provisions for: housing grants; social housing grant commitments; capital salaries and schemes to be funded from the Growth Area Funding allocation; and works to the Council's assets.

The provision for the future replacement of the community hall at Rickstones, Witham has been removed from the programme as the future arrangements of the Council's community facilities is the subject of a specific review. A proposal to replace the facility will require a business case and be subject to bidding for capital funding in accordance with the normal capital programming process.

Requests for funding for capital projects for 2010/11 are currently being prepared. These will be prioritised and proposals will be presented to the Cabinet meeting in December 2009.

Corporate Implications				
Financial:	Detailed in the report			
Legal:	Legal implications of any of the efficiency saving proposals will be included as appropriate under each proposal			
Equalities & Diversity:	Any implications will be included as appropriate under each efficiency saving proposal			
Customer Impact:	Any implications will be included as appropriate under each efficiency saving proposal			
Environment & Climate Change:	Any implications will be included as appropriate under each efficiency saving proposal			
Consultation/Community Engagement:	Local Committees	X	Partners	X
	Public	X	Staff	X
Key Decision:	Yes			
Public/Private Report:	Public			
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GENERAL FUND - MEDIUM TERM FINANCIAL 2009/10 TO 2012/13 SUMMARY

GF - Profile Summary	2009/10	2010/11	2011/12	2012/13
Base Budget	17,862,860	18,645,610	19,035,810	19,630,214
Inflation (Pay and Prices)	1,025,150	622,950	591,920	572,150
New Demands	1,253,090	180,380	27,110	202,440
Reductions	(1,859,630)	(802,110)	(62,126)	(337,343)
Housing Transfer Costs	364,140	388,980	37,500	0
BDC Net Expenditure	18,645,610	19,035,810	19,630,214	20,067,461
Contributions to/(from) Balances	(278,000)	(107,460)	(140,630)	0
BDC Net Expenditure for Council Tax purposes	18,367,610	18,928,350	19,489,584	20,067,461
Percentage Increase in Net Expenditure	2.8%	1.5%	2.4%	2.2%
Formula Grant	(9,941,212)	(10,231,363)	(10,487,150)	(10,749,329)
Surplus on the Collection Fund	(24,980)	0	0	0
BDC requirement from Council Tax	8,401,418	8,696,987	9,002,434	9,318,132
Council Tax Base	52,889	53,418	53,952	54,492
Council Tax per Band D property (£)	158.85	162.81	166.86	171.00
Percentage Increase in Council Tax	2.5%	2.5%	2.5%	2.5%
Increase per week	£0.07	£0.08	£0.08	£0.08

General Fund-Balance	2009/10	2010/11	2011/12	2012/13
Estimated Balance brought Forward	2,810,000	2,532,000	2,424,540	2,283,910
Base Budget (addition)/ withdrawal from Balances	(278,000)	(107,460)	(140,630)	0
Balance carried forward	2,532,000	2,424,540	2,283,910	2,283,910
Recommended Minimum Level	1,500,000	1,500,000	1,500,000	1,500,000
(Excess)/Shortfall against Recommended Balances	1,032,000	924,540	783,910	783,910

Updated General Fund Revenue Profile 2009/10 to 2013/14

Central Case:	(Agreed Feb 2009)	(Update Sept. 2009)				
	<u>2009/10</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	£	£	£	£	£	£
Base Budget (inclusive of Efficiency Factor)	17,862,860	17,862,860	19,054,510	18,885,203	18,804,153	18,741,606
Pay, Pension Fund, Other Inflation and Recharges	1,097,060	906,060	395,180	480,720	451,930	428,720
Housing Transfer - Service Level Agreements	364,140	344,850	334,200	(12,500)	(12,500)	-
Total New Demands	1,185,090	1,842,840	67,870	(131,500)	(207,500)	40,000
Total Reductions Previously identified	(1,863,540)	(1,790,540)	(418,170)	(30,280)	(171,940)	0
Savings target (after allowing for 3.33% reduction in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and £300,000 saving from net running costs of new pool from 2012/13)	0	(111,560)	(548,387)	(387,490)	(122,537)	(508,028)
Revised Base Budget	18,645,610	19,054,510	18,885,203	18,804,153	18,741,606	18,702,298
Contribution from Balances	(278,000)	(686,900)	0	0	0	0
Government Grant	(9,941,212)	(9,941,212)	(10,231,363)	(9,890,659)	(9,561,300)	(9,242,908)
Collection Fund Balance	(24,980)	(24,980)	0	0	0	0
BDC Requirement from Council Taxpayers	8,401,418	8,401,418	8,653,840	8,913,494	9,180,306	9,459,390
Tax base	52,889	52,889	53,153	53,419	53,686	53,955
Council Tax (Band D)	£ 158.85	£ 158.85	£ 162.81	£ 166.86	£ 171.00	£ 175.32
Council Tax per week	£ 3.05	£ 3.05	£ 3.13	£ 3.21	£ 3.29	£ 3.37
Percentage Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Increase per week	£ 0.07	£ 0.07	£ 0.08	£ 0.08	£ 0.08	£ 0.08
Amount of council tax from a 1% change			£ 86,109			

Best Case:

Savings target (after allowing for Nil increase in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and £500,000 saving from net running costs of new pool from 2012/13)

0 (111,560) (548,387) (46,786) 406,822 (189,637)

Worst Case:

Savings target (after allowing for 6.66% reduction in Government Grant (2011/12 to 2013/14), a 2.5% annual Council Tax increase and nil saving from net running costs of new pool from 2012/13)

0 (111,560) (548,387) (728,194) (729,205) (783,304)

Capital Programme - Summary 2009/10 to 2013/14

APPENDIX C

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
Resources					
Major Repairs Allowance -b/f	20,420				
Borrowing	0				
Specified Grant	270,000	270,000	270,000	270,000	270,000
Other Government Capital Grants	110,110				
Capital Receipts:					
Preserved Right to Buys	400,000	400,000	400,000	400,000	400,000
Land East of High St. Halstead		600,000			
Riverside (£2.13m subject to planning)	50,000	2,080,000			
Vicarage Meadow properties recoup past capital exp.		715,400			
Three council houses and College House	430,000				
Vat Shelter (£27m shared with GCH over 10yrs)	1,486,000	1,665,000	1,665,000	1,665,000	1,665,000
LSVT receipt applied/ recouped	3,247,770	-3,923,720	-978,320	-47,790	
Reserves:					
Capital Financing	200,000				
S106s					
Housing					
Other	50,000				
Community Fund (£11m held by GCH)					
Growth Area Funding (£4.037m 2008/09 to 2010/11)	220,000	?	?	?	
	2,338,000	1,699,000			
	8,822,300	3,505,680	1,356,680	2,287,210	2,335,000
Capital Programme					
Schemes with Funding Approved:					
Housing Investment Programme					
Housing Grants - Disabled Facilities Grants	286,920	286,920	286,920	286,920	286,920
Housing Grants - Home Improvement Grants	200,000	200,000	200,000	200,000	200,000
Add Slippage - Housing grants					
Schemes to improve non-decent properties in private sector	110,110				
Housing Grants sub-total	597,030	486,920	486,920	486,920	486,920
LASHG					
LASHG reprofiled according to commitments	281,250	450,000			
LASHG sub-total	281,250	450,000	0	0	0
General Fund:					
General Fund Programme	2,116,080				
Budgets B/Fwd	2,195,180				
Growth Area Funding Projects (to be confirmed)	2,338,000	1,699,000			
Subject to further report for approval or funding received					
Causeway House - accommodation moves and works in preparation for new tenant	200,000				
Tabor Field allotment site	35,000				
St Marys, Bocking closed churchyard wall	75,000				
Cut Throat Lane allotments	50,000				
Play area refurbishment programme	135,000				
Suggest provision allocated for works resulting from condition surveys of Council's Assets		500,000	500,000	500,000	500,000
Capital Salaries	369,760	369,760	369,760	369,760	369,760
	8,392,300	3,505,680	1,356,680	1,356,680	1,356,680
Balance of Resources available (excluding LSVT Receipt)	430,000	0	0	930,530	978,320
Memorandum Note: LSVT receipt					
Balance @ end of year	14,511,392	18,435,112	19,413,432	19,461,222	19,461,222
LSVT receipt applied to date	-3,247,770	3,923,720	978,320	47,790	0
Capital Receipts not included in resources above to be used for housing schemes					
Three former council houses retained for homelessness and College House	430,000				