

Strategic Overview and Scrutiny Panel

Grand Jury Room, Town Hall
20 July 2010 at 6.00pm

Strategic Overview and Scrutiny Panel deals with reviewing corporate strategies within the Council's Strategic Plan, the Council's budgetary guidelines for the forthcoming year, scrutinising the Forward Plan, the performance of Portfolio Holders and scrutiny of Cabinet decisions or Cabinet Member decisions (with delegated power) which have been called in.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at www.colchester.gov.uk

Private Sessions

Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

Mobile phones, pagers, cameras, audio recorders

Please ensure that all mobile phones and pagers are turned off before the meeting begins and note that photography or audio recording is not permitted.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

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Toilets with lift access, if required, are located on each floor of the Town Hall. A vending machine selling hot and cold drinks is located on the first floor and ground floor.

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Terms of Reference

Strategic Overview and Scrutiny Panel

- To review corporate strategies.
- To ensure the actions of the Cabinet accord with the policies and budget of the Council.
- To monitor and scrutinise the financial performance of the Council, and make recommendations to the Cabinet particularly in relation to annual revenue and capital guidelines, bids and submissions.
- To link the Council's spending proposals to the policy priorities and review progress towards achieving those priorities against the Strategic / Action Plans.
- To scrutinise executive decisions made by Cabinet, the East Essex Area Waste Management Joint Committee, the Colchester and Ipswich Joint Museums Committee and Cabinet Member decisions (with delegated authority taking a corporate / strategic decision) which have been made but not implemented, and referred to the Panel through call-in.
- To monitor the Council's operational performance in relation to the Strategic Plan, Local Area Agreement targets and National Indicators.
- To scrutinise the Cabinet's performance in relation to the Forward Plan and to scrutinise the performance of Portfolio Holders.
- At the request of the Cabinet, make decisions about the priority of referrals made in the event of the volume of reports to the Cabinet or creating difficulty for the running of Cabinet business or jeopardising the efficient running of Council business.
- The panel will be the appropriate route for any member to refer a 'local government matter' in the context of Councillor Call for Action.

Process for Councillor Call for Action

- Councillors have the ability to call for debate and discussion a topic of neighbourhood concern, limited to issues affecting a single ward, in an attempt to bring about specific solutions for local problems. This enables members to get things done without going through the Council's executive decision making process.
- Members may bring an action on any issue they choose, with exceptions, for example, if the issue is vexatious or deals with an individual complaint. Local Government matters specifically excluded from the regime are namely matters relating to a planning decision, a licensing decision or where a right of recourse to a review or right of appeal is already provided for in law.
- Poor service performance or increased anti-social behaviour are examples of where a member will bring an action to the panel's attention.
- The scrutiny panel may reject a request as not within the guidance, or the usual channels have not been exhausted, or accept that an investigation is the appropriate action.
- The panel may conduct an investigation in the usual scrutiny manner, seeking information from the Council and/or partners and inviting them to attend meetings.
- A report with recommendations will be compiled and brought to the Council and/or partners attention, with the Council and/or partners having a duty to respond.
- The panel will consider and publish the responses to their recommendations and feed back this information to the Councillor calling for the action.

**COLCHESTER BOROUGH COUNCIL
STRATEGIC OVERVIEW AND SCRUTINY PANEL
20 July 2010 at 6:00pm**

Members

Chairman : Councillor Christopher Arnold.
Deputy Chairman : Councillor Dennis Willetts.
Councillors Nigel Offen, Gerard Oxford, Julie Young,
Nigel Chapman, Mark Cory, Andrew Ellis, Bill Frame and
Theresa Higgins.

Substitute Members : All members of the Council who are not Cabinet members or members of this Panel.

Agenda - Part A

(open to the public including the media)

Members of the public may wish to note that agenda items 1 to 5 are normally brief and agenda items 6 to 9 are standard items for which there may be no business to consider.

Pages

1. Welcome and Announcements

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3. Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

5. Minutes

1 - 4

To confirm as a correct record the minutes of the meeting held on 24 June 2010.

6. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

7. Items requested by members of the Panel and other Members

- (a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.
- (b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.

8. Referred items under the Call in Procedure

To consider any Portfolio Holder decisions, taken under the Call in Procedure.

The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.

9. Decisions taken under special urgency provisions

To consider any Portfolio Holder decisions taken under the special urgency provisions.

10. 2011/12 Budget Strategy, Medium Term Financial Forecast and Budget Timetable

5 - 27

See report from the Scrutiny Officer.

11. Work Programme

To Follow

See report from the Scrutiny Officer.

12. Exclusion of the public

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

STRATEGIC OVERVIEW AND SCRUTINY PANEL

24 JUNE 2010

Present :- Councillor Christopher Arnold (Chairman)
Councillors Nigel Chapman, Mark Cory,
Andrew Ellis, Bill Frame, Nigel Offen and
Dennis Willetts

Substitute Members :- Councillor Peter Higgins
for Councillor Theresa Higgins
Councillor Philip Oxford
for Councillor Gerard Oxford
Councillor Michael Lilley for Councillor Julie Young

6. Minutes

The minutes of the meeting held on the 8 June 2010 was confirmed as a correct record.

Councillor Nigel Chapman and Councillor Nigel Offen (in respect of Board Member of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Bill Frame (in respect of Board Member of Colne Housing Group) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

7. Consultation on the reform of Council Housing finance

Briefing - Self Financing for the Housing Revenue Account

Councillor Young, Portfolio Holder for Housing and Community Safety, Mr. Darren Brown, Group Account and Ms. Lindsay Barker, Head of Strategic Policy and Regeneration attended the briefing. The briefing was open to all members, to help to provide a better understanding of Self-Financing for the Housing Revenue Account (HRA).

Following Councillor Young's introduction, Mr. Brown gave a presentation, covering the background work that led to the consultation, the proposals and how they would work, and the benefits, negatives and risks.

Mr. Brown explained that the HRA is a ring-fenced account within the Councils General Fund, created through legislation by the 1989 Housing Act, with the Council responsible for the landlord function that includes managing and

maintaining the council stock, managing rental income from tenants and the financial costs of the HRA debt. Mr. Brown gave a breakdown of the 2010/11 HRA Budget at Colchester, both income and expenditure, and an overview of HRA debt both locally and nationally.

The current HRA Subsidy Scheme was explained (with graphical examples) and reasons given as to why there was a need to change and the limitations and difficulties of the current scheme. Mr. Brown explained the two options that would be available under the new scheme, one to create an additional debt of £59.1m, a second to create an additional debt of £52.8m but with the opportunity to provide innovative new build properties. A forecast of what the Council's future debt would be was graphically shown together with comparative cost details on subsidy v financing. It was explained that under the new scheme capital receipts from Right to Buy sales and sale of housing land would be fully retained by the Council with 75% of receipts spent on affordable housing and regeneration. A Capital Investment comparison graph showed current and future investment requirements.

In response to Councillor Sutton, concerning the reform in light of the recent change in Government, Councillor Young said there was currently cross-party agreement for the need to reform, with cross-party agreement and agreement at Local Government Association (LGA) level prior to the May election. Mr. Brown said the LGA still supports this review, with only minor changes likely to be proposed. Mr. Nick White, Colchester Borough Homes, said the CIPFA Housing Panel are in ongoing discussions with the Government and Audit Commission, and there is a feeling that agreement for this reform will come from most Councils with the Government expecting implementation in 2011/12 or 2012/13.

The Chairman thanked Councillor Young and officers for the presentation and closed the briefing.

Strategic Overview and Scrutiny Panel meeting

The meeting of the Panel commenced at 6.30 pm.

The Chairman opened up the discussions by allowing the panel to ask questions about the Council's consultation response on a Self-Financing Housing Revenue Account.

In response to Councillor Willetts, concerning the current levels of debt, Councillor Young said whilst a current debt of £50.8m appeared high it should be remembered that £35m of this figure was the result of the current Decent Homes Programme (DHP). Mr. Brown said the present DHP borrowing is loaned at approximately 4.5% interest, whereas the Housing Subsidy repays at 8% interest, a net benefit to the Council. Due to the historically long period

of loans to Councils, over decades, it is difficult to determine why some local authorities have a high debt figure and others are substantially less.

Mr. Brown also confirmed that the Government appointed Price Waterhouse Coopers to undertake the modelling work around the level of debt, based on the current subsidy system, and therefore there could not, for the purpose of this review, be any adjustments to the projected figures.

In response to Councillor Offen, Mr. Brown explained that “cross-domain regulation” mentioned in the response to question 2 was the ability for local authorities to manage the HRA on a level playing field with Housing Associations.

It was explained to Councillor Frame that the Council would go to the Public Works Loan Board for loans, consistent with the current situation. If the Council demonstrates it can repay, a loan(s) will be provided without the need for the additional security of the housing stock. In response to Councillor Ellis, Mr. Plummer, Finance Manager said in terms of financial management, borrowing money, known as housing debt, will be charged to the HRA and will remain separate from the Council’s General Fund, a clear split. There remained some concerns about the potential for a negative effect on the General Fund through the Item 8 Debit recharging mechanism, and this was reflected in the Council’s response within question 6.

Mr. Brown responded to Councillor Frame in regards to the delivery of new build housing stock, saying the figure of 75 properties over the next 5 years (as mentioned in the response to question 3) was for the short-term, that the long-term figure was greater.

Councillor Young agreed with Councillor Arnold that the Council’s response to question 5 needed to be expanded to provide an answer to whether the Council would be ready to implement self-financing in 2011/12.

The Panel agreed in principle to the Council’s response, and requested the Cabinet to agree to amend the wording to question 5.

The panel agreed that the consultation response was good, and thanked Councillor Young and officers for their presentation and responding to questions from members.

RESOLVED that the Panel:

- i) Considered and noted the report on the Consultation on a Self-Financing Housing Revenue Account to be presented to Cabinet on 30 June 2010.
- ii) Requested the Cabinet to agree to amend the response to question 5, to

read;

“As previously stated, we are supportive of the principles of a self-financing HRA and can see the benefits of moving to one as soon as possible, given the alternative of retaining the current redistributive housing subsidy system. There are still some areas of uncertainty for us, predominantly around the treatment of debt and the potential impact upon our General Fund, but as long as these are resolved we believe it would be possible for us to implement self-financing in 2011/12.”



Strategic Overview and Scrutiny Panel

Item
10

20 July 2010

Report of	Scrutiny Officer	Author	Robert Judd Tel. 282274
Title	2011/12 Budget Strategy, Medium Term Financial Forecast and Budget Timetable		
Wards affected			

The report on the 2011/12 Budget Strategy, Medium Term Financial Forecast and Timetable, as considered and agreed by Cabinet on 30 June 2010, is provided for the Panel's consideration.

1. Action required

- 1.1 The Strategic Overview and Scrutiny Panel is requested to consider the 2011/12 Budget Strategy, Medium Term Financial Forecast and Budget Timetable. The report was presented to the Cabinet on 30 June 2010.
- 1.2 The Panel may note the report, or refer the report back to the Cabinet for further consideration, setting out in writing any comments or concerns.

2. Reasons for Scrutiny

- 2.1 The review of the Council's Budget Strategy and Timetable is one of the responsibilities of the Strategic Overview and Scrutiny Panel, as set out under the Terms of Reference for the panel within the Constitution.

3. Strategic Plan References

- 3.1 Scrutiny is a key function to ensure the Budget Strategy and Timetable are subject to full appraisal and that they are in line with the aims of the strategic plan. The role of scrutiny is also an important part of our risk management, helping to check that risks are identified and challenged.



Colchester

Cabinet

30 June 2010

Item

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Report of	Head of Resource Management	Author	Sean Plummer
			☎ 282347
Title	2011/12 Budget Strategy, Medium Term Financial Forecast and Budget Timetable		
Wards affected	Not applicable		

This report asks Cabinet to note:

- **The current financial position for the financial years 2009/10 and 2010/11**
- **Recommend to Council release of funding in respect of VAF legal fees and the Icelandic investment impairment**
- **Agree further use of and contributions to balances**
- **The budget forecast and timetable for the 2011/12 budget**
- **An updated Medium Term Forecast for the period to 31 March 2013**
- **An update of the Revenue Balances and Capital Programme**

1. Decisions Required

- 1.1. To note the pre-audit outturn position for the financial year 2009/10.
- 1.2. To recommend to Council the release from balances in 2010/11 of:-
 - £500k for VAF legal fees as set out in a separate report on this agenda,
 - £405k in respect of Icelandic investment impairment
- 1.3. To agree to release £30k to support the Tour of Britain cycling event.
- 1.4. To agree to transfer £205k from the insurance reserve into General Fund balances.
- 1.5. To note the budget forecast, approach and timetable for the preparation of the 2011/12 budget and updated position in respect of balances.
- 1.6. To note the updated Medium Term Financial Forecast for the period to 31 March 2013 as set out at Appendix A.
- 1.7. To note the latest position in respect of the Capital Programme.

2. Reasons for Decisions

- 2.1. The Council is required to approve a financial strategy and timetable in respect of the financial year 2011/12 and a Medium Term Financial Forecast for the two subsequent financial years.

2.2. The use of balances requires approval of Full Council.

3. Financial Overview 2009/10 and 2010/11

3.1 Financial Year 2009/10

The Pre-Audit Outturn report for the year to 31 March 2010 was presented to the Finance and Audit Scrutiny Panel (FASP) on 29 June 2010. A draft Statement of Accounts was considered by the Accounts and Regulatory Committee on the same day.

3.2. The overall position shows a net underspend on budgets of £1.9m after allowing for a number of agreed carry forward items.

3.3. The actual position is significantly more than anticipated mainly due to a refund in respect of VAT which has been achieved through challenging VAT liability for areas of sport and leisure income which includes claims relating to a period from the late 1970's.

3.4. When the budget for 10/11 was agreed it was done so on the basis that there would be an underspend of £0.7m in 09/10. The overall surplus will therefore be added to balances.

3.5. Financial Year 2010/11

At this stage in the financial year it is difficult to assess potential variances (both positive and negative). However, four areas that have been identified are:-

- VAF legal expenses
- Review of Icelandic investment impairment
- Funding for Tour of Britain cycling event
- Announcement of Government grant cuts

VAF Legal Fees

3.6. The provision for estimated costs in respect of the VAF legal expenses of £0.5m is set out in a separate report on this agenda.

Icelandic Investment impairment

3.7. Changes to the guidance received from CIPFA in relation to the investments made in Icelandic banks has been received. As part of the Statement of Accounts we are now required to make a further provision of £405k. The guidance indicates that a higher percentage of the investment will be recovered (95%) but this will take a longer time period.

Tour of Britain Event

3.8. It is to support the delivery of a Tour of Britain cycle race leg in Suffolk and Essex in particular the delivery of a finish event targeted at mass school participation in cycling related activity and family events to support Colchester's priorities around congestion busting and healthy lifestyles. It will build on the success of the Tour Series event held in Colchester in 2009 and aims to double the level of schools involvement in the event. The funding is matching the financial and staffing input at Essex County Council who have signed the legal agreement for the leg and are responsible for the route availability and delivery.

Government Grant Cuts

- 3.9. The Chancellor announced details of £6.2bn of cuts across the public sector in 2010/11. The Secretary of State for Communities and Local Government made a recent further announcement detailing local government's share of these cuts at a value of £1.66bn.
- 3.10. For Colchester, the key areas affected are the removal of all funding allocated this year for the Housing and Planning Delivery Grant (HPDG) and Local Authority Business Growth Incentive (LABGI). The 2010/11 budget included the assumptions that we would receive £648k and £77k from these grants respectively. The HPDG assumption is clearly the most significant cut and should be seen in the context that Colchester received £1.4m in 09/10.
- 3.11. There are other risks areas that are likely to impact on the budget position. These include any further funding changes arising from Government budget announcements. It has been confirmed that there will be no changes to the Council's core or formula grant, however, other changes will be assessed as more detail becomes available.

4. Budget Forecast for 2011/12

- 4.1 Appendix A sets out a budget forecast for 2010/11 and a Medium Term Financial Forecast for the subsequent two years including the key assumptions. The current forecast budget gap for 2011/12 is £1,958k, summarised below:-

	2011/12	Note
	£'000	
Base Budget	25,670	
Remove one-off items	(1,288)	One-off funding of cost pressures etc.
Cost Pressures (incl. inflation)	400	See paras. 4.6 4.7.
Changes to specific grants	770	Assumes removal of budgeted grants for HPDG and LABGI (see para 4.7.)
Savings	(260)	Savings identified through Fundamental Service Review (FSR) (see para 4.9.)
Forecast Base Budget	25,292	
Government Grant	(12,265)	Assumes a reduction of 5% (£646k) on grant received in 09/10 (see para 4.6.)
Council Tax	(10,699)	Based on assumed nil increase in tax rate and notional increase in taxbase. (see para. 4.10 and 4.11)
Use of Reserves	(370)	Reflects no longer using Capital Expenditure Reserve for accommodation costs and ceasing to use the Regeneration Reserve.
Total Funding	(23,334)	
	1,958	

- 4.2 The key assumptions in respect of the 2011/12 forecast are:

Government Grants

- 4.3. An assumption is made of a 5% reduction in core Government Grant (Revenue Support Grant - RSG) equivalent to £650k pa. This assumption, whilst realistic, is by no means a worst case forecast with some other authorities predicting reductions up to 30% over three years. The Government is expected to announce the outcome of Comprehensive Spending Review in the Autumn.
- 4.4. In considering the reduction in Government funding it is also necessary to consider the impact of discontinuing the Local Authority Business Growth Incentive (LABGI), Housing and Planning Delivery Grant (HPDG) and Area Based Grant (ABG) schemes. Based on the assumptions made in the 10/11 budget this equates to a further reduction of £770k.
- 4.5. When added to our forecast reduction in RSG this equates to a cash reduction of £1.4m in 2011/12 compared to the 2010/11 budget assumptions (10.3% reduction of these current budgeted grants).

Pay, Inflation and costs

- 4.6. The 2010/11 budget includes a 1% pay award which has been agreed as part of a 2 year settlement for 09/10 and 10/11. For 2011/12 and the following two years a planning assumption of a nil pay award has been shown. For other price inflation a range of 1% to 1.5% has been used although it will be necessary to review forecasts for specific areas in due course.
- 4.7. An allowance of £250k pa has been included for the outcome of the next actuarial review of the pension fund. It is unlikely that we will know the actual figure until the autumn, however, it should set out the pressure for the coming three years.

Economic Downturn

- 4.8. It is difficult to fully assess the impact on Council budgets, however it is evident that there has been a reduction in the past 2 years in some income budgets such as car parking, planning and net interest earnings as well as increased demands for services such as benefits. The MTFE assumes a broadly neutral position over the next three years which is likely to represent a prudent forecast.

Savings

- 4.9. At this stage the savings shown include the estimated second year savings in respect of the FSRs of Housing and Revenues and Benefits. Further savings will be identified as part of the ongoing budget process.

Council Tax

- 4.10. The Government has announced that it is committed to deliver a freeze on Council Tax in 2011/12 and will work with local authorities to deliver a freeze in Council Tax for a further year. It should be noted that the cost of freezing Council Tax compared to the increase in 10/11 of 2.47% is c£260k.
- 4.11. The budget forecast and MTFE has therefore been updated on the assumption of a nil increase for 11/12 and 12/13. The planning assumption of an increase of 2.47% has been maintained for 2013/14. More details are required to fully consider the impact on the Council's finances of a freeze for each of the next two years including any proposals as to how the Government will seek to deliver this.
- 4.12. An annual increase of 1% in the 'taxbase' (the number equivalent Band D properties) has been assumed.

- 4.12 There are a number of significant budget risks that may affect the 11/12 budget process and these are set out within Appendix A. The risks include items that could be positive to the budget forecast as well as negative. The current list of risks will be monitored and amended throughout the budget process.
- 4.13. In summary there is a forecast budget gap of circa £2m. This is somewhat higher than usual at this stage in the budgeting process and given the level of risks it is possible that further savings will be required to produce a balanced budget.

Delivering the 2011/12 Budget

- 4.14. The Council's approach to the budget is that it is primarily driven by the Strategic Plan. We have adopted a number of different ways to identify savings or additional income to support Strategic Plan priorities and to meet a number of substantial cost pressures. The strategy for 10/11 was based upon
- Review of service areas through the Budget Group
 - Delivering efficiencies through the Fundamental Service Review (FSR) process.
- 4.15. For 2011/12 it is proposed to continue to build on these approaches making a number of improvements to the process as we learn from experience. The proposed strategy is based on a 5 track approach covering:-
1. Income generation
 2. Efficiencies (including Fundamental Service Reviews)
 3. Total Place projects / themes
 4. Shared services and different models for service delivery
 5. Cuts and reductions

Income Generation

- 4.16. We know that as an organisation we already generate significant amounts of income and in benchmarking do well compared to other councils. However, this track has potential benefits for the Council and offers an alternative to simply cutting services.

Efficiencies and FSR

- 4.17. The most recent FSRs reported to Cabinet in respect of Housing and Revenues and Benefits have demonstrated that significant savings are possible with each review identifying c£450k of savings. The review of Street Services has started and further reviews of the museum service and support to arts organisations are planned for this year.
- 4.18. There are other areas outside of the FSR framework that have already been identified such as the new ICT contract where it is expected that savings can be delivered during the next 3 years.

Total Place

- 4.19. Total Place pulls together all delivery partners to take a joint, collaborative, look at how best to tackle major policy. Thirteen pilots across England have looked in depth at how greater co-ordination between partners and local leadership could help deliver better services with the customer at the heart of their design at less cost through the whole public resources spent in a geographical area. Opportunities for delivering savings through the principles of 'total place' will be considered within the budget strategy.

Shared Services and different models for delivery

- 4.20. The Council is already delivering services through partnership arrangements, whether formal shared service agreements such as the museums and parking partnerships as well as more informal sharing of resources. In addition there are examples of services being delivered through formal contracts with external suppliers. The challenges facing local government mean that it is essential to consider how best to deliver services and whether there are more efficient and effective options.

Cuts and reductions

- 4.21. It is clear that the financial pressures facing all public services are such that cuts and reductions will need to be considered. It will be necessary to consider any such proposals alongside other options and objectives set out in the Strategic Plan.
- 4.22. The 5 tracks are not mutually exclusive and there will need to be a balanced approach to closing the budget gap through the use of all of them.
- 4.23. The Budget Group comprising Cabinet members and senior officers was established last year and continues to meet monthly. It is intended that the Budget Group continues and has the overview of all the tracks, monitoring progress and taking relevant reports.
- 4.24. The Council's approach to budgets has always been to consider the longer-term impact of decisions. The budget process for 2010/11 will build on this by recognising that some service changes (reductions, income and growth) will often be delivered over a period longer than a year. This is likely to be particularly true for outcomes of the FSRs.
- 4.25. Appendix B sets out the proposed budget timetable.

Housing Revenue Account (HRA)

- 4.26. The HRA is a ring fenced account that relates to costs and income in respect of the Council's housing stock. The HRA budget and rent setting process is carried out alongside the General Fund budget and elements of the process are carried out simultaneously. This year the budget approach for the HRA will continue to be fully integrated within the General Fund budget process with the final budget report and rent setting being included within the overall budget and Council Tax decisions.
- 4.27. A separate report on this agenda sets out the implications of proposals relating to reform of the HRA subsidy system. Any changes would have a potentially significant impact on HRA budgets for next year and future years and will be considered as the budget process progresses.

5. Medium Term Financial Forecast

- 5.1. The Medium Term Financial Forecast (MTFF), as set out at Appendix A, shows a potential budget gap of £3.2m by 2013/14, an annual increase of circa £0.6m after 11/12. The key factors affecting the budget gap in later years include the increasing pensions costs (based on initial estimated position) and agreed estimated savings through FSR process.
- 5.2. The forecast needs to be viewed alongside the level of significant risks and uncertainty regarding a number of key factors that will impact on the Council's finances in the medium term. Most of the key risks outlined in the MTFF could result in recurring cost pressures for the Council. This will require recurring cost savings or additional income to be identified to minimise the escalation of these pressures.

- 5.3. The MTFF does also show that the Council continues to hold reserves and balances to support the Council's budgets. The position on these reserves will be reviewed during the year as the 2010/11 budget progresses.
- 5.4. In summary the MTFF sets out what is likely to continue to be an increasingly challenging financial outlook. The budget process needs to establish that the Council's spending plans, in the medium term, are affordable and can be prudently financed.

6. Revenue Balances

- 6.1 Following completion of the final accounts for the year to 31 March 2010 uncommitted revenue balances stand at £2.8m. This compares with the approved minimum balance of £1.5m.
- 6.2. The separate report on this agenda details proposals to use up to £0.5m from balances to support legal expenses in respect of the VAF. This report also sets out proposals to use balances to meet the assessed cost in respect of the Icelandic investment impairment and cycling event. If agreed, balances would remain above the agreed £1.5m level by £0.5m.
- 6.3. The Council also maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. These are set out within the MTFF at Appendix A.
- 6.4. As part of the budget process a full review will be undertaken into the level and appropriateness of earmarked reserves and provisions. One area that has been reviewed now is the insurance reserve and provision where an actuarial review has been carried out and as a result of this it is proposed that £205k can be released into balances.
- 6.5. It is worth noting that with ongoing regeneration projects the level of risks is likely to remain an issue over the next few years and we will consider the impact of this on all our reserves.

7. Capital Programme Update

- 7.1. It has previously been reported to Cabinet that there has been increasing pressure on the level and timing of generating resources to support the capital programme. This continues to be the case, although there is currently a small current surplus of resources. This needs to be reviewed against a number of potential cost pressures which are likely to impact on the capital programme.
- 7.2. A review of future resources and capital requirements is currently in progress and will be reported to Cabinet in due course.

8. Strategic Plan References

- 8.1. The Council has agreed three Corporate Objectives including the aim to "shift resources to deliver priorities". The 2011/12 budget and the Medium Term Financial Forecast will be underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.

9. Financial implications

9.1 As set out in the report.

10. Equality and Diversity Implications

10.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

11. Risk Management Implications

11.1 As set out in report.

12 Consultation

12.1. The Council is required to consult on its budget proposals. A consultation exercise took place as part of the production of the Strategic Plan agreed by Council in February 2009.

12.2. The budget strategy and timetable aims to ensure that information is available for scrutiny and input from all Members on proposals in the process. The aim is that detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February.

12.3. As has been the case in previous years the opportunity remains open for the leader of the opposition to meet with officers to assist with consideration of any alternative budget proposals.

12.4. Furthermore, we will continue with the statutory consultation with business ratepayers and will meet with parish councils in respect of grant funding.

13. Other Standard References

13.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Background Papers

Finance & Audit Scrutiny Panel Report – 29 June 2010

Medium Term Financial Forecast 2010/11 – 2013/143

1. Introduction

The Medium Term Financial Forecast (MTFF) sets out the Council's budget forecast for the next three years. The MTFF sets out:-

- A summary of the 2010/11 budget including an analysis of all service budgets
- The budget forecast for next three years including current cost pressures, growth items and assumptions regarding use of reserves.
- A list of key risk items for 2011/12 and beyond
- The current position on Council General Fund balances including the risk assessment for 2010/11
- The current position on all other reserves and balances

The MTFF will continue to be updated during the year as the budget progresses.

2. 2010/11 Budget

The Council's General Fund includes all costs and income other than those in respect of the Council housing stock

Colchester's total net revenue budget for 2010/11 is **£25.67 million**.

Net Budget	£'000 25,670
Funded by:	
Government Grant (incl: NNDR – Business Rates)	12,911 (50%)
Council Taxpayers (excl. parishes)	10,593 (41%)
Use of Balances / Reserves and Collection Fund Surplus	2,166 (9%)
	25,670

The following table sets out a summary of the 2010/11 budget including changes made from the previous year.

2010/11 Summary Budget

	Adjusted Base Budget	One-Off Items	Cost Pressures	Growth	Total Savings	Detailed 10/11 Budgets
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	330		26			356
Executive Management Team	759		7		(14)	752
Corporate Management	6,714	59	68		(200)	6,641
Customer Services	1,157	(9)	11		(60)	1,099
Env. & Protective Services	2,555	(20)	55		(207)	2,383
Life Opportunities	5,965		(72)	15	(73)	5,835
Resource Management	2,095		138		(68)	2,165
Strategic Policy & Regen.	2,658	(120)	492	55	(60)	3,025
Street Services	2,823	(40)	(44)	55	(120)	2,674
Total Services	25,056	(130)	681	125	(802)	24,930
Technical Items						
Pay Savings	(515)		200			(315)
Procurement	0		0			0
Income target	(60)		60			0
LABGI	(50)		0		(50)	(100)
HPDG	(250)		0		(398)	(648)
Area Based Grant (ABG)	(23)		0			(23)
Grants to Parish councils	202		0			202
CLIA (net interest)	(322)		960			638
Min Revenue Provision	549		13			562
Pensions	2,198		154			2,352
Redundancy Provision	120	(120)	0		150	150
ECC Second Homes	(144)		0			(144)
Heritage Reserve	12		0			12
Contribution to capital	80	(80)	0			0
Invest to Save			0		(34)	(34)
FSR	0		0		(100)	(100)
Icelandic Investment Impairment			615			615
GF/HRA adjustments	(2,421)		(6)			(2,427)
Total Below the Line	(624)	(200)	1,996	0	(432)	740
Total incl Below the line	24,432	(330)	2,677	125	(1,234)	25,670
Funded by:-						
General Reserve	(484)	484	(671)			(671)
Capital Expenditure Reserve	(661)	361	(910)			(1,210)
Regeneration Reserve	(221)	55	0			(166)
Other Reserves - S.106	(60)		0		(10)	(70)
Insurance	(100)	100	0			0
Government Grant (RSG / NNDR)	(12,681)		0		(230)	(12,911)
Council Tax	(10,225)		0		(368)	(10,593)
Collection fund Transfer	0		0		(49)	(49)
Total	(24,432)	1,000	(1,581)	0	(657)	(25,670)

3. Budget Forecast 2011/12 to 2013/14

The following table sets out the Council's budget forecast for the next three years including key assumptions.

Medium Term Financial Forecast 2011/12 to 2013/14			
	2011/12 £'000	2012/13 £'000	2013/14 £'000
Base Budget	25,670	25,292	25,472
Remove one-off items	(1,288)	0	(15)
Cost Pressures	400	405	390
Growth Items	0	0	0
Savings	(260)	(225)	0
Changes to Gov't grants (LABGI, HPDG etc)	770	0	0
Forecast Base Budget	25,292	25,472	25,847
Government Grant	(12,265)	(11,652)	(11,070)
Council Tax	(10,699)	(10,806)	(11,184)
Collection Fund Surplus	0	0	0
Use of Reserves	(370)	(370)	(370)
Total Funding	(23,334)	(22,828)	(22,624)
Budget (surplus) / gap before changes (cumulative)	1,958	2,644	3,223
Annual increase		686	580

Key Assumptions

Inflation - Pay assumed at 0%, other cost and income circa 1 / 1.5%

Gov't Grant – The grant for 2011/12 and beyond is assumed to reduce in cash terms by 5% p.a.

Council Tax – nil increase for 11/12 and 12/13 and 2.47% for 13/14+ 1% increase in tax base assumed for 10/11 and beyond.

Next actuarial review of pensions will impact in 11/12 and a planning assumption of an annual increase of £250k has been assumed for all years

Cost Pressures			
General Inflation	140	140	140
Pensions	250	250	250
MRP (Minimum Revenue Provision)	10		
Place Surveys		15	
Total	400	405	390
Savings / additional Income			
Fundamental Service Reviews			
Housing	75	75	
Revenues and Benefits	185	150	
Total	260	225	0

Decrease in Government Grants			
LABGI	100		
Housing and Planning Delivery Grant	648		
Area Based Grant	22		
Total	770	0	0

Use of Reserves			
Balances (General)			
S106 monitoring reserve	70	70	70
Capital Expenditure Reserve:-			
Community Stadium	300	300	300
Total	370	370	370

4. Risk Areas / Uncertainty

There are several key risk areas or areas where the outcome is uncertain which will impact on the 2011/12 budget forecast and potentially in later years. The main areas are:-

Ref	Risk / Area of uncertainty	
1	<i>Government Grant and the Comprehensive Spending Review 10 (CSR10)</i>	What the CSR10 will provide is difficult to predict, however, it is clear that public finances are continuing to come under increasing pressures. The MTFF assumes a cash reduction in grant 5% pa for the next three years. For illustrative purposes a 1% change in the level of grant equates to £130k.
2	<i>Government grants and partnership funding</i>	The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures. The 2010/11 budget includes funding in respect of HPDG and the LABGI scheme. The recent announcement that these funds have been withdrawn will result in cost pressures this year. Other changes seem possible and will be assessed as part of the budget strategy.
3	<i>Pensions</i>	An allowance has been built in for increases in pensions costs based on the results of the recent actuarial review and therefore are fixed for 2010/11. However, an updated review will be undertaken that will inform the cost for 2011/12 onwards. The recent and ongoing economic downturn is highly likely to impact on the pension fund and therefore whilst an increased allowance of £250k each year from 11/12 has been made for this it will need to be reviewed when more reliable estimates are available.
4	<i>Concessionary Fares</i>	CLG and DoT consulted on the future administration of the concessionary fares scheme. The favoured option being a transfer of responsibility to upper tier authorities (e.g. Essex County Council). In many ways this would mirror existing locally negotiated arrangements. There is a second consultation on the amounts of funding to be transferred. The method of assessing costs is not yet known so this represents a risk to the Council which could be positive or negative.
5	<i>Fees and charges</i>	As has been seen in the past few years we have experienced pressures arising from changes in income levels. In 2008/09 we experienced significant shortfalls in income in respect of planning and building control fees and car park revenue (on and off street). Looking ahead to 2010/11 and beyond it is difficult to estimate how income levels may continue to be affected. However, the 10/11 budget assumes some increase in revenue from planning which has recovered to an extent during the last 12 months. At this stage no allowance has been built in for any further changes to income levels.
6	<i>Inflation</i>	An allowance for general inflation has been built into the 10/11 forecast and MTFF, and specific increases allowed for items such as pay (which has been agreed for 09/10 and

Ref	Risk / Area of uncertainty	
		<p>10/11) The current (April 2010) CPI is 3.7% and RPI is 5.3%. The economic forecasts published by HM Treasury point to inflation figures for 2011 of 1.7% and 3% for CPI and RPI respectively. Not all the Council's costs are directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs with particular attention on energy costs for which an overall reduction has been included in the 10/11 budget figures reflecting agreed prices for the period October 09 – October 10.</p>
7	<i>Use of reserves</i>	<p>The budget position for 10/11 includes proposals to use certain reserves and also reflects the impact of reserves used in 09/10. The forecast position on general balances shows that due to the improved 09/10 outturn and proposed use of balances this year that there is currently headroom of c£0.5m above the recommended level.</p>
8	<i>Legislation</i>	<p>There may be new legislation over the life of the MTFF for which any available funding may not cover costs.</p>
9	<i>Impact of regeneration programme e.g. car park closure and staff resources</i>	<p>As the regeneration programme progresses there will be an impact on income from car parks due to temporary and permanent closure of certain car parks and also the introduction of park and ride. We are currently using the Regeneration Reserve to meet some staffing costs to provide increased capacity to deliver the regeneration programme. The budget forecast includes funding for 2010/11 to ensure that the team can continue work. However, this will exhaust the Reserve and therefore any future costs will need to be considered as part of the budget.</p>
10	<i>ICT strategy – change programme</i>	<p>The ICT strategy was updated in 2007 and there have been a number of financial implications arising from changes. This has resulted in some costs in the short-term leading to longer term savings. This has been examined as part of detailed budget proposals and as part of the implementation of accommodation and flexible working changes and will be monitored to assess in ongoing financial issues. A new strategy is currently being developed.</p>
11	<i>Property review</i>	<p>A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will continue to be financial implications arising from this for both the revenue budget and capital programme and these will be continue to be considered in detail by the council's Property Forum and included in the on-going updates of the MTFF.</p>
12	<i>Impact of growth in the Borough and demand for services</i>	<p>A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of the budget it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. A further area of risk is any increase in the demands for</p>

Ref	Risk / Area of uncertainty	
		Council services arising from the impact on residents of the economic environment. At this stage no allowance for these areas has been provided within the MTFF. Fundamental Service Reviews (FSR) have been carried out or are being undertaken on some of the key areas affected by growth and /or also the economic climate such as benefits, housing and street services. The financial assumption made is that these reviews will assist in identifying efficiencies to cope with changes in demand.
13	<i>Delivery of budget savings</i>	The 2010/11 budget continues to set some challenging targets for savings although for 10/11 these have been reduced to reflect the current economic climate such as the salaries target. The MTFF assumes these targets will be delivered at these amended levels.
14	<i>Net Interest earnings</i>	The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy highlights the outlook for interest rates in the medium-term which points to continuation of unprecedented low levels into 2010/11. The 2010/11 budget as proposed shows a significant reduction in interest earnings and the MTFF currently assumes no further recovery in this area. This will be monitored and considered again as part of the 2011/12 budget.

All these issues will remain as risks to be managed over the course of the MTFF.

5. General Fund Balances – Risk Assessment

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2010/11 budget process.

Background

Historically we have maintained a strong level of balances and these have been used to:-

- Support the annual budget - particularly to fund one off items.
- Fund new initiatives identified during the year.
- Provide cover for cashflow and emergency situations.
- Provide flexibility and a resource for change management.

Over recent years general fund balances have been reduced in a managed and prudent manner: -

	£'000	
31 March 2005	2,193	
31 March 2006	1,997	
31 March 2007	2,708	(includes £902k to support 2007/08 budget)
31 March 2008	3,347	(includes £1,232k to support 2008/09 budget)
31 March 2009	2,891	(includes £1.17k to support 2009/10 budget)
31 March 2010	3,926	(after agreed or proposed allocations balance will be £2m)

A thorough review of the balances position was reported to Cabinet as part of the 2010/11 budget exercise. This included a risk assessment to establish the minimum level, which was agreed at £1.5million.

Risk Assessment

The results of the assessment to inform the 2010/11 budget are summarised in the following table. This showed that the agreed minimum prudent level of balances should be held at £1.5 million.

Factor	Assessed Risk		
	High £'000	Medium £'000	Low £'000
Cash Flow	950		
Capital (nil given reserves and receipts)			0
Inflation		100	
Investment Income	150		
Trading Activities and fees and charges		200	
Emergencies		50	
Benefits			100
New Spending – legal commitments			100
Litigation		150	
Partnerships			100
VAT Exemption Limit			350
Budget Process		100	
Revenue impact of capital schemes			150
Renaissance programme			0
Concessionary fares			50
Pension Contribution			50
	1,100	600	900

	Minimum Provision
High Risk – 100%	1,100
Medium Risk – 50%	300
Low Risk – 10%	90
Sub Total	1,490
Unforeseen factors,	10
Recommended level	1,500

The main issues to mention concerning the assessment are: -

- While the possible requirement to meet capital spending from revenue resources is still recognised as a potential risk the assessment is "nil" because of the current level of funds held in the capital expenditure reserve and the introduction of the Prudential Code.
- This year's assessment has reviewed the approach of separately identify the risks connected with "trading activities" and "income" and instead these have been combined and assessed as a medium risk. This specific change will be reviewed alongside final budget proposals.
- In view of current low levels of inflation and the fact that the pay award for 2010/11 has already been agreed the allowance in respect of inflation has been reduced.
- Investment income has been identified as a risk area. In last year's risk assessment this was changed to be classified as a "high risk" and due to the continuing uncertainty in the world economy this has been maintained for next year.
- The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk.
- The concern over the funding of the pension fund is recognised in the assessment. However "risk" is assessed as "low" and has been reduced for 2010/11 because the anticipated increased contributions from the 2007 valuation required have been built into the budget.
- On the basis of earlier years' outturns and current year monitoring particular areas have been identified as potential risk areas for variances: cash flow, benefits, emergencies, new spending, litigation, partnerships, Regeneration programme and the budgeting process. These are being regularly reported on as part of the current year monitoring. All of these areas have been reviewed with some changes proposed with are addressed in the risk assessment.

Implications

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum level it is important to recognise that there are implications of operating at this level. As noted above we have traditionally had a level of balances that have provided flexibility and enabled new initiatives to be considered outside the annual budget process. Operating at the minimum level requires an approach and a discipline to: -

- Ensure all spending aspirations for the coming year are assessed as part of the annual budget process. The continued development of the Medium Term Financial Forecast will assist in this.
- Recognise that it will not be possible to draw on balances to fund new discretionary initiatives identified in the year, however desirable they may be; an alternative source of funding would need to be identified.
- Realise future assessments could identify a need to rebuild balances
- Accept that the potential for interest earnings on balances will change depending on the level of balances held. (This will be reflected in the budget accordingly.)

- Acknowledge that any balances desired for future flexibility/change management will need to be built up over and above the prudent level identified.

In addition it is acknowledged that it may be necessary for balances to fall below the recommended level. Balances are provided to mitigate unbudgeted cost pressures and as such at times they may be used to provide temporary support to the Council 's budget.

6. General Fund Balances - Position

The following table sets out the current level of General Fund balances.

General Fund Balances Current Position		£'000	£'000
Balance as at 31 March 2010 (note 1) (As per Statement of Accounts)			3,926
Proposed use of balances during 2010/11:			
• Financing carry forwards – Proposed carry forward of 09/10 budgets (note 2)			196
• Funds released in 09/10 carry forward to 10/11 (note 3)			297
• Supporting the 10/11 Budget (agreed as part of 10/11 budget)			671
• Further Changes in 2010/11:-			
VAF Legal Fees	500		
Icelandic Investment Impairment	405		
Tour of Britain Event	30		
Release of insurance reserve / provision	(205)		
			730
Projected Balances as at 31 March 2011			2,032
Agreed minimum balance			1,500
Potential Surplus Balances as at 31 March 2011			532

Notes:

1. The balance at 31 March 2010 reflects the outturn for 09/10 which includes the release of £50k from the Regeneration Reserve
2. Carry forward budgets have been reviewed by the Head of Resource Management.
3. This includes previous approved releases from balances which have not yet been spent.

This forecast is on the basis that there are no further calls on balances during 2010/11 and the current year's budget does not overspend.

7. Earmarked Reserves and Provisions

The Council maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. As at 31 March 2010 earmarked reserves totalled £6.18m and provisions £0.45m.

As part of the budget process a review was undertaken into the level and appropriateness of earmarked reserves and provisions. The review concluded that the reserves and provisions detailed in the following table remain appropriate and at an adequate level.

The position on these reserves will be reviewed as part of the 2011/12 budget process including forecasting and assessing the impact of future commitments.

One area that has now been reviewed is the insurance reserve and this report includes a proposal to use £205k from this to support general balances.

Earmarked Reserves

Reserve	Amount 31/03/09 £'000	Estimate 31/03/10 £'000	Comment
Renewals and Repairs (including Building Maintenance Programme)	2,888	2,090	Maintained for the replacement of plant and equipment and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the life of the asset.
Insurance	594	445	To cover the self-insurance of selected properties. The balance of the fund is split with a proportion specifically identified as a provision against the cost of claims (see section B). Following an actuarial review it is proposed in this report that £205k of the current balance could be transferred to balances.
Capital Expenditure	3,062	2,553	Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme. However actual use of balance is dependent not only on progress of spending on approved capital schemes but also level of other resources, mainly capital receipts, received. This Reserve is also being used to support some financing costs of the Community Stadium and also part of

Reserve	Amount 31/03/09 £'000	Estimate 31/03/10 £'000	Comment
Regeneration Reserve	437	166	the Icelandic investment impairment. Maintained to finance non-recurring expenditure incurred during the development of the Council's four regeneration areas. Spending of £166k has been included in the 2010/11 budget and therefore the reserve will be fully used by March 2011.
Asset Replacement Reserve	9	10	A reserve for the future replacement of vehicles and plant. The vehicle replacement policy has been reviewed. Revenue contributions to this reserve have now ceased and the funding for the majority of repairs is now sourced from the Council's Capital Programme.
Gosbecks	423	408	Maintained to provide for the development of the Archaeological Park. The main source of funding was a 'dowry' agreed on the transfer of land.
On Street parking reserve		64	Any surplus ring fenced to cover deficits.
Heritage Reserve Mercury Theatre	184	2 209	Provision for the building's long term structural upkeep.
Hollies Bequest	12	11	Provision for the upkeep of open space.
Section 106 monitoring	209	184	Required for future monitoring of Section 106 agreements. From 2010/11 onwards it has been agreed to use £70k from this reserve on an annual basis to support the budget.
Community Stadium - loan	35	35	To cover set up costs and working capital. No repayments are expected within 2010/11. The loan is repayable to the Council within 7 years from the agreement date of 29 January 2008.
	7,853	6,177	

Provisions

Reserve	Amount 31/03/09 £'000	Estimate 31/03/10 £'000	Comment
Insurance	323	450	This element of the fund is specifically set aside as a provision to meet the cost of claims, notably subsidence. Some work on properties in respect of subsidence planned to be completed in 2009/10.
	323	450	

2011/12 Budget Timetable

Budget Strategy March 10 – July 2010

March – June (SMT and Budget Group)	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
Cabinet – 30 June 10	<ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved
SOSP – 20 July 10	Review Cabinet report
Budget Group / Leadership Team - June / July	Consider review of capital programme Consider approach to consultation

Detailed Budget preparation and Budget Setting Consultation

Budget Group / Leadership Team regular sessions on progress / budget options now - December	Review budget tasks (the 5 tracks) Consider outcomes of Fundamental Service Reviews
Cabinet – 8 September 10	<ul style="list-style-type: none"> • Budget Update • Proposals for consultation • Review of capital resources / programme
Cabinet – 20 October 10	Budget Update (if required)
Cabinet – 1 December 10	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Grant settlement
SOSP – 11 January 11	Review Cabinet report / Budget Position (Strategic Review)
FASP – 25 January 11	Review consultation / Budget position (Detailed proposals)
Cabinet – 26 January 11	Revenue and Capital budgets recommended to Council
Council – 16 February 11	Budget agreed / capital programme agreed / Council Tax set

Timing of consultation to be included within process when agreed.

Leadership Team to review budget progress during year.

