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CABINET

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CAPITAL AND REVENUE BUDGET 2011/2012

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Summary

This report presents the Council's draft capital and revenue budget for 2011/2012. In accordance with the constitution, Cabinet is required to develop 'initial budget proposals' approximately three months before finalising the budget and setting council tax levels in February 2011.

The draft budget is based on the principles contained in the Medium Term Financial Plan (MTFP) 2011/2014 approved by Cabinet in September. The recently announced Spending Review, whilst confirming the well publicised reductions in public sector spending, does not provide the detail to better inform the budget setting process. Work since the publication of the MTFP has firmed up the forecast for spending requirements and for revenue, now provides a better informed analysis of the expected funding gap.

1. Budget and Policy Framework

- 1.1 It is the responsibility of Cabinet, supported by the management team, to develop a draft revenue budget.
- 1.2 Cabinet is asked to accept this report as an urgent item to facilitate the budget consultation process in accordance with the timescales in the constitution

2. Constitutional rules

- 2.1 The budget and policy framework rules contained in the constitution specify that Cabinet should produce the initial budget proposals. These should be produced and submitted to overview and scrutiny committee three months before the Council meeting that is scheduled to determine the budget and council tax. The overview and scrutiny committees have a period of six weeks to consider these initial proposals. Any proposals for change will be referred back to Cabinet on 15 February 2011 for consideration.
- 2.2 Under the constitution Cabinet has complete discretion to either accept or reject the proposals emanating from the overview and scrutiny committees. Ultimately it is Cabinet's responsibility to present a budget to Council, with a special Council meeting arranged for 24 February 2011. The adoption of the

budget and the setting of council tax are matters reserved for Council. The statutory deadline for approving council tax is 11 March 2011.

3. Budget monitoring 2010/2011

- 3.1 The monitoring report, considered elsewhere on this agenda, highlights a net revenue overspending on services of some £1.2 million. Members are reminded that this forecast overspend is against a background of in-year budget reductions in excess of £2.8 million. Council has agreed that any shortfall in achieving these savings and associated redundancy and early retirement costs can be met from general reserves. Every effort will be made to minimise the forecast overspend and hence call on the Council's reserves. The trend in recent years has been one of a steady improvement in the forecast position during the second half-year as the more cautious first half-year projections unwind.
- 3.2 For the capital programme the forecast, based on the first half-year expenditure, is that there will be a minor underspend of £47,000 but that some £38 million of the £128 million programme will be spent in future years – an increase of £29 million. The total programme has increased from £116 million at Council in February 2010 to the current £128 million, the bulk of which is a £5 million roll-over from 2009/2010 in excess of forecast, coupled with a new allocation of £5 million from S106 funds for Stoke Crossing, with various smaller changes forming the reconciliation. The change in spending profile is across all directorates with Children and adults seeing the major shift of some £20 million reflecting a more realistic assessment of spending pattern.

4. Medium Term Financial Plan

- 4.1 The Medium Term Financial Plan (MTFP) identified the key issues that need to be addressed as part of the budget preparation process and endeavoured to integrate budget setting with service planning and ensure priorities and funding are matched. The MTFP made assumptions about future funding following the Government's announcement of severe public spending reductions earlier in the year. In view of this announcement the MTFP quantified the effect of budget reduction scenarios of 15%, 20% and 25% for both General Fund and DSG services across the four-year period between 2011/2012 and 2014/2015. This is in addition to any additional resource demand identified as part of the MTFP process, including the £3.6 million commitment for the recurrent funding of services that was financed from non-recurring resource in 2010/2011.
- 4.2 The key assumptions underlying the forecast for 2011/2012 and future years contained in the MTFP are that current spend can no longer be sustained and, with an optimistic assumption of a zero increase in formula grant for 2011/2012, there will be an increased resource requirement of £7.7 million for General Fund and £0.5 million for DSG services predominantly as a result of demographic changes and non-recurring support of the budget in 2010/2011.
- 4.3 The MTFP will mesh with the review of the Council Plan in preparing the Council Plan for 2011/2014. This will seek to integrate budget setting with service planning and ensure priorities and funding are matched.

4.4 The strategic priorities for Medway are set out in the Council Plan and targets established for the Local Area Agreement. These present a greater focus than in previous years and are now based on our two core values of:

- Putting our customers at the centre of everything we do; and
- Giving value for money.

These themes are exemplified under the six key outcomes as follows:

- A clean and green environment;
- Safer communities;
- Children and young people having the best start in life;
- Older and vulnerable people maintaining their independence;
- People travelling easily and safely in Medway; and
- Everyone benefitting from the area's regeneration.

4.5 In addition, the underlying financial aims of the MTFP must be:

- To ensure there is a sustainable budget, without recourse to the use of reserves;
- To generate efficiencies, in partnership with others where appropriate, for re-investment in priority spending. This extends to approving a set of efficiency projects in each financial year;
- To consider the revenue impact of funding streams supporting capital investment decisions, whether that be from supported borrowing, use of reserves, capital receipts or prudential borrowing; and
- To avoid the sanction of central government controls, for example capping.

4.6 The MTFP identified a number of areas to be investigated with a view to avoiding forecast pressures, or achieving savings. In that regard, as in previous years, the budget setting exercise is still at a formative stage given the significant resource gap.

5. Council Plan

5.1 Alongside the budget preparation for next year, the council will be producing the Council Plan 2011/2014. In response to the implied new freedoms and flexibilities the plan will be more streamlined and outcome focused. It will also include the small number of key projects that the Council can afford and will deliver, itself or with partners, to achieve its priorities. The plan will be underpinned by a limited and high-level set of outcomes underpinned by clear measures of success, so that for each priority a cluster of indicators can be tracked to gauge progress making it possible to see how well the Council is doing against its priorities and whether the Council's actions are making a difference and are giving value for money.

6. Finance Settlement

- 6.1 The level of Government funding in 2011/2012 and future years and the ability to generate additional council tax income are influenced by:
- The Government's Spending Review (SR) 2010;
 - Provisional Local Government Finance Settlement; and
 - Proposals to limit or freeze council tax increases.
- 6.2 The three-year funding settlement introduced in the Comprehensive Spending Review 2007 ends this current financial year and Members will be aware of the in-year Government funding reductions announced in the summer as a pre-cursor to the SR. In presenting the emergency budget in June 2010, the Government emphasised the need to significantly reduce the budget deficit over the life of the current parliament with Departmental Expenditure Limits (DEL's) reducing by 25% over the period. This followed immediate and unprecedented in-year reductions announced at the beginning of June.
- 6.3 SR 2010 was published on 20 October and announced overall Government spending reductions over the four-year period to March 2015 that were consistent with the statement at the end of June (headlined at a real-terms reduction of 28% for Local Government). The detailed funding for individual local authorities will not be known until the finance settlement is published in December and will be affected by the changes to the distribution formula and any subsequent impact of the damping mechanism. Further uncertainty will arise as a consequence of the changes announced for non-formula grants some of which are to be consolidated in the Formula, most are to be non-ringfenced and there will be a number of new grants such as that for council tax described below
- 6.4 In his letter to all Local Authorities on the 20 October, Eric Pickles, the Secretary of State stated the settlement:
- tackles the principal pressure on social services by providing an additional £2 billion to support adult social care by 2014-15;
 - commits £6.5 billion to affordable housing and Decent Homes over four years;
 - offers help to the vulnerable with £6.5 billion to Supporting People over the Spending Review period;
 - offers more flexibility to councils by ending ring-fencing of all revenue grants from next year, except for simplified school grants and the new public health grant which will be introduced in 2013. In total, local authorities will have greater control over more than £7 billion of funding from 2011-12 which is moving into formula grant, being unringfenced or is new funding for the SR10 period;
 - protects council tax payers by offering, in partnership with local authorities, a council tax freeze;
 - shifts many other budgets – including budgets for GPs and Police and Crime Commissioners – to the local level, so that you can pool and prioritise this money more effectively;
 - sets out plans to implement the first phase of Community Budgets in 16 areas from April 2011, by pooling departmental budgets at source for 16 places, to tackle families with complex needs, with the intention that all areas will be able to take this approach from 2013; and

- radically reforms the Housing Revenue Account, so that you will have much greater ability to run your own affairs, provides over £2 billion on Decent Homes in total over four years and enables councils who own housing to improve the decency of tenants' homes with enough money to more than halve the backlog by 2015.

6.5 More specifically the SR identified that:

- Councils in England to face an average 7.1% cut in real terms for central government funding for each of the next 4 years; and
- Capital funding from all departments to councils will fall by around 45 per cent over the spending review period.
- Homelessness Grant will remain at current levels;
- Disabled Facilities Grant protected, however ring fencing will be removed;
- Schools budget to rise every year until 2015;
- Underlying per pupil funding to be protected in cash terms;
- Sure Start services to be protected in cash terms.

6.6 The offer to local authorities that choose to freeze council tax in 2011/2012 is based on a promise that the Government will grant fund the equivalent of a 2.5% increase in council tax that year for the SR period. This could be worth some £2.4 million for Medway based on the projected 2011/2012 taxbase.

6.7 The Government will offer more flexibility to councils by ending ringfencing of all revenue grants from next year, except for a simplified Dedicated Schools Grant (DSG) and a new public health grant which will be introduced in 2013. The majority of revenue grants will be rolled into formula grant for 2011/2012. However, despite announcing a 7.1% annual reduction in Government funding, there is a general agreement that because of the impact of cross departmental movement and grants, the actual reduction of the new formula grant is likely to be front ended and experts have predicted reductions of between 11% and 17% for 2011/2012. However Formula Grant represents only £85 million of the total General Fund funding of £201 million in 2010/11 and at 17% such a cut would represent £14.4 million compared to the £12.5 million 'budget' cut forecast in the MTFP for 2011/2012 at the 25% scenario.

6.8 Whilst the financial modelling exercise can be compelling it is clear that at this stage there is insufficient information to determine the exact nature of the reduction in resource that Medway will face both for General Fund services and the 'protected' schools' budgets. What is certain is that the level of Government funding to local authorities will be drastically reduced over the coming years and budget reductions will need to be sought as forecast in the MTFP.

7. Summary of draft revenue budget

7.1 The MTFP focussed on the high-level budget pressures that already existed or were seen as unavoidable. These pressures amounted to £7.7 million in 2011/2012 and averaged some £4 million a year for the following two years.

7.2 Since publication of the MTFP directorates, in consultation with portfolio holders, have been developing more detailed budget proposals incorporating pressures and current year savings. The effect of these is summarised in

Appendix 1 and 1a to 1d, with major pressures being identified in section 8 below. A summary of the budget proposals as they currently stand, including any savings proposals currently identified and pressures, is shown in Table 1 below.

- 7.3 The Government has announced that DSG will be protected in cash terms and the reduction shown below reflects falling pupil numbers. Funding for a notional 2.5% increase in council tax has been assumed – albeit this is likely to arise as a combination of Government grant and additional taxbase yield. Formula Grant has been reduced to reflect the 25% budget reduction requirement between 2011/2012 and 2014/2015 exemplified in the MTFP but adjusted for the front ending of formula grant reductions referred to in paragraph 6.7.
- 7.4 For DSG, the amounts shown in Table 1 ignore the impact of Academy transfers and are as predicted in the MTFP since the SR announcements have not affected the assumptions and the pupil number forecasts used then are still the most contemporary. The per pupil funding rate is assumed to remain fixed at the 2010/2011 figure although some standards fund grants that are devolved to schools will be incorporated at a neutral effect. The additional ‘pupil premium’ will be issued as a separate devolved grant and will represent both cash and real terms growth for schools but is ignored at this stage in the absence of clear data. Given the announcement that school funding is to increase in real terms each year, the budget reduction scenarios in the MTFP are effectively redundant.
- 7.5 The Formula Grant forecast used in Table 1 assumes that the 2010/2011 level of grant (inclusive of Area Based Grant (ABG)) will reduce by the £12.550 million forecast in the MTFP (25% reduction scenario). The reality behind this assumption will be known when the financial settlement is announced in early December 2010.
- 7.6 In respect of the pressures identified in the appendices, to assist in understanding the nature of the identified pressures they have been classified as follows:
- Cost of Current Services. The categories within this classification are the unavoidable increases as a result of price increases, increments and the full year effect of pressures already impacting upon budgets; and
 - Changes to Service. These are the anticipated effects of changes to budgets in 2011/2012 that are not presently felt but will occur in 2011/2013 because of known events such as new legislation or regulation and the need for budget provision to cover estimated growth in service to compensate for a present shortfall or a reasonable estimate of future growth.

Table 1. Draft revenue budget 2011/20012

Directorate	Original Budget 2010/2011 £000's	Forecast Requirement 2011/2012 £000's
Children and Adult Services (C&A):		
DSG Related Expenditure	172,130	172,102
Other Expenditure	113,602	114,288
Regeneration, Community and Culture (RCC)	48,641	48,704
Business Support (BS):		
DSG Related Expenditure	1,497	1,497
Other Expenditure	29,731	29,876
Public Health	388	371
Interest & Financing	15,358	16,358
Levies	900	974
Corporate Savings	(2,300)	0
Budget Requirement	379,947	384,170
Estimated Funding		
Dedicated Schools Grant	(173,627)	(171,600)
Council Tax	(97,583)	(100,760)
Formula Grant	(85,130)	(90,296)
Area Based Grant	(17,716)	0
PSA Reward Grant	(830)	0
Planned Use of Reserves	(4,078)	0
Collection fund Surplus	(983)	0
Estimated Available Funding	(379,947)	(362,656)
Budget Gap DSG	0	1,999
 General Fund	0	19,515

7.7 Table 1 indicates an increase in the budget requirement of £4.3 million (compared to the £7.7 million identified in the MTFP) but, when coupled with the forecast reduction in resources, produces an overall shortfall of just over £21.5 million. Whilst almost £2 million of this relates to schools activity the Council Tax borne deficit at £19.5 million is the highest ever reported at this point in the budget process and is clearly driven by the reductions in funding streams rather than growth in service budgets.

7.8 However whilst growth in budgets has been limited, there are still sizeable budget pressures that have been identified by directorates and these have been significantly offset by savings already made as a reaction to funding reductions in the current year. These pressures are discussed in more detail in Section 8.

- 7.9 Capital budget proposals are dealt with in Section 9, but in common with revenue funding, there is very little detailed information forthcoming from Government as to the level of capital resources available. The Interest and Financing heading in Table 1 reflects the additional cost to the council of both borrowing for capital investment and also any income loss from using accumulated cash reserves. In 2010/2011 the loss of investment income experienced as a consequence of low interest rates was mitigated by the use of the rate equalisation reserve to the extent of £1 million. This is no longer available and is driving the budget pressure in Table 1. However there are schemes in the current capital programme that are yet to commence that require new borrowing and any further allocation of Supported Capital Expenditure (SCER) will also attract additional revenue costs as the borrowing is undertaken. Formula Grant calculations contain theoretical 'support' for such allocations but the reality is that such support is lost in the complexity of the formula and the subsequent application of damping. The harsh reality is that if council is minded to use the borrowing approval there will be a revenue cost equivalent to the interest paid on the loan (currently circa 5%) and the annual provision that has to be made for the future repayment of the debt (circa 4%). The amounts in Table 1 do not allow for any new borrowing and to the extent that this is taken there will be an additional revenue pressure.
- 7.10 In addition to the revenue resources shown in Table 1 above, the council does have access to limited reserve balances. However, the redundancy/retirement costs of the 2010/2011 staffing reductions and costs arising from any future restructuring will be a first call on these reserves.

8. Budget Pressures

- 8.1 The pressures facing individual directorates were flagged at a high level in the MTFP. However where possible these have been subject to more detailed work and the major issues are highlighted in the following paragraphs.
- 8.2 All directorates:
- Increments £1.63 million – the council is currently consulting on a proposal to freeze increments which would negate this pressure; and
 - NI changes £0.88 million – the results of the 3-yearly valuation of the pension fund (LGPS) are beginning to emerge and it may be possible to negate this increase in employers national insurance by an equivalent reduction in the employers pension contribution.
- 8.3 Children and Adult Services
- The ongoing demographic pressures on key, demand-led, services for the elderly and disabled have an inevitable consequence for spending demand. It is anticipated that demographic growth in elderly care, physical disability care and learning disability care will cost £600,000, £200,000 and £200,000 respectively for 2011/12 and further similar pressures beyond;
 - For children's social care there are pressures amounting to £500,000 for services outside of the DSG, most notably to accommodate the needs of a growing 'looked after children' (LAC) population;

- There are sustained growth pressures within SEN services particularly in relation to independent and non-maintained sector placements and these are forecast to grow further at £500,000. These form part of the Central expenditure Limit (CEL) within the DSG;
- The loss of PCT support, from the LAA innovation fund, to the 'Old Vicarage' outreach scheme will add £90,000;
- The exclusion team has been budgeted to achieve income from schools at £77,000 which is not forthcoming as a consequence of the success in reducing the number of excluded pupils; and
- The Drugs and Alcohol Action Team (DAAT) budget was understated in 2010/2011 as a result of a failure to allocate ABG resource of £142,000.

8.4 Regeneration, Community and Culture

- Contractual uplift for waste and highways £350,000;
- Non-achievement of sport and leisure income target £150,000;
- Loss of contribution to support services from Medway Renaissance £71,000;
- Loss of parking income as a consequence of the VAT rise to 20%, £250,000; less
- Non-recurring items from 2010/2011 for which funding ceases - saving £475,000

8.5 Business Support

- ICT contract inflation £30,000;
- Non-achievable target for shop rents £40,000;
- Non recoverable housing benefit payments £680,000;
- Loss of housing benefit administration grant £170,000;
- Additional demand for discretionary rate relief £58,000;
- Homelessness Grant – move of grant from specific to ABG £100,000;
- E-petitions - £34,000

Both the homelessness Grant and e-petitions should result in a transfer of funding streams into Formula Grant/ABG but are likely to be lost in the overall calculation of grant received and will reflect budget 'growth' in terms of requirement.

- Loss of Land Charges income from personal searches £140,000; less
- Non-recurring items from 2010/2011 for which funding ceases - saving £138,000

8.6 Interest and Financing

The fall in interest rates created a further pressure of £1 million in 2010/2011 but this was funded by a compensating contribution from the Rate Equalisation Fund. This fund is now extinguished and so long as rates remain at the current low level then the pressure of £1 million will remain. A rise in average returns of 1% would remove this pressure but economic forecasts do not foresee any significant change until March 2012.

8.7 Levies

This budget covers the levies raised by the Coroners Court, Internal Drainage Board, Environment Agency (flood defence) and Kent and Essex Sea Fisheries. In each case the Council has no choice but to pay the levy demanded but does have representation on the bodies setting the budget upon which the levies are based. The forecast requirement is based on the current budget monitoring including a forecast overspending of £74,000.

8.8 Planned Use of Reserves

The 2010/2012 budget included non-recurring support of £1 million from the 2009/2010 underspend, £1.6 million from VAT recovery, £570,000 from General Reserves, £900,000 from the Rate Equalisation fund and £1 million from the Collection Fund Surplus – a total of £5.070 million. The loss of these reserves is reflected in the funding gap shown in Table 1.

8.9 In total the above pressures, including loss of once-off funding amount to almost £12.4 million – 57% of the funding gap in Table 1.

9. Meeting the funding gap

9.1 Table 1, above, highlights a funding gap of just over £21.5 million for both DSG and non-DSG services. This is an unprecedented scenario for the Council and clearly it will not be possible to absorb such a shortfall without an impact on services and staff.

9.2 In the first instance there is an imperative to ensure that all those pressures identified in section 8 are re-examined with a view to finding the means to mitigate or manage the effect so as to minimise the £12.4 million demand. This re-emphasises the importance of being firm on issues surrounding pay where it must be remembered that not only is there a proposal to freeze increments but also there is no provision for any pay award for non-teaching staff.

9.3 There is also an additional imperative to ensure that as the detail of the budget preparation becomes finalised, no additional pressures are allowed to emerge.

9.4 Whilst it is still early in the process to report specific proposals the organisation has been embarked on two significant pieces of work to not only drive forward the efficiency agenda, but also to identify areas of the budget where it may be possible to reduce costs whilst preserving key front line services. These two areas are briefly discussed below but will feature more prominently in the development of Cabinet's proposals for the final budget in February 2011. They will also look forward to the agenda the council must face in the four years of spending reduction that the spending review identified.

9.5 The first area of work relates to a proposal received earlier this year from Price Waterhouse Coopers (PWC) under the banner of their 'perfect storm' analysis. This built on their experience in working with a number of councils to understand the way service delivery and support functions worked and to explore the possibility of improving upon the outcome to deliver improvement

in service delivery with a more efficient support mechanism for the business. This had proved to be a successful model, even in low spending and well performing councils. The diagnosis work was funded by a rebate against the fees the company levied for the VAT recovery work they undertook in 2009/2010.

- 9.6 The PWC work is still at an early stage but the outline business cases developed from the diagnostic analysis suggest that significant savings may be achievable across the four-year horizon. The project has been re-named 'achieving better for less' and an internal website created to communicate activity within the Council domain.
- 9.7 The second area of work has been instigated by the management team and informed by the outlook in the MTFP. This has targeted Directors and assistant Directors to examine their budgets and functions with a view to achieving a 25% reduction in cost by 2014/2015. This is a major piece of work for officers and inevitably there is also some overlap between this and the 'achieving better for less' project.
- 9.8 Many councils have chosen to be very public about the potential changes to service delivery and consequent cost savings despite a lack of clarity about the impact of the SR 2010. The financial settlement is expected in early December and it is hoped that upon receipt there will be greater clarity about the challenge the council faces. Whilst this report clearly does not set out the actions, in detail, that will be taken to achieve a balanced revenue budget for both next year and thereafter it is inevitable that a dramatic shift in the way the council is able to function is likely and that this will have impact both within and outside of the council. Portfolio holders will work with officers and other members to develop a deliverable budget for February next year.

10. Draft capital budget proposals 2011/2012

- 10.1 Development of the capital programme needs to be integrated with the process for setting the revenue budget and the level of council tax and all capital expenditure must be matched to available resources. However the Government has not yet announced funding allocations to individual authorities and this report is, of necessity, therefore confined to a continuation of the existing approved capital programme.
- 10.2 The majority of capital resources to support investment for the current financial year are part of the three-year settlement announced in 2007 following the Government's Comprehensive Spending Review (CSR 2007) which ends in March 2011. With very few exceptions (for example protection of Disabled Facilities Grants), there has been no indication from Government how an anticipated reduced level of capital funding will affect local authorities capital programmes over the next four years.
- 10.3 No new schemes are included in the current proposals but local authorities do have access to 'unsupported' borrowing through the prudential regime for capital investment providing that these capital investment plans are affordable, prudent and sustainable. All revenue implications for unsupported capital schemes, including the cost of borrowing, must be within the parameters established for the revenue budget setting process and the

medium term financial plan. To date the Council has approved some £32 million of capital expenditure to be funded through the prudential regime as 'invest to save' projects with the major component being the £21.5 million Gun Wharf project that has just been closed with a minor overspending of £50,000.

- 10.4 The existing capital programme will continue into 2011/2012 and future years where funding comes from the Council's own resources, where there are external contributions or where Government support (i.e. borrowing approval or grant) extends past March 2011. In addition to the supported programme there are commitments which will represent a demand for capital receipts (both General Fund and HRA) in excess of £12 million by the end of 2013/2014. Table 3 summarises the current capital programme and analyses the resource requirement.
- 10.5 Publication of the Local Government Finance Settlement is expected in early December and this should contain details of supported borrowing approvals. Other major announcements e.g. for highways and education grant funding have, in the past, been made in the period soon after. As a consequence the capital programme for 2011/2012 can only be considered as provisional at this stage.

Table 3. Funding the Current Capital Programme

Directorate	Scheme Budget £000s	Forecast Spend			
		2010/2011 £000s	2011/2012 £000s	2012/2013 £000s	2013/2014 £000s
Business Support	15,891	11,056	3,942	943	0
Children & Adults	50,064	28,082	18,502	3,319	0
Regeneration, Community & Culture	60,026	48,667	7,796	3,562	65
Member's Priorities	2,468	2,343	125	0	0
Total	128,449	90,148	30,365	7,824	65
Funding Sources					
Government Grant	82,238	56,151	20,494	5,493	0
Supported Borrowing	17,421	12,884	3,881	660	0
Capital Receipts	12,101	8,342	3,391	303	65
Developer and other contributions	6,630	3,734	2,271	625	0
Prudential Borrowing	4,764	3,743	328	743	0
Major Repairs Allowance/Reserve	4,373	4,373	0	0	0
Reserves/ Revenue	921	921		0	0
Total	128,449	90,148	30,365	7,824	65

11. Housing Revenue Account – Draft Budget 2011/2012

- 11.1 The Housing Revenue Account (HRA) must be operated for all local authorities with a retained housing stock and is “ringfenced” from the General Fund. The account details the costs associated with the management and maintenance of the Council’s housing stock. As at 1 April 2010, the Council owned 3,050 properties, 297 of which were within sheltered housing units and 196 that are leasehold flats. The stock numbers reduce year on year as a result of tenants exercising their right to buy the home they live in.
- 11.2 The HRA budget setting process for 2011/2012 is still in progress and cannot be fully completed until notification of the final Housing Subsidy Determination from Communities and Local Government (CLG). Draft subsidy figures have been released during November 2010 for consultation with the final determination expected in late December 2010 or early January 2011.
- 11.3 A detailed budget report will be presented to the Business Support Overview & Scrutiny Committee on 2 February 2010 and Cabinet on 16 February 2010. As part of the process there will also be consultation with a Tenants Forum on 9 February 2010. Council will set the HRA budget, rents and service charges for 2010/2011 on 25 February 2010.
- 11.4 The main factors/assumptions that will form the basis of the 2011/2012 HRA budget are:
- 11.4.1 The HRA must maintain a working balance of circa £450,000. At 1 April 2010 the working balance stood at just over £5.1 million. The expected outturn for the current year, after funding for the capital programme is taken into account is an estimated surplus of £0.5 million which will increase the balance accordingly. The council is required by government to produce a 30-year business plan, which incorporates financial modelling for both revenue and capital. The latest projections show that there will be a need to utilise the existing balances to assist with funding the capital programme required to both meet and maintain the Decent Homes Standard in the coming years. A further update of the business plan will be carried out once the results of the Governments proposals for financial reform of the Housing Revenue Account have been published and an Asset Management Strategy has been adopted. The results will be then presented to Members for approval.
- 11.4.2 Rents will be adjusted in line with the Government’s rent re-structuring policy, as previously agreed by Cabinet, in order to move actual rents towards a target rent over a period of ten years. In previous years this has been done by increasing rents, where required by inflation (the September Retail Price Index (RPI)) plus 0.5% plus £2 per week whilst only increasing the target rents by RPI plus 0.5%. The information within the recent draft housing subsidy determination in respect of 2011/2012 formula rent changes indicate that there is likely to be an increase of 5.1% for 2011/2012 given that the September RPI was 4.6% with an expectation that rent convergence will be complete nationally by 2015/2016. Medway has a number of properties where actual rents are below the target rent, mainly in flatted areas, and others where the rents are currently higher than the target rent.

- 11.4.3 Rent charges relating to garages could be increased by the RPI for September 2010, that being 4.6%, however, this could be modified in order to assist in tackling the high number of voids (26% to date).
- 11.4.4 Service charges for 2011/2012 will be calculated using estimated costs based upon actual charges for previous years. Guidance states that the cost of providing services to tenants should be fair and fully recovered and Members previously agreed that some of the charges could be increased at a level in excess of inflation, where costs are not currently being recovered. Further detail will be provided with the detailed budget report to be considered in early 2011.
- 11.4.5 Staff related expenditure should only increase to take account of a 1% increase in employer's national insurance contributions but this may be mitigated by a reduction in the employer's pension costs as referred to earlier.
- 11.4.6 Generally, all other expenditure will remain at 2010/2011 levels for 2011/2012 to reflect the current economic climate. The only exceptions to this will be for some contracts which may be subject to an annual inflationary increase.
- 11.5 It is intended that the draft 2011/2012 HRA budget will be targeted to produce an in year surplus of just over £700,000 in line with the latest business plan projections and will produce an anticipated working balance at 31 March 2011 of just under £6m before any revenue contribution to capital outlay, if required. As the budget setting process continues, more accurate figures will become available and they in turn, will be incorporated into the revised thirty-year business plan following publication of the Government's proposals for financial reform of the Housing Revenue Account and the adoption of an Asset Management Strategy.

12. Conclusions

- 12.1 These initial budget proposals represent the first stage in developing the 2011/2012 revenue budget shows a forecast funding gap of over £21.5 million. It is already known that this gap will grow during the balance of the SR period and it is therefore imperative that commensurate reductions in the budget requirement are effected and plans developed to deal with the future reductions.
- 12.2 As the report indicates, there is considerable work yet to be undertaken in developing a balanced budget for 2011/2012 which will be the immediate priority. The interim period leading to the Cabinet meeting on 15 February 2011 will be used for this purpose and overview and scrutiny committees have a vital role assisting in this process – both to review existing proposals and also to suggest new ones.
- 12.3 The possible allocation of any resources for service improvements is an exercise yet to be undertaken and, given the financial position, any room for such 'growth' is likely to be minimal and, indeed, the recognition of priority spending areas may be more apparent in those areas of the budget that are protected against financial restriction rather than growth. Growth will need to be restricted to those areas demonstrated as unavoidable in meeting the council priorities.

13. Risk Management

- 13.1 The risks exposed by a failure to effectively manage the resource planning and allocation process to achieve priorities and maintain effective service delivery are great. The inevitability of elections at both national and local level during the period, the uncertainties about recovery from the current recession and the consequences in terms of future financial assistance and targets imposed by Government will make this process difficult.
- 13.2 In monetary terms the impact of the recession had a significant effect upon Council resources with fees and charges representing a greater income stream than Council Tax and there is a clear risk that it will take longer than expected to see a return to pre-recession levels. Formula Grant will undergo a radical transformation with a significantly greater sum being received through this source rather than specific grants. However, this funding stream will be severely reduced as a result of proposed Government spending reductions over the next four years. The absence of any detailed information about individual local authority funding inevitably delays vital decisions on budget proposals.
- 13.3 With a total current capital programme of over £128 million there is always a possibility that schemes may not be delivered on time thus not fulfilling the Council's strategic priorities and also schemes may not be delivered within approved external funding approvals thus straining the Council's limited capital resources. The Council has a good track record of managing capital schemes and identifying alternative sources of funding where schemes are subject to unforeseen and unavoidable additional costs.
- 13.4 The most significant risk facing delivery of the Council's capital programme is maximising external funding for regeneration. The current economic climate is deterring investors from committing substantial sums for development as is the case at Rochester Riverside, for example. 2010/2011 is the last year of funding under the Government's Comprehensive Spending Review (CSR 2007) and the majority of schemes funded by government grant must be completed by 31 March 2011 otherwise grant may be lost. Officers are continually investigating alternative methods of delivery should external funding not be forthcoming.

14. Diversity Impact Assessment

- 14.1 The council has legal duties to give due regard to race, gender and disability equality in carrying out its functions. This includes the need to assess whether any proposed changes have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women, which as a result may be contrary to these statutory obligations. These draft budget proposals predicts the resources available which will determine the service priorities within the Council Plan. Diversity Impact Assessments will be undertaken and reported to Members as part of the budget and service planning process as the quantum of resources and hence the impact on Council services unfolds

15. Financial and legal implications

- 151 The financial implications are fully detailed in the report. There are no direct legal implications at this stage.

16. Recommendations

- 16.1 That Cabinet forwards the provisional draft revenue and capital budget to Overview and Scrutiny as work in progress inviting them to offer comments on the proposals outlined.

17. Suggested reasons for decision

- 17.1 It is the responsibility of Cabinet to develop draft budget proposals for consideration by overview and scrutiny committees. These draft proposals are the first stage of the budget consultation process leading to further discussion by Cabinet on 15 February 2011 and formal council tax setting on 24 February 2011.

Background papers

Medium Term Financial Plan 2011/2014 – Cabinet 28 September 2010
Regular Capital and Revenue Budget Monitoring Reports to Cabinet.

Report author:

Mick Hayward, Chief Finance Officer

BUDGET BUILD SUMMARY 2011-2012

Directorate/Service	2010/2011 Budget Requirement £'000	Budget Adjustments £'000	Spending review savings £'000	Adjusted base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement		
					Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000			Gross Expenditure £'000	Direct Income £'000	Net Expenditure £'000
Childrens and Adults Services	172,130	(677)	0	171,453	24	70	0	55	500	172,102	0	(35,838)	172,102	
DSG Funded Services	113,602	(543)	(1,662)	111,398	4	752	208	427	1,500	114,288	0	(54,767)	114,288	
General Fund Services	48,641	(482)	(312)	47,847	350	332	(16)	191	0	48,704	0	(23,960)	48,704	
Regeneration, Community and Culture Services	1,497	0	0	1,497	0	0	0	0	0	1,497	0	0	1,497	
Business Support Department DSG	29,731	(867)	(755)	28,109	30	475	715	547	0	29,876	0	(124,182)	29,876	
Business Support Department OTHER	388	75	(100)	363	0	8	0	0	0	371	0	(901)	371	
Public Health	15,358	0	0	15,358	0	0	1,000	0	0	16,358	0	(3,916)	16,358	
Interest & financing	900	0	0	900	0	0	0	74	0	974	0	0	974	
Levies	(2,300)	2,205	0	(95)	0	0	95	0	0	0	0	0	0	
Corporate Savings	379,947	(289)	(2,829)	376,830	408	1,637	2,002	1,294	2,000	384,170	0	(243,564)	384,170	
TOTAL NET BUDGET														

CHILDREN & ADULTS BUDGET BUILD 2011-2012

2010/2011 Budget Requirement £'000	Budget Adjustments £'000	Spending review savings £'000	Adjusted base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement			
				Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000			Gross Expenditure £'000	Direct Income £'000	Net Expenditure £'000	
9,657	41	(132)	9,566	0	23	0	13	0	9,602	0	9,602	9,733	(130)	9,603
20,512	488	0	21,000	0	91	(103)	39	600	21,627	0	21,627	31,262	(9,635)	21,627
2,152	(276)	0	1,876	0	10	0	21	200	1,907	0	1,907	3,070	(1,163)	1,907
11,808	(624)	0	11,184	0	33	0	21	200	11,438	0	11,438	12,237	(799)	11,438
15,908	(83)	0	15,825	0	51	0	31	200	16,107	0	16,107	26,003	(9,896)	16,107
4,620	(47)	0	4,573	0	86	0	43	0	4,702	0	4,702	5,270	(568)	4,702
5,003	21	0	5,024	0	0	0	0	0	5,024	0	5,024	5,381	(357)	5,024
69,660	(481)	(132)	69,047	0	294	(103)	168	1,000	70,407	0	70,407	92,955	(22,548)	70,407
2,027	(396)	0	1,631	0	32	0	14	0	1,677	0	1,677	1,677	0	1,677
1,669	(57)	0	1,612	0	24	0	15	0	1,651	0	1,651	2,063	(412)	1,651
2,351	141	0	2,492	0	40	0	26	0	2,557	0	2,557	3,051	(493)	2,558
17,670	(103)	0	17,567	0	100	91	54	500	18,312	0	18,312	18,465	(153)	18,312
1,961	38	0	1,999	0	14	0	8	0	2,022	0	2,022	2,029	(7)	2,022
111	1	0	112	0	3	0	0	0	115	0	115	140	(25)	115
25,789	(376)	0	25,413	0	213	91	117	500	26,335	0	26,335	27,425	(1,091)	26,334
6,633	0	0	6,633	11	53	0	32	0	6,729	0	6,729	15,524	(8,795)	6,729
3,213	226	(929)	2,510	0	59	0	36	0	2,605	0	2,605	15,890	(13,285)	2,605
1,629	(1)	0	1,628	0	16	0	7	0	1,651	0	1,651	2,182	(531)	1,651
(174)	174	0	0	0	0	0	0	0	0	0	0	0	0	0
388	(1)	0	387	0	7	0	4	0	398	0	398	398	0	398
11,689	398	(929)	11,158	11	135	0	79	0	11,383	0	11,383	33,994	(22,611)	11,383
251	(3)	0	248	0	2	0	2	0	253	0	253	253	0	253
12,735	379	0	13,114	2	27	77	16	500	13,736	0	13,736	15,296	(1,559)	13,736
5,509	(157)	(601)	4,751	64	64	0	33	0	4,848	0	4,848	7,220	(2,372)	4,848
3,761	(1)	0	3,760	15	38	143	34	0	3,990	0	3,990	6,732	(2,742)	3,990
22,256	219	(601)	21,874	17	131	220	85	500	22,827	0	22,827	29,501	(6,674)	22,827
1,250	0	0	1,250	0	2	0	14	0	1,266	0	1,266	1,696	(430)	1,266
2,413	(1,180)	0	1,233	0	0	0	(3)	0	897	0	897	897	0	897
(18,910)	597	0	(18,213)	0	0	0	0	0	(34,150)	0	(34,150)	0	(34,150)	(34,150)
(15,147)	(583)	0	(15,730)	0	2	0	11	0	(31,987)	0	(31,987)	2,593	(34,580)	(31,987)
2,204	(57)	0	2,147	0	30	0	16	0	2,193	0	2,193	5,243	(3,050)	2,193
741	(177)	0	564	0	17	0	6	0	587	0	587	638	(52)	587
2,945	(235)	0	2,710	0	47	0	22	0	2,779	0	2,779	5,881	(3,102)	2,779
168,540	(163)	0	168,377	0	0	0	0	0	184,647	0	184,647	184,647	0	184,647
285,732	(1,220)	(1,662)	282,850	28	822	208	482	2,000	286,390	0	286,390	376,996	(90,606)	286,390

General Fund Activities

Commissioning & Client Financial Affairs

- Older People
- Social Care Management
- Physical Disability
- Learning Disability
- Linked Service Centres
- Mental Health

Total for Adult Social Care

- Integrated Children's Team - Gillingham Area
- Integrated Children's Team - Strood Area
- Integrated Children's Team - Chatham Area
- Specialist Children's Services
- Children's Care Management Team
- Children's Care Training

Total for Children's Care

- Early Years
- School Advisors
- School Organisation and Student Services
- Adult Learning
- Divisional Management Team

Total for Learning and Achievement

- Divisional Management Team
- Psychology and Inclusion
- Integrated Youth Support
- Health and Wellbeing

Total for Inclusion

- HR Headings
- Finance Headings
- School Grants

Total Schools Retained Funding and Grants

- Workforce Development, Contracts and Business Support
- Directorate Management Team

Total for Commissioning

Schools Delegated Funding

Total for Children and Adult Services Directorate

Funding Analysis

- Dedicated Schools Grant
- General Fund

207,940	(35,838)	172,102
169,055	(54,767)	114,288
376,995	(90,605)	286,390

172,130	(677)	0	171,453	24	70	0	55	500	172,102	0	172,102	207,940	(35,838)	172,102
113,602	(543)	(1,662)	111,397	4	752	208	427	1,500	114,288	0	114,288	169,055	(54,767)	114,288
285,732	(1,220)	(1,662)	282,850	28	822	208	482	2,000	286,390	0	286,390	376,995	(90,605)	286,390

REGENERATION, COMMUNITY AND CULTURE - BUDGET BUILD 2011-2012

General Fund Activities	2010/2011 Budget Requirement £'000	Budget Adjustments £'000	Spending review savings £'000	Adjusted base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement		
					Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000			Gross Expenditure £'000	Direct Income £'000	Net Expenditure £'000
Highways	6,992	(155)	(60)	6,777	50	27	(10)	15	0	6,859	0	8,280	(1,421)	6,859
Parking	(2,922)	0	0	(2,922)	0	23	80	11	0	(2,808)	0	2,634	(5,442)	(2,808)
Major Projects	(56)	(12)	0	(68)	0	13	0	6	0	(49)	0	708	(757)	(49)
Road Safety	527	(94)	(117)	316	0	7	0	3	0	326	0	593	(267)	326
Traffic Management	733	(52)	0	681	0	4	0	3	0	688	0	999	(311)	688
Waste Services	18,460	(94)	0	18,366	300	9	0	3	0	18,678	0	20,646	(1,968)	18,678
Environmental Services	1,138	219	0	1,357	0	16	0	12	0	1,385	0	1,562	(176)	1,385
Trading Standards	579	57	0	636	0	3	0	5	0	644	0	678	(34)	644
Safer Communities Operations	1,724	(185)	(57)	1,482	0	34	0	15	0	1,531	0	2,291	(760)	1,531
Strood Depot Services	(14)	3	0	(11)	0	1	0	2	0	(10)	0	101	(112)	(10)
Safer Communities Support	436	(225)	0	211	0	1	0	2	0	214	0	214	0	214
Front Line Support	312	4	0	316	0	3	0	5	0	324	0	324	0	324
Total for Front Line Services	27,910	(533)	(234)	27,142	350	141	70	80	0	27,783	0	39,030	(11,247)	27,783
Development & Transport	86	(26)	0	60	0	0	0	1	0	61	0	61	0	61
Economic Development	814	(13)	(63)	738	0	6	0	5	0	749	0	1,544	(795)	749
Integrated Transport	6,249	106	0	6,355	0	13	80	7	0	6,455	0	7,508	(1,053)	6,455
Local & Regional Planning	1,219	(14)	(15)	1,190	0	15	0	9	0	1,214	0	1,233	(18)	1,214
Development Management	646	(28)	0	618	0	20	0	15	0	653	0	1,771	(1,118)	653
Social Regeneration & Europe	423	(20)	0	403	0	2	0	3	0	408	0	1,015	(606)	408
Tourism	730	(3)	0	727	0	4	0	4	0	735	0	1,285	(550)	735
Building Control	229	(0)	0	229	0	0	0	0	0	229	0	229	0	229
Total for Development, Economy & Transport	10,396	1	(78)	10,319	0	60	80	44	0	10,503	0	14,645	(4,142)	10,503
Medway Renaissance	(71)	0	0	(71)	0	0	71	0	0	0	0	1,072	(1,072)	0
Management Group	27	(21)	0	6	0	1	0	1	0	8	0	8	0	8
Leisure & Sports	2,671	(69)	0	2,602	0	61	95	30	0	2,788	0	6,912	(4,124)	2,788
Arts, Theatres & Events	1,601	247	0	1,847	0	21	(100)	11	0	1,779	0	4,138	(2,359)	1,779
Events Co-Ordinator	63	(256)	0	(193)	0	0	(25)	0	0	(216)	0	(216)	0	(216)
Heritage & Archives & Local Studies	884	(10)	0	874	0	10	(24)	7	0	867	0	1,133	(266)	867
Greenspaces and Country Parks	4,685	(51)	0	4,634	0	27	(183)	13	0	4,491	0	5,213	(721)	4,491
Total for Leisure & Culture	9,930	(160)	0	9,770	0	120	(237)	62	0	9,716	0	17,186	(7,470)	9,716
Directorate Support	476	210	0	686	0	11	0	5	0	702	0	731	(29)	702
Total for Regeneration Community and Culture Directorate	48,841	(482)	(312)	47,847	350	332	(16)	191	0	48,704	0	72,664	(23,960)	48,704

BUSINESS SUPPORT DEPARTMENT - BUDGET BUILD 2011-2012

General Fund Activities	2010/2011 Budget Requirement										Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010)		2011-12 Budget Requirement	
	£'000	Budget Adjustments	Spending review savings	Adjusted base	Inflation		Other		Legislation/Regulation	Demographic	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
					£'000	£'000	£'000	£'000											
Local Land Charges	(61)	(39)	0	(99)	0	0	2	0	141	0	0	0	0	0	0	0	0	44	44
Housing Performance Team	0	434	0	434	0	0	5	0	2	0	0	0	0	0	0	0	0	441	441
Housing Strategy	419	(46)	0	373	0	0	5	0	3	0	0	0	0	0	0	0	0	381	381
Housing Solutions	2,354	(376)	0	1,978	0	0	27	0	111	0	0	0	0	0	0	0	0	2,116	2,116
Private Sector Housing	531	(47)	0	484	0	0	6	0	5	0	0	0	0	0	0	0	0	495	495
Housing Property Management	(77)	(134)	0	(211)	0	0	40	0	0	0	0	0	0	0	0	0	0	(171)	(171)
Housing Disabled Adaptations	118	(15)	0	103	0	0	3	0	1	0	0	0	0	0	0	0	0	107	107
Commercial Property	(1,113)	30	0	(1,083)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,083)	(1,083)
Licensing	(52)	26	0	(26)	0	0	3	0	2	0	0	0	0	0	0	0	0	(41)	(41)
Central Services & Procurement	610	(124)	0	486	0	0	5	0	4	0	0	0	0	0	0	0	0	495	495
Central Accommodation	3,129	(5)	0	3,124	0	0	5	0	4	0	0	0	0	0	0	0	0	3,133	3,133
Legal Services	1,158	152	0	1,310	0	0	22	0	14	0	0	0	0	0	0	0	0	1,346	1,346
Monitoring Officer	0	11	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	11	11
Enforcement Strategy	266	(266)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Design and Surveying	(665)	190	0	(495)	0	0	11	0	7	0	0	0	0	0	0	0	0	(477)	(477)
Asset and Property Management	259	17	0	276	0	0	1	0	4	0	0	0	0	0	0	0	0	281	281
AD H&CS Vacancy	(132)	(35)	0	(167)	0	0	0	0	0	0	0	0	0	0	0	0	0	(167)	(167)
Housing & Corporate Services	6,725	(227)	0	6,498	0	20	95	20	288	0	0	0	0	0	0	0	0	6,911	6,912
Benefit Payments	0	458	0	458	0	0	0	680	0	0	0	0	0	0	0	0	0	1,138	1,138
Revenues and Benefits Admin Total	1,075	(482)	(62)	531	0	0	52	170	25	0	0	0	0	0	0	0	0	778	777
NDR Discretionary Relief	193	0	0	193	0	0	0	58	0	0	0	0	0	0	0	0	0	251	251
Rural Liaison Grants	75	0	0	75	0	0	0	0	0	0	0	0	0	0	0	0	0	75	75
Ward Improvements	165	0	0	165	0	0	0	0	0	0	0	0	0	0	0	0	0	165	165
Corporate Management	566	3	0	569	0	0	0	0	0	0	0	0	0	0	0	0	0	569	570
Corporate Management	1,618	0	0	1,618	0	0	0	0	0	0	0	0	0	0	0	0	0	1,618	1,618
Non Distributed Costs	611	3	0	614	0	(95)	0	0	0	0	0	0	0	0	0	0	0	614	614
Corporate Provisions	869	(27)	0	842	0	0	7	0	8	0	0	0	0	0	0	0	0	857	857
Business Support Management Team	1,362	8	0	1,390	0	0	19	0	15	0	0	0	0	0	0	0	0	1,424	1,424
Financial Services	189	(4)	(51)	134	0	0	1	0	1	0	0	0	0	0	0	0	0	136	136
Cashier Services	129	(1)	0	128	0	0	2	0	1	0	0	0	0	0	0	0	0	131	131
Financial Systems	324	(3)	0	321	0	0	7	0	3	0	0	0	0	0	0	0	0	331	331
Financial Support	252	(3)	0	249	0	0	2	0	2	0	0	0	0	0	0	0	0	253	253
Creditors and Income Services	801	(56)	(57)	688	0	0	11	0	6	0	0	0	0	0	0	0	0	705	705
Audit Services	(88)	(23)	0	(111)	0	0	0	0	0	0	0	0	0	0	0	0	0	(111)	(111)
AD CFO Vacancy	8,161	(127)	(170)	7,864	0	813	101	813	61	0	0	0	0	0	0	0	0	8,839	8,839
Financial Services total	734	(120)	0	614	0	0	8	0	40	0	0	0	0	0	0	0	0	662	662
Democratic Services	1,179	(63)	0	1,116	0	0	2	0	3	0	0	0	0	0	0	0	0	1,120	1,120
Members and Mayoral Services	445	(2)	0	443	0	0	2	0	1	0	0	0	0	0	0	0	0	446	446
Electorate Services	(111)	111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Directorate Vacancy Target	(18)	0	0	(18)	0	0	0	0	0	0	0	0	0	0	0	0	0	(17)	(17)
Community Interpreters	166	(3)	0	163	0	0	10	0	5	0	0	0	0	0	0	0	0	178	178
Registration Services	(163)	(49)	0	(212)	0	0	15	0	0	0	0	0	0	0	0	0	0	(192)	(192)
Bereavement Services	3,893	(46)	(120)	3,727	0	(118)	60	0	26	0	0	0	0	0	0	0	0	3,695	3,695
Libraries	2,301	(21)	0	2,280	0	0	38	0	21	0	0	0	0	0	0	0	0	2,339	2,339
Customer First	(91)	(23)	0	(114)	0	0	0	0	0	0	0	0	0	0	0	0	0	(114)	(114)
CF Vacancy Saving Target	8,335	(216)	(120)	7,999	0	(118)	134	(118)	102	0	0	0	0	0	0	0	0	8,117	8,117
Democracy & Customer First total	543	(40)	(25)	478	0	0	6	0	4	0	0	0	0	0	0	0	0	488	488
Research & Review	406	(4)	(9)	393	0	0	10	0	3	0	0	0	0	0	0	0	0	406	406
Management Information	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Strategic Plan	762	16	(5)	773	0	0	19	0	7	0	0	0	0	0	0	0	0	790	790
Childrens Review Services	1,157	(30)	(229)	898	0	0	0	0	9	0	0	0	0	0	0	0	0	1,888	1,888
Communications and Improvement	(55)	(14)	(69)	(69)	0	0	0	0	0	0	0	0	0	0	0	0	0	(69)	(69)
AS CP&P Vacancy	2,813	(72)	(268)	2,473	0	0	45	0	23	0	0	0	0	0	0	0	0	2,541	2,541
Human Resources, Performance & Partnerships total	1,648	27	(147)	1,528	0	391	0	0	24	0	0	0	0	0	0	0	0	1,591	1,591
Human Resource Services	0	(175)	0	(175)	0	0	33	0	15	0	0	0	0	0	0	0	0	(127)	(127)
Adult Education	3,660	(48)	(50)	3,562	30	28	28	0	24	0	0	0	0	0	0	0	0	3,644	3,644
ICT Services	(114)	(29)	0	(143)	0	0	0	0	0	0	0	0	0	0	0	0	0	(143)	(143)
AS Vacancy	5,194	(225)	(197)	4,772	30	100	100	0	63	0	0	0	0	0	0	0	0	4,965	4,965
Organisational Services Total	31,228	(867)	(755)	29,606	30	475	30	715	547	0	0	0	0	0	0	0	0	31,373	31,373
Total for Business Support Department	(1,497)	0	0	(1,497)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,497)	(1,497)
DSG Income	29,731	(867)	(755)	28,109	30	475	30	715	547	0	0	0	0	0	0	0	0	29,876	29,876
General Fund Total for Business Support Department																			

Public Health budget build 2011-2012

	2011-12 Budget Requirement		
	Gross Expenditure £'000	Direct Income £'000	Net Expenditure £'000
	584	(408)	176
	452	(314)	138
	201	(179)	22
	35	0	35
	1,272	(901)	371

	2010/2011 Budget Requirement £'000	Budget Adjustments £'000	Spending review savings £'000	Adjusted base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement £'000
					Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000			
	176	0	0	176	0	2	0	0	0	178	0	178
	155	75	(100)	130	0	6	0	0	0	136	0	136
	22	0	0	22	0	0	0	0	0	22	0	22
	35	0	0	35	0	0	0	0	0	35	0	35
	388	75	(100)	363	0	8	0	0	0	371	0	371

General Fund Activities

Health Promotion
 Teenage Pregnancy
 Healthy Weight
 Sunlight Centre

Total for Public Health

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