

Cabinet

4th December 2008

**Medium Term Financial Plan and Budget
2009/10**



**Report of Stuart Crowe, Corporate Director - Resources
[Cabinet Portfolio Member for Corporate Resources,
Councillor Michele Hodgson]
Key Decision No. TR/01/08**

Purpose of Report

- 1 The purpose of the report is to:
 - Provide an update on the progress in developing the Budget
 - Seek approval for a number of proposals to enable further work to proceed.
 - Identify risks associated with the Budget.

2 The report is divided into a number of sections:-

SECTION 1 Pages 2 - 5

Revenue Budget

Part A – LGR Savings and Investments

Part B – Base Budget and Inflation

Part C – Service Investments and Savings

Part D – Housing Revenue Account Update

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Capital Programme

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Other Issues

Part A - Area Based Grants

Part B - Fees and Charges

Part C - Council Tax Base and Other Issues to be determined by the Council as a Billing Authority

Part D - Consultation

Part E - LGR Transition Costs

Part F - Timetable

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Conclusion and Summary of Recommendations

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Appendices

SECTION 1

Introduction

At the Cabinet meeting on 28th August a strategy and work programme was agreed for the preparation of the budget and Medium Term Financial Plan. County and Districts have been working extensively on bringing budgets together, dealing with Local Government Review (LGR) financial proposals and the savings and investment issues that all eight authorities would have needed to consider in a normal budget cycle. There is a likelihood that there will need to be a greater degree of flexibility in setting budgets for “Service groupings*” than would normally be the case because of the complexities of LGR. This section of the report deals with a range of issues related to the revenue budget.

** Service groupings in this report is the term used to describe the Services which report to Corporate Directors.*

Part A

LGR Savings and Investments

Savings

The Bid suggested that £20.53m could be saved by adopting the proposals. The savings, expected to be delivered over 2 years, were based on a range of assumptions about levels and patterns of spending, particularly in Districts, and about prospects for savings by bringing 8 authorities together.

Although a significant amount of work has been done more is still necessary to bring firm proposals to achieve all the savings. Whilst it is anticipated that the Bid savings will be delivered in full, over the two years in 2009/10 and 2010/11, they may not be delivered as initially anticipated.

Currently £13.76m is being sought in 2009/10 and an additional £6.77m in 2010/11.

The budget build anticipates these savings being achieved. An extract from the Bid document is attached as Appendix 1, which details the original assumptions for savings.

Investments

The report considered in August was based on the expectation that of the proposals contained in the Bid, £9.55m would be needed for investment related to Area Action Partnerships and Budgets for Members.

£250,000 has been included in planning assumptions for each of the 14 Area Action Partnerships. This will cost £3.50m.

Current plans also assume that each Member would have a revenue budget of £50,000 for local spending. This, in total, will cost £6.30m but the additional cost over and above the current Members Initiative fund of £2,000 per Member is £6.05m.

No assumptions have been made about varying the resources currently allocated to Members for highway related schemes, currently £6,000 per Member. In total this costs £756,000 per annum. If Members were minded, this figure could be subsumed within the £50,000 per Member.

Decisions on these investments will need to be made in the latter stages of the budget process.

The cost associated with the proposal to equalise the former County and District Councils' tax levels is now provided in planning assumptions as a financing issue and amounts to £3.23m.

Part B

Base Budget and Inflation

Assumptions have been made about bringing together and rolling forward existing budgets from County and Districts – the base budget and sums needed for inflation.

Currently it is proposed to add £29.14m to the existing budget for inflation and Base Budget adjustments. The general level of increase that has been factored into planning assumptions is 2.5% for both pay and prices. Inflation pressures above 2.5% and additional base budget pressures have been identified. These issues are detailed in Appendix 2.

Some of the additional base budget pressure is because of long term commitments and because resources are reducing. The additional inflation is, in the main, related to the cost of fuel and energy. This has been particularly volatile over recent years. Currently the forecast is that these costs will reduce next year however, costs are currently significantly higher than they were 12 months ago when 2008/09 budgets were constructed.

Decisions will need to be taken about whether to allow for these additional costs. If we do not, then Services will need to absorb the costs by finding other savings or by reducing Service provision.

However, if we agree that the costs can be added to the base budget then to prepare a balanced budget, other savings will need to be found.

Work so far is based on the planning assumption of a 5% increase in council tax. This results in an average increase in council tax across the County of 3.19%, due to equalisation.

Assumptions have been made about levels of Government grant. Although Government last year published forecasts for three financial years it is anticipated that announcements confirming the position for 2009/10 will be made towards the end of November.

Part C

Service Investments and Savings

As in previous years it is necessary to consider a range of proposals for investments and savings to ensure that the Council responds to the needs of customers and Service users whilst acknowledging the need to reduce costs to enable council tax increases to be contained within Government expectations. Corporate Directors have identified investment proposals totalling £8.37m and have each been asked to identify savings to enable a balanced budget to be determined. Suggestions for savings and proposals for investment from Corporate Directors will form the basis of discussion in Overview and Scrutiny during the consultation process.

Part D

Housing Revenue Account Update

The Housing Revenue Account (HRA) is a ring fenced account primarily financed through tenants' rents. It is used to record expenditure and income relating to council houses and the provision of services to tenants. Within County Durham, four of the existing districts (City of Durham, Easington, Sedgefield and Wear Valley) operate a HRA. Sedgefield's HRA will be closed with effect from 31st March 2010, as a result of the large scale voluntary transfer of its stock to a stand alone Registered Social Landlord (Sedgefield Borough Homes), which is scheduled to be completed by 31 March 2009. City of Durham has an in-house landlord service, whereas Easington and Wear Valley provide housing landlord services through Arms Length Housing Companies (ALMO's), to which a management fee is paid. (Derwentside and Teesdale no longer have a HRA because of the transfer of their housing stock).

A provisional forecast for the combined HRA for the County has been prepared for 2009/10, with the comparative combined position in the current year. Forecasts for 2009/10 have been based upon a set of assumptions around housing subsidy, rent increases, changes to management fees and direct costs, such as repairs and maintenance expenditure requirements. The indicative figures suggest a stable financial position on the combined HRA. However, the figures will subject to change due to the following:

1. Decisions on supporting the housing related capital programme through revenue contributions remain to be taken. Currently Districts support this by way of contributions. £80,000 is included in existing capital programmes.
2. The final housing subsidy determination for 2009/10 has still to be received. The draft subsidy determination has only recently been received and is in the process of being examined to determine the impact on the initial HRA forecasts.
3. Further analysis is required to ensure that costs are allocated to the General Fund and HRA in accordance with proper accounting practice.

4. Treatment of the existing HRA working balance relating to Sedgefield and whether that is retained within a combined HRA has not been confirmed.
5. Standardisation of rent and service charge policies across the County. The draft subsidy determinations put forward two proposals on rent restructuring based on a three or fifteen year convergence timetable, each of which has possible variations in terms of capping limits to actual rent increases.
6. Decisions on the level of management fee payable to ALMO's have not yet been determined.

A separate report is being prepared on the forecast combined HRA position, plus the impact of the draft subsidy determinations and other issues highlighted above.

The new authority will be required to determine rents for 2009/10 and further budget reports will contain the detailed changes and appropriate recommendations.

Section 1 Summary

Appendix 3 details the current analysis of proposed budgets over the new Directorates.

It also shows a range of figures analysed over Services relating to the:

- Base budget
- Bid Savings, investments and transition costs
- Inflation and other base budget adjustments
- Service investments
- Revised base budget
- Government Grant
- Council tax at an average increase of 3.19%, and
- Collection Fund Surplus.

The current figures will undoubtedly change as further work is undertaken over the next month.

If all the issues identified in this Section were taken into account and resources provided accordingly, in order to provide a balanced budget with a 5% council tax increase, savings of £16.04m need to be identified. A 5% increase would result in an average increase of 3.19% for the Council element across the County based on current figures.

A further report will be presented in respect of the Housing Revenue Account.

During January, recommendations will need to be made by Cabinet and the county council to enable Budget decisions to be made.

SECTION 2

Capital Programme

Bringing together eight authorities provides challenges and exciting opportunities associated with assets, economic regeneration, highways, education and other capital projects.

As part of the eight Councils' budgets for 2008/09, a number of authorities approved capital spending into 2009/10. The total of the current programme across the County is £112m. This is supported by a range of funding, including capital receipts. However, the estimates for capital receipts were determined around 12 months ago. Since then, land values have fallen significantly. The assumptions on which these estimates were based are now being reviewed. Housing capital receipts can only be used for limited purposes, including regeneration, subject to a resolution of the Council authorising this arrangement.

Although it is suggested that the existing combined programme is maintained as far as possible in the short to medium term a review of the existing programme is underway to test the extent to which it can be delivered in the current economic climate.

A strategy and a scoring system for proposed capital investment has been developed.

The capital project scoring and prioritisation system has been devised to provide a structured and rational framework for assessing the relative merits of services' proposals for capital investment having regard to the Council's improvement and investment priorities, and the need to address issues associated with risk and opportunity management. At the same time, it retains a degree of flexibility so that decisions can be made in respect of issues concerning risk and the potential loss of windfall opportunities, which would otherwise be disregarded as low priorities in a rigid scoring system.

Output from the system, together with supporting business case information submitted by the proposing services, is moderated and ranked alongside all other proposals for capital investment by the cross-service Asset Management Plan Working Group before being fed into the Council's annual budget process for consideration.

The system is structured to relate schemes to the hierarchy of outcomes and indicators identified in the Local Area Agreement for County Durham, which sets the short-term delivery structure for our Sustainable Communities Strategy, and to the Council's latest Corporate Plan.

A number of bids for capital resources have been received from staff in Districts and the County Council. These are yet to be scored but for information they amount to £54m.

These bids will need a significant amount of review before final decisions are made. It is suggested therefore that the planning for the capital programme should focus on the resources the Council wishes to invest and that decisions about individual schemes can be made at a later date. As yet no additional

resources have been included in the revenue account for the financing consequences of additional capital expenditure.

Recommendation

It is recommended, for planning purposes, that the Council will adopt an appropriate resolution to enable housing receipts to be used for social housing and regeneration.

SECTION 3

Introduction

This Section contains a range of issues including those where the Council will need to take decisions as a Billing Authority and an Authority responsible for Housing.

Part A

Area Based Grants (ABG)

In preparation for 2008/09, Government transferred a number of previously ringfenced grants into a new "Area Based Grant" in an attempt to minimise barriers to local authorities for using mainstream resources to support Local Area Agreement priorities where they wish to do so. Whilst Local Authorities are free to use their ABG as they see fit to support the delivery of local, regional or national priorities Government Departments have issued circulars for many of the funding streams indicating the purpose of the funding.

In the current year ABG was paid to both Districts and County. Included in the County Council's ABG allocation are Connexions, Local Enterprise Growth Initiative Grant (LEGI) and the Safer Stronger Communities Grant (SSC) which were previously passported fully to "Local Area Agreement" partners. The County Council continued that passporting in 2008/09.

The County Council decided to top slice £100,000 from its ABG, after the passporting described in the previous paragraph, to be made available to the County Durham Partnership Board to help alleviate the financial pressures faced by the Community and Voluntary Sector Infrastructure Bodies. (CVS). District Councils were expected to contribute towards the CVS infrastructure. The balance of the ABG was allocated across County Council services as essentially it had previously supported a range of programmes and base budget spend.

The Districts' ABG is, in the main, payable to Easington, Wear Valley, Derwentside and Sedgefield and relates to programmes intended to reduce worklessness. These resources were generally transferred by the Districts to the Local Strategic Partnerships for determination.

In 2009/10, ABG totalling £61.12m is expected to be paid to the County Council, however this may be amended in the provisional grant announcement.

Of that sum it is suggested that the Council:

- Continues to "ringfence" and passport LEGI to partners.
- Continues to provide support for the CVS at a cost of £150,000.
- In line with the Cabinet decision on 6th November 2008, to earmark resources for District committed projects in 2009/10 and 2010/11.
- To allocate the remainder of ABG to the new Council Service groupings, in accordance with the notional programmes contained in the Government's allocation of ABG to Durham.

Recommendation

It is recommended that the suggestions set out above be adopted for planning purposes.

Part B

Fees and Charges

Introduction

Districts and the County Council have a range of fees and charges for a range of services. Although a wider piece of work is planned for the medium term a pragmatic and practical solution is proposed for fees and charges to be levied by the County Council next year.

Background

Each Council currently uses its own fees and charges and concessions policies in pursuit of its own local priorities. This would result in households in different areas of the County paying different amounts or not paying at all for similar, if not exactly the same, services on vesting day unless action is taken.

Whilst there is no need to equalise fees and charges in all areas across all services for vesting day, in some cases equalisation by 1st April 2009 is essential and in others desirable.

The development of a fees and charges policy to achieve equalised charging, where necessary, is an established “must have” and is integral to the development of the budget for 2009/10 and beyond. It may also impact on service delivery options appraisal work being undertaken, both pre and post vesting day.

Within the Budget Strategy agreed by Cabinet on 28th August the aim was for fees and charges to at least produce the same level of income as generated currently. However, there is also an overriding assumption that inflation at the rate of 2.5% is applied to expenditure and where possible income.

Proposals

It is proposed to:

- Equalise
 - i. Statutory and Regulatory fees and charges
- Rationalise concessions across all services for:
 - i. Children and young people concessions apply up to and including age 18
 - ii. The elderly - that concessions begin on 60th birthday
 - iii. People who are registered disabled
 - iv. People in receipt of income support or housing benefit.

- Equalise fees and charges such as:
 - i. Bulky household waste special collections;
 - ii. Provision of replacement wheeled bins;
 - iii. Pest control treatments;
 - iv. Miscellaneous environmental health survey work;
 - v. Advice for planning applications;
 - vi. Cemetery charges, including children's graves.

- In the following areas fees and charges are to be reviewed but not necessarily equalised:
 - i. Car parking;
 - ii. Crematoria charges;
 - iii. Alarm monitoring and warden visiting services;
 - iv. Disabled parking charges

Conclusions

Service groupings should make specific recommendations relating to their own areas of responsibility.

It is proposed that Service groupings should plan to equalise and rationalise, where appropriate, and revise fee levels in line with this report in order to generate at least a 2.5% increase on 2008/09 levels.

Recommendations

It is recommended that for planning purposes:

- Service groupings work on the basis that fees and charges income generates at least a 2.5% increase on 2008/09 levels.
- Make specific recommendations as part of the Service grouping budget build.
- The proposals set out above be agreed for equalisation, rationalisation and for concessions.

Part C

Council Tax Base and Other Issues to be determined by the Council as a Billing Authority

Introduction

The County Council will need to make a number of decisions in relation to the budget that previously would have been taken by District Councils.

This Section of the report covers these issues and indicates how they will be determined.

Council Tax Base

The Council Tax Base is used in the setting of the Council Tax and must be notified to precepting authorities by 31st January 2009.

The starting point is the latest valuation list supplied by the Valuation Office which classifies properties into Valuation Bands. The number of properties in each band is then adjusted to take account of discounts, exemptions, disabled reductions, appeals and properties which move on or off the list during 2009/10.

A factor is then applied to each Band to convert it to a Band D equivalent – the result being the “relevant amount” for each Band.

The estimated collection rate is then applied to the relevant amount to produce the Council Tax Base for tax setting purposes. A rate of 99% is currently being used.

The calculation will need to be repeated for each parish/town area so they can calculate their council tax.

In the past under the 1992 Local Government Finance Act the decision to determine Council Tax Base has been a whole Council decision. However, Section 84 of the Local Government Act 2003 enables authorities to set their council tax base, other than by a decision of the full Council.

I therefore suggest that Cabinet take the necessary decisions to determine the council tax base and that this will be a part of the Budget Report to Cabinet on 29th January which will include the full budget recommendations.

Council Tax Collection

Cabinet on 20th November agreed an approach to the process for the collection of Council Tax, and a number of other issues.

On a practical point arrangements have been made to provide for a standardised range of council tax payment dates with residents being offered a choice if they choose to pay by Direct Debit. The dates are 1st, 8th, 15th and 22nd. Those choosing to pay by other methods are due to pay on the first of each month. This arrangement reflects the greater certainty of payment and efficient collection cost of direct debit.

Parish/Town Council Precepts

District Councils have different arrangements to pay Parish and Town Councils their precept receipts. It is proposed in the first year at least to leave arrangements unchanged.

A Charter Trust is likely to be created in respect of the civic and ceremonial traditions of Durham City. CLG are expected to issue orders which will create the Trust early in the New Year. The Charter Trust will have precepting powers in 2009/10; however, as the Trust will not be established until 1st April 2009, there is a need to build in an estimated precept for 2009/10. The precept will apply to all council taxpayers in the (former) City of Durham District.

Local Average Rates for Mortgages

The County Council will inherit a range of mortgages and will need to set a "Local Average Rate".

Under the provisions of s16 of the Housing Act 1985, the Authority must on an annual basis review and set the interest rate it charges to any mortgagees. This rate is called the Local Average Rate. The rate set must be the greater of the Council's Consolidated Rate of Interest (CRI) + 0.25% allowance for administration and the Standard National Rate (SNR) published by CLG. The last SNR published by CLG was in February 2007 at 6.28%. The CRI is the average rate of interest paid on external borrowing of the Council, calculated on a weighted average debt basis, taking into account all planned borrowing and repayments in the year.

The rate is set at the same time as the budget to allow for notifications to be issued to people and Direct Debit or Standing Order arrangements to be amended. Given the different starting points and the County Council's low CRI position this will mean some significant % (1-2%) changes (reductions) to individual mortgages.

Part D

Consultation

Introduction

The County Council and Districts have had different approaches to consultation in the past.

In a normal year at this stage in the budget process there would still be a considerable number of issues to be addressed. Previous consultation by the County Council has enabled Members to test the reaction to proposals being considered relatively early in the Budget process. This year proposals are less well developed as yet.

Nevertheless it is felt that consultation aids the final budget decision making process and that it would be sensible to undertake a degree of consultation. The Council is required to consult the representatives of the National Non-Domestic Ratepayers. In the past the County Council has found that Trade Union consultation has been beneficial and arrangements have been made to continue this dialogue.

Overview and Scrutiny have determined their own arrangements for expressing a view on the budget proposals and have arranged a series of meetings during December to engage Corporate Directors in the process.

Recommendations

- It is recommended that in addition to the consultation with Trade Unions and representatives of the National Non-Domestic Ratepayers the Council consults representatives of the Citizens Panel.
- It is further recommended that this report is used as the basis of that consultation.

Part E

Transition Costs

Transition costs were estimated in the Bid document at £12.45m just over half of which was likely to be redundancy costs associated with early retirement.

The Bid assumed that transition costs would be met from Reserves of the eight Authorities and from ongoing savings. The Bid also acknowledged that an increase in transition costs would not significantly impact on the financial case.

Transition costs are being monitored throughout the process. It is anticipated that transition costs will initially be met from reserves and will not have an impact on the Revenue budget of the new Council.

Part F

Timetable

A timetable for a work programme was agreed in August. A revised timetable has been developed taking into account meetings in December and January. A copy is attached at Appendix 4.

It is recommended that the revised timetable is noted.

Part G

Risk

There are a number of risks which may have a financial impact during 2009/10. These are related to the existing risks of the County Council and Districts and risks arising from the Local Government Reorganisation (LGR) Programme.

Apart from LGR, the current key risks to the County Council have been identified as:

- Legal challenges on equal pay will potentially result in a significant financial cost to the Council.
- Delivery of the Building Schools for the future programme within time and budget, with minimal disruption to service delivery.
- Effectively implement the proposed Waste Management contract.
- Failure to improve the economic well-being of the County.
- The deterioration of the Highway network across the County leading to reduced public satisfaction and CAA assessment.
- Whilst the cost of fuel and energy is reducing the volatility of the market remains and therefore this remains a risk for the foreseeable future.

Emerging risks relate to the impact on the Council and the economy in Durham in relation to the global financial situation.

Apart from LGR, the current key risks identified by the Districts are:

- The impact of Single Status
- The impact of the global financial situation on Councils and the economy of Districts
- The levels of deprivation in some areas of the County
- Achievement of housing related objectives

The global financial situation will be challenging for the new Council. There may be pressure to increase spending to support the economy and communities in Durham. There could be increased pressure on Council services from those who are most affected and the Council could see significantly reduced investment income returns.

A number of issues are common to Districts and to the County Council in connection with LGR.

These are principally around:

- Recruitment and retention of staff
- Losing key members of staff
- Being able to maintain the workload
- And performance not being maintained

In addition, it is likely that the final revenue budget will not be as robust as in previous years because of the amount of assumptions which will inevitably need to be made. We may therefore see increased variation on spend as measured against the original budget. Furthermore if the current economic climate persists we may need to see changes in the capital programme reflecting the change in value of assets being identified to provide resources on the one hand and spending plans on the other.

All these risks are being managed but they do add a significant degree of uncertainty into the budget for next year.

SECTION 4

Conclusion and Summary of Recommendations

This report has provided information on a range of issues related to the construction of the revenue budget for 2009/10 and the capital programme together with related topics.

It is clear that much work remains to be done and this needs to be the focus of attention in coming weeks. Decisions will need to be made so that by 29th January Cabinet is in a position to make recommendations to the County Council.

Work is concentrated on developing a revenue and capital budget for 2009/10. Work on the broader medium term financial plan is being deferred until the position for 2009/10 becomes clearer.

A number of recommendations have been made in this report and these are summarised below. They are all for planning purposes and will be confirmed as part of later reports:

Summary of Recommendations

Capital

- That the Council will adopt an appropriate resolution to enable housing receipts to be used for affordable housing or regeneration.

Area Based Grants

- Continues to “ringfence” and passport LEGL to partners.
- Continues to provide support for the CVS at a cost of £150,000.
- In line with the Cabinet decision on 6th November 2008, to earmark resources for District committed projects in 2009/10 and 2010/11.
- To allocate the remainder of ABG to the new Council Service groupings, in accordance with the notional programmes contained in the Government’s allocation of ABG to Durham.

Fees and Charges

- Service groupings work on the basis that fees and charges income generates at least a 2.5% increase on 2008/09 levels.
- Make specific recommendations as part of the Service groupings budget build.
- The proposals set out in above be agreed for equalisation, rationalisation and for concessions.

Consultation

- It is recommended that in addition to the consultation with Trade Unions and representatives of the National Non-Domestic Ratepayers the Council consults representatives of the Citizens Panel.
- It is further recommended that this report is used as the basis of that consultation.

Timetable

- It is recommended that the revised timetable be noted.

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26th November 2008
p/reports/ct26-08

SECTION 5

Appendix A: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council?)

Budget decisions will impact on the ability of the Council to achieve the proposals set out in the Bid in terms of investments and savings.

Finance

This report is part of the process which enables the Council to determine a Budget and Medium Term Financial Plan.

Staffing

Budget decisions will impact on resources available for staff.

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

None

Health

None

Appendix 1: Extract from the Bid Document

Area of Saving	Value £m	Timing	Description
Housing services	0.610	25% 2009/10, 75% 2010/11	Savings in cost of Housing Benefit Administration based on centralisation. Saving derived from benchmark analysis (2 staff)
Cultural	2.178	25% 2009/10 75% 2010/11	Reduction in management costs (11 staff) and areas of duplication
Environmental	1.961	50% 2009/10, 50% 2010/11	Reduction in management costs for Economic Development, Environment and Health, Licensing and Consumer Protection, Community Safety and Street Cleansing (8 staff) and areas of duplication.
Planning	0.400	25% 2009/10, 75% 2010/11	Reduction in management costs (4 staff)
Corporate and democratic Core	6.289	90% 2009/10, 10% 2010/11	Calculation based on Allowances of £20k pr member and County Council Special Responsibility Allowances. Other costs based on County Council model. Saving taken as the difference between existing CDC costs and the new model adjusted for areas of double counting in savings identified below.
Central services	1.445	25% 2009/10, 75% 2010/11	Saving in cost of Council Tax Collection based on centralisation – saving derived from benchmark analysis (4 staff). Saving on district insurance premiums by being brought under County Council insurance umbrella. More efficient management of working capital cross single organisation.
Utilise District infrastructure for DCC one stop shop plans	0.500	1/4/2007	Reduction in County Council Budget for One Stop Shops as covered by District infrastructure.
Chief Executives	0.865	1/5/2009	Reduction of 7 Chief executives
Treasurers	0.582	1/5/2009	Reduction of 7 Treasurers
Senior HR head	0.400	1/5/2009	Reduction of 7 HR heads
Support Staff	0.546	1/5/2009	Reduction of 21 related support staff
Payroll staff	0.316	1/4/2009	Reduction of 9 payroll staff across County and Districts
External audit	1.144	1/4/2009	Reduction in Audit Fees and 7 audit staff
Legal	0.364	1/4/2009	Reduction of 7 Heads of Legal
Property Services	0.364	1/4/2009	Reduction of 7 property managers
IT Managers	0.260	1/4/2009	Reduction of 5 IT managers
It Hardware maintenance and running	0.900	1/4/2009- 1/4/2010	Reduce IT platforms & system licences
Payroll software licenses	0.100	1/4/2009- 1/4/2010	Move to one Payroll system
Support staff	0.488	1/4/2009- 1/4/2010	Reduce Finance staff by 15 across County Council and Districts
Procurement staff and contracts	0.203	1/4/2009	4 less procurement staff across County Council and Districts
Policy and performance	0.337	1/4/2009	7 less Policy staff
Communications	0.282	1/4/2009	7 less communications staff
Staff Reductions		1/4/2009	The above assumptions include 36 staff lost through attrition in the process at no cost. All other staff numbers are included in the redundancy and early retirement calculations.
TOTAL	20.534		

Appendix 2: Inflation and Base Budget Adjustments

	Adults, Wellbeing and Health	Children and Young People's Services	Regen & Economic Development	Neighbour'h'd Services	Corporate Resources	Assistant Chief Executive	Centrally Admin'd Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Inflation @ 2.5%	4,077	1,974	709	2,408	1,927	57	0	11,152
Total Additional pay inflation	65	14	168	243	452	0	0	942
Total Additional energy inflation	190	1	0	2,274	192	0	0	2,657
Total Additional Inflation - Transport	0	185	0	347	0	0	0	532
Total Additional Inflation - Adults	2,540	0	0	0	0	0	0	2,540
Equal Pay/Job Evaluation							2,000	2,000
Other Growth Pressures	0	0	154	2666	0	75	200	3095
Reduced Income Streams	26	0	495	354	1067	52	375	2369
Net Impact of Business as Usual Decisions	114	20	0	72	0	0	0	206
Use of Budget Support Funds	57	118	260	147	0	0	3061	3643
TOTAL INFLATION AND BASE BUDGET ADJUSTMENTS	7,069	2,312	1,786	8,511	3,638	184	5,636	29,136

Appendix 3: Detailed Analysis of Budgets

Position as at 26th November 2008

	Adults, Wellbeing and Health £'000	Children and Young People Services £'000	Regen & Economic Development £'000	Neighbourh'd Services £'000	Corporate Resources £'000	Assistant Chief Executive £'000	Centrally Admin'd Costs £'000	Total £'000
Base Budget	159,504	91,598	33,110	92,424	25,509	9,722	(5,591)	406,276
Bid Savings	(129)		(474)	(1,522)	(10,060)	(1,579)		(13,763)
Bid Investments					6,048	3,500		9,548
Transition Costs	97	0	582	436	6,211	1,524		8,851
From Reserves	(97)	0	(582)	(436)	(6,211)	(1,524)		(8,851)
Base revised for LGR	159,375	91,598	32,637	90,902	21,497	11,643	(5,591)	402,061
Inflation and Base Budget Adjustments	7,069	2,312	1,786	8,511	3,638	184	5,636	29,136
* Capital financing yet to be considered								
Service Investments	4,223	1,434	1,391	1,192	127	0	0	8,367
Revised Base Budget	170,667	95,344	35,814	100,605	25,262	11,827	45	439,564
Government Grant							(224,573)	(224,573)
Council Tax at 5% increase#							(194,056)	(194,056)
Collection Fund Surplus							(2,400)	(2,400)
LPSA Reward Grant - Estimated at 50% Revenue, 50% each year - Total £10m							(2,500)	(2,500)
Savings Required								16,035
Savings target								(16,035)
# Every 1% increase in council tax = £2.02m								

Appendix 4: Timetable

Week Commencing	MTFP and Budget
01/12/2008	Budget Consultation Paper agreed by Cabinet Briefing (01/12/2008) and Cabinet (04/12/2008) – Consultation begins
08/12/2008	Consultation on Draft Budget begins on 08/12/2008 Consultation with TU, NNDR, (10/12/2008) Citizens' Panel and Other groups (dates to be arranged)
05/01/2009	MTFP Review week - CMT and Cabinet joint meetings
19/01/2009	Pre-Agenda (19/01/2009) – use Cabinet Briefing meeting - consideration of final Budget, MTFP recommendations and Council Tax Base
26/01/2009	Cabinet Briefing (27/01/2009) – use Pre-Agenda meeting - consideration of final Budget and MTFP recommendations Cabinet (29/01/2009) - agrees final Budget, MTFP recommendations and Council Tax Base
23/02/2009	County Council (27/02/2009) - agrees final Budget Council Tax Leaflets printed