
Draft Budget 2011/12 and MTP 2012/2016

Amended for changes requested by Cabinet

Report by the Chief Officers' Management Team

1. INTRODUCTION

- 1.1 This report provides a draft budget and medium term financial plan based upon the Government's preference for no Council Tax increase next year with compensation being provided by a 2.5% government reward grant for 4 years. As far as possible it takes account of the Comprehensive Spending Review (CSR) to the extent that details have been disclosed.
- 1.2 This report will be considered by Overview and Scrutiny on the 11 November so that Cabinet can take account of their comments when deciding on its recommendation to Council on the 15 December.

2. SUMMARY

- 2.1 The changes to services proposed are expected to generate revenue savings of £6.4m per year by 2015/16. In addition it is proposed to reduce our capital programme over five years by £5.3m. Further savings are still required and may be resolved through additional Government funding from initiatives such as the New Homes Bonus or by identifying or accelerating further savings proposals. The position will be clearer by the time the final draft budget is produced in December.
- 2.2 The proposals take account of the results of the public consultation exercise involving residents, town and parish councils, local businesses and organisations and employees. They represent a substantial saving and will maintain Huntingdonshire as one of the lowest tax setting districts in England.
- 2.3 The national economic situation means that services which are undoubtedly valued by some are now unaffordable in the context of reductions in government funding and the desire to maintain a low council tax.
- 2.4 Central government has set out in its Comprehensive Spending Review an indication of the level of funding that Councils will, in total, receive over the next four years. This is a similar timescale to that previously set by this Council to rebalance its own budget. The proposals concentrate on changes to service plans over this timescale and whilst some are based on firm plans that can be implemented in the short term, others are an expression of intent to make changes, the timing and detail of which are still to be determined.

- 2.5 The proposals prioritise maintaining a low Council Tax whilst re balancing our budget within four years, by which time our revenue reserves will be at a minimal level. Our proposals focus expenditure on the maintenance of services in key areas, although even in these areas substantial savings through efficiency and other cost reductions are also sought. Key areas include:
- ◆ Waste collection and recycling
 - ◆ Support for vulnerable people, including benefits and housing advice
 - ◆ Support for healthy lifestyles
 - ◆ Strategic planning and growth
 - ◆ Licensing, elections and regulatory functions
- 2.6 The capital programme will be scaled back. Those programmes that could be justified at a time when the Council had access to unrestricted capital reserves will be reduced or ended. Significant strategic investments required to support the development and economic wellbeing of the district and our towns, and those where an economic financial return can be obtained, are maintained in full.
- 2.7 Savings resulting from reductions in the number of senior staff and consequent reorganisations are expected to save £300k in the first 12 months. Over the course of the 4 year saving plan further reductions in senior staffing are expected to bring this total to more than £700k per year. These savings are dependent upon further reorganisations and the development of more shared working.
- 2.8 Over the period it is planned to negotiate a series of changes to pay, pay systems and allowances which are targeted to save £350k per year.
- 2.9 The impact on staff generally has not yet been determined but has been estimated. In many areas proposals will be produced over the coming months and will be subject to staff consultation. However in total we expect that the budget savings will require a reduction in headcount of 124 full time equivalents (FTE) over 4 years. This amounts to about 1 in 7 staff and will be achieved firstly through voluntary redundancy and natural wastage, but is also likely to result in some compulsory redundancies during the period. Details are given in Annex C.
- 2.10 Detailed proposals for government funding have not yet been made available to us. The new homes bonus, changes to funding of the concessionary bus fares scheme and funding arrangements for housing benefits and council tax in particular may result in further substantial changes.

3. GOVERNMENT GRANT

- 3.1 The Financial Forecast Report, considered in September, assumed that Government Grants:
- ◆ would fall in cash terms by 25% over 5 years
 - ◆ that there would be some loss from formula changes
 - ◆ that the loss re concessionary fares would not be larger than our spending saving

The Comprehensive Spending Review (CSR) has provided information on the **overall** impact on local authorities. It refers to a real terms cut of 28% over 4 years. Whilst this is equivalent to a cash reduction of around 20%, the reward grant for not raising Council Tax next year has to be funded from within this sum. The Government have also front-ended the cuts so that the **average** Council will suffer a reduction of 11% in its funding for the coming year. The tables below shows how our new forecast, based on CSR figures, requires us to make savings much earlier than previously expected:

Government Grant * - % change	Budget	MTP			
	11/12	12/13	13/14	14/15	15/16
	£M	£M	£M	£M	£M
Cash reduction assumed in Forecast	-5%	-5%	-5%	-5%	-5%
CSR overall reduction	-11%	-6%	-1%	-6%	+2.5%#

Government Grant* - Cash change			Budget	Budget	MTP			
			10/11	11/12	12/13	13/14	14/15	15/16
Current	Approved	MTP	£M	£M	£M	£M	£M	
(February)			12.9	12.4	12.6	12.6	12.9	13.3
Forecast (September)			12.9	11.7	11.3	10.7	10.2	9.7
This Draft			12.9	11.1	10.5	10.4	9.7	10.0

Assumed that there will be an inflationary increase after this spending round.

* Grant includes Revenue Support Grant and NNDR which are in aggregate distributed in line with the grant formula

- 3.2 **There are two areas of concern in this assumption.** Firstly there is a major risk that the Sparse proposal on Concessionary Fares (see below) will not be supported by the Government and secondly there is a clear expectation by commentators and the LGA that District Councils will do worse than the average position due to the protections promised on education and social services.
- 3.3 Since the original concessionary bus fares grant consultation document was published the section on concessionary fares has proven to be badly explained, very controversial and flawed. As a result, the DCLG revised the exemplifications. In so doing, it become clear that the figures quoted were not, as is the norm, the proposed reduction in grant to reflect the saving in expenditure but the **net impact** on the authority. The proposals were based on a major redistribution to metropolitan and London authorities (i.e. of the grant taken from Huntingdonshire and the other Cambridgeshire Districts only a portion would be given to the County Council to fund concessionary fares). The net loss to Huntingdonshire would be between £0.6M and £1.4M depending on the option chosen. All other Cambridgeshire Districts (except Cambridge City) would also lose out significantly. Annex D illustrates the position for one set of the 24 combinations that are being considered.
- 3.4 As a result of lobbying from Sparse (a pressure group for rural authorities) a further option which reduces each Districts grant by their

spending on Concessionary Fares and transfers it straight to their County has been circulated by DCLG but it is clear that the civil servants, responsible for the grant formula, are unenthusiastic because it gives them technical difficulties. The LGA response to the consultation strongly expresses their view that the impact should be neutral for District Councils.

- 3.5 On a more positive note, the Government is proposing a “New Homes Bonus” for authorities that support the growth agenda. Consultation will take place in November but it is expected that a portion of the Council Tax from new dwellings will be added to Government Grant for a fixed number of years. Unfortunately, this will predominantly be a re-allocation of grant and so will be damped, thus reducing the impact.

4. COUNCIL TAX

- 4.1 The Government’s preference is for Councils to freeze Council Tax for the coming year. This option has been incorporated into the plan and brings with it a reward grant of 2.5% of our 2010/11 Council Tax for four years.
- 4.2 It is then assumed that rises would subsequently be 2.5% a year.
- 4.3 From 2012/13 onwards it is proposed by the Government that Council Tax increases, in excess of a limit set by the Secretary of State, will require public support from a referendum which would be costly, a significant administrative burden and universally, have an uncertain outcome.

5. INFLATION AND INTEREST RATES

- 5.1 Revisions to interest rates and the amounts that interest is earned on due to last year’s outturn have been made which also reflect the Government announcement as part of the CSR that PWLB borrowing rates would immediately rise by 0.85%. Further refinements to the forecasting model have also been made to improve accuracy.
- 5.2 A much more detailed calculation of the MRP (statutory provision for repaying debt) has been introduced and the higher proportion of short life assets (e.g. vehicles and IT) increases the revenue impact of the capital programme.
- 5.3 Inflation has been revised on fuel and utilities and the assumption on increases to the employer’s pension contribution % has been limited to reflect the Government’s intention to make public sector pension schemes more affordable. As the savings requirement, like service spending, is expressed at 2010/11 prices there are some significant inflation adjustments when the phasing and magnitude of savings varies.
- 5.4 The results of these changes are shown in the Budget Summary at Annex E.

6. PROPOSED SPENDING CHANGES

- 6.1 This section sets out the impact on each service of the proposed spending cuts. In order to put these into perspective it sets out the

current budget (2010/11) and staffing levels. Budget figures exclude capital charges and the recharges of overheads.

6.2 Overview and Scrutiny members, in particular, have expressed interest in the degree to which the services we are involved in providing are statutory services. To this end a matrix has previously been made available which provided a detailed analysis of the complex relationships between discretionary, non-discretionary and regulatory services. While the Council is required to make significant savings over the coming years it is not envisaged that this will require service reductions to minimum statutory levels and discretion will be available to consider the means and level of provision across the range of services currently provided. The comments below aim to give a more subjective view of the extent to which we have discretion over staffing numbers.

6.3 Revenue Items

REVENUE ITEMS	
Current budget & staffing	Proposed changes to service
Operations Division - £5.1M	
Refuse/ Recycling £1.9m of which pay cost is £1.7m 66 FTE None of these posts are wholly statutory.	Except for increased charges for the collection of bulky waste, generating £20k p.a., no service level changes are proposed in this area. Efficiency savings are targeted. A reduction of one collection round would save £100k. This may follow the purchase of round scheduling software (an example of shared working with Cambridge City and East Cambridgeshire DC). It is also planned to absorb growth in housing numbers anticipated at 500 p.a.
Markets Net income £0.1m	No service level changes are proposed in this area, although a £5k saving on consultant fees are proposed.
Street Cleansing £1.0m of which pay cost is £0.7m 29.4 FTE None of these posts are wholly statutory.	No service level changes are proposed in this area.
CCTV £0.5m of which pay cost is £278k 13.9 FTE None of these posts are statutory.	The budget is based on reducing CCTV staffing from April 2011, providing a basic service during 2011/2 and mothballing the service from April 2012. This could result in CCTV cameras being switched off from April 2012. The CCTV van will be disposed of and no staff would be retained. A basic service could be maintained for an annual cost of £300k.

<p>Countryside £0.5m, of which £574k is pay cost</p> <p>21.6 FTE None of these posts are statutory.</p>	<p>Savings of £263k p.a. are proposed by reducing staff, ending the educational / events programme, reducing our commitment to maintenance and the Rights of Way programme and concentrating of income generating activities. Some of these responsibilities may be taken up by volunteer groups.</p> <p>Further savings of £100k p.a. are targeted from 2014. This is subject to identifying further responsibilities that can be taken up by volunteer groups and trusts.</p>
<p>Car Parks Net Income £1.1m, of which £183k is pay cost</p> <p>8.1 FTE None of these posts are statutory.</p>	<p>Car park fees are currently only budgeted to rise with inflation. A larger rise could be considered if off street parking opportunities were managed in a manner consistent with any proposed rise. For this reason the plan assumes an additional £500k of income from 2014 resulting from a doubling of charges.</p>
<p>Grounds Maintenance £0.9m, of which £0.8m is pay cost</p> <p>28 FTE None of these posts are statutory.</p>	<p>A reduction of £150k is proposed. This is linked to restructuring and moving to a more integrated workforce throughout Operations. However there will also be some reductions in service (i.e. reducing the number of grass cuts).</p>
<p>Vehicle Maintenance £0.2m, of which £147k is pay cost</p> <p>4 FTE None of these posts are statutory.</p>	<p>No service level changes are proposed in this area.</p>
<p>Management Unit £1.3m, of which £1.2m is pay cost</p> <p>28.5 FTE None of these posts are wholly statutory.</p>	<p>Efficiencies of £250k are targeted in this area.</p>

Environmental Management Services – £2.9M

<p>Internal Drainage Boards £0.34M</p>	<p>This is a statutory charge placed upon the Council.</p>
<p>Watercourses £0.06M</p>	<p>No service level changes are proposed.</p>
<p>Public conveniences £0.03M</p>	<p>This budget is maintained pending discussions with Huntingdon Town Council.</p>
<p>Environmental Initiatives £0.15M</p>	<p>Savings of £50k pa are targeted.</p>
<p>Building Control Income £0.5M</p>	<p>We see no prospect of increasing revenues.</p>
<p>Highways & Transportation £0.2m</p>	<p>No service level changes are proposed.</p>

<p>Management Units £1.6M, of which £1.4m is pay cost</p> <p>32.2 FTE None of these posts are statutory although some statutory work is undertaken.</p>	<p>Historically some of the £0.4m pay cost relating to design and architecture services has been capitalised. £0.5m of the pay cost relates to building control.</p> <p>Staff reductions will be introduced in line with the reduction in the capital programme. We will continue to pursue opportunities for sharing building control services.</p>
<p>Facilities Management £0.9M, of which £164k is pay cost</p> <p>5.8 FTE None of these posts are statutory.</p>	<p>Staff reductions across the Council, and the introduction of hot desking following the promotion of home working and flexible working should release office space for letting. This may generate an income of £150k p.a.</p>

Planning Services – £3.1M

<p>Development Management income £0.9M</p>	<p>The budget assumes the same level of income but this is dependent upon economic activity. Charges for planning advice, currently free, may generate £40k p.a. additional income.</p>
<p>Planning Policy & Conservation £0.9M</p>	<p>A one off addition to the budget to fund work on the A14 has now been deleted from the budget.</p>
<p>Transportation £0.1M</p>	
<p>Concessionary Fares £0.7M</p>	<p>This will transfer to county.</p>
<p>Management Units £2.3M, of which £2.2m is pay cost</p> <p>50.4 FTE None of these posts are statutory although a significant amount of statutory work is undertaken.</p>	<p>Reductions in planning policy and development management posts will save £125k pa, whilst reductions in support staff, transport schemes and staff will save a further £95k pa from April 2012.</p>

Environmental and Community Health Services – £2.7M

<p>Environmental Health £0.2M</p>	<p>No changes are proposed.</p>
<p>Arts Development £0.1M</p>	<p>Proposals included in last year's budget, which have now been implemented, will reduce this budget to nil for the coming year, although two community schemes will be maintained.</p>
<p>Leisure Development £0.2M</p>	<p>This matched funding will be reviewed when external grants come to an end in 2013.</p>
<p>Community safety £0.1m</p>	<p>The loss of external grants will see this service reduced by £50k.</p>
<p>Grants £0.4m</p>	<p>Cuts in grant funding will be phased in from 2012/3 which will leave around £75k pa after 2014/5.</p>

<p>Management Units £1.6M Pay cost totals £2m across the service</p> <p>FTE 31.2 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Staff savings of £275k pa are targeted. This will result in less health and safety advice being given and reduced capacity to investigate nuisance, noise, pollution and drainage incidents.</p>
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Housing Services – £1.4M

<p>Homelessness £0.2M</p>	<p>No service level changes are proposed.</p>
<p>Management Units 1.1M. Pay cost totals £1.2m across the service</p> <p>FTE 30.4 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Staff savings of £100k are targeted.</p> <p>A slower response time will result for some enquiries and specialist advice.</p>

Financial Services – £2.0M

<p>External Audit £0.1M</p>	<p>External audit fees are currently set according to a scale of charges determined by the Audit Commission.</p>
<p>VAT partial exemption £0.1m</p>	<p>This is a statutory calculation.</p>
<p>Net interest cost £0.1M</p>	<p>Interest is largely a function of borrowing and will continue to grow.</p>
<p>Insurance Premiums £0.4M</p>	
<p>Management Units £1.2M, of which pay cost is £1.1m</p> <p>FTE 24.2 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Efficiency savings of £120,000 are targeted. Some savings are obtained by sharing our staff with other authorities.</p>

Customer Services – £2.2M

<p>Income £1.6m</p>	<p>Currently an additional £56k of subsidy is being received. We believe that HB subsidy will be reduced by central government and that an announcement to this effect is likely around 10/11/10.</p>
<p>Management Units £2.5M of which pay cost is £1.9m</p> <p>FTE 63.5 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Efficiency savings of £100k are targeted some of which result from increasing benefits claims work over the internet.</p>
<p>Call Centre £0.6M of which pay cost is £0.4m</p> <p>FTE 14.7 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Reduce opening hours at the Call Centre by 2 hours each day (Open from 9am – 5pm) will save £20k pa</p> <p>Following the renegotiation of system support contracts savings of £30k are expected.</p>

<p>Customer Service Centres £0.7M of which pay cost is £0.6m</p> <p>FTE 18.4 None of these posts are statutory although some statutory work is undertaken.</p>	<p>Closing Ramsey, Yaxley, St Ives and St Neots CSC's are targeted to save £200k.</p> <p>Reducing opening hours at Huntingdon CSC by 30 minutes each day (Open from 9am – 4.30pm) may save £14k pa.</p>
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Leisure Services – £1.1M

<p>Huntingdon Leisure Centre £0.2M</p> <p>Ramsey Leisure Centre £0.2M</p> <p>Sawtry Leisure Centre £0.2M</p> <p>St Ivo Leisure Centre £0.1M</p> <p>St Neots Leisure Centre £0.2M</p> <p>Management Units £0.2M Total pay cost across the leisure centres amounts to £4.6m.</p> <p>FTE 200 None of these posts are statutory.</p>	<p>Staffing efficiencies of around £300k are targeted. This will involve reducing opening hours in some centres at some times.</p> <p>A redevelopment of the St Ives indoor centre along the lines of the improvements in Huntingdon and St Neots is being designed with a view to generating £400k additional income net of costs.</p> <p>Once the above changes have been introduced investigations will commence to transfer responsibility for running, maintaining and developing the leisure business to a trust.</p>
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IMD Services – £2.2M

<p>Helpdesk £0.5M of which pay cost is £0.3m</p> <p>Network Services £0.6M of which pay cost is £0.2m</p> <p>Development Team £0.3M of which pay cost is £0.2m</p> <p>Information Management £0.3M of which pay cost is £0.2m</p> <p>Business Analysis £0.4M of which pay cost is £0.4m</p> <p>Head of IMD Management Unit £0.2M of which pay cost is £0.2m (4FTE)</p> <p>FTE 32.4 across the service. None of these posts are statutory although some statutory work is undertaken.</p>	<p>Staff reductions and other efficiency savings are targeted to amount to £200k over the 4 year plan. These require moving to a virtual server and desktop system. £80k will also be generated through the sharing of our staff with other authorities.</p> <p>Additional staff reductions will result from a reduction in the capital programme.</p>
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People, Performance & Partnership – £2.0m

Economic Development £0.2M	Halving, then stopping grant to Town Centre Partnerships, with subsequent reductions in employee time is targeted to save £100k. The council will be less able to support the vibrancy of town centres.
Communications and Marketing £0.1M	Moving District Wide to electronic only is targeted to save £50k and Hunts Matters will cease at a saving of £10k.
HR – Pensions, Payroll, etc £0.3m	
Management Units £1.4M, of which pay cost is £1.1m FTE 27.1 None of these posts are statutory but some statutory work is undertaken.	Staff reductions and other savings are targeted to amount to £100k over the 4 year plan period.

Law, Property & Governance - -£0.9M

Property income £1.4M	Review Strategy and Portfolio to maintain income levels.
Management Unit £0.5M of which pay cost is £0.5m FTE 9.2 One of these posts is statutory and others also undertake significant statutory work.	Staff reductions and other savings are targeted to amount to £100k over the 4 year plan period.

Democratic & Central Services – £1.8M

Corporate Committees & Subscriptions £0.1M	These budgets should be subject to review by a members working group.
Member Allowances & Support £0.5M	
Elections £0.2M	
Land Charges income £0.2	Government proposals may reduce this income.
Licences income £0.2	Increased charges for certain licenses may generate £35k, whilst efficiency savings are targeted to saving £15k.
Document Centre £0.6M of which pay cost is £0.3m FTE 12.4 None of these posts are statutory.	Additional income from undertaking work/collaboration with other organisations and/or reduction in costs of design, printing and despatch are targeted to save £75k.
Management Units £0.9M of which pay cost is £0.8m FTE 20.9 None of these posts are statutory although a significant amount of statutory work is undertaken.	Staff reductions and other savings are targeted to amount to £100k over the 4 year plan period.

The table below summarise the impact of the full list of changes which are detailed in Annexes A & B.

Service Variations	REVENUE	10/11	11/12	12/13	13/14	14/15	15/16
		£000	£000	£000	£000	£000	£000
Extra Cost & Rephasing (Annex A)		139	383	405	373	340	363
Savings (Annex B)		-397	-2,280	-3,867	-4,906	-5,901	-6,442
Capital to Revenue		52	0	0	0	0	0
Revenue to Capital		-286	0	0	0	0	0
Technical #		-232	282	275	268	258	198
Total Variations		-724	-1,615	-3,187	-4,265	-5,303	-5,881

Includes an increase of £250k due to the removal of the assumption that extra unbudgeted un-earmarked grants will be received each year. This is extremely unlikely now that the Government has drastically cut or removed various funding regimes.

6.4 Capital Programme

Proposals on the capital programme are outlined below and follow the order of listing and descriptions as used in the Budget/MTP approved by Council in February 2010.

CAPITAL ITEMS	
Service	Comments and proposed changes
Public conveniences	No expenditure is planned.
Huntingdon Town Centre, including car park	A one off strategic project aimed at improving retailing and car parking in Huntingdon has recently been endorsed by the Cabinet.
Huntingdon Marina	The previously planned project budgeted at £62k has been deleted from the plan.
Play Equipment	The previous budget of £60k to 70k pa has been reduced to £50k for 2011/2 and £20k pa thereafter. This budget will be used on play areas which are deemed to be of significance for the district generally rather than the immediate locality. Towns and Parish Councils will be requested to fund the maintenance and development of smaller parks unless s106 funding is obtained.
Leisure centres	Substantial investment is required in St Ives if this centre is to improve its profitability. Investment in this centre is subject to a business plan demonstrating that the investment is entirely self funding.
Community Facilities grants	The previous budget of £60k to £70k pa has been deleted from the plan in favour of requesting towns and parishes to fund this work.
Lighting	The previous budget of £23k pa has been deleted from the plan.
CCTV	The previous budget of £80k pa has been deleted from the plan. This deletion is based upon the mothballing of all CCTV operations.

Disabled Facilities Grants (DFGs)	These grants are a statutory obligation and depend upon the level of demand.
Housing Repairs assistance	The previous annual budget of £190k pa has been cut to £100k pa. This will reduce the number of unoccupied dwellings that can be brought back into use.
Social housing grants	The annual budget of £500k has been deleted from the plan.
Transport	Previous budgets totally £300k for the local transport plans, safe cycling routes, St Neots and Ramsey transport strategies, accessibility improvements and signs have all been deleted from the plan.
Public transport	Previous budgets for bus shelters and redevelopment of the Huntingdon Bus Station have all been deleted from the plan.
Car parks	The previous budgets for maintenance of the car parks and the construction of a new multi-storey car park in Huntingdon have been maintained in this plan.
Environmental improvements & strategy	The one off project relating to St Ives Town Centre (phase II) has been deleted from the plan. Previous budgets totally £220k for small scale, village residential and AJC related projects have all been deleted from the plan.
Vehicle fleet	The timing of the purchase of replacement refuse and grounds maintenance vehicles has been reviewed. Rephasing these purchases has led to a reduction of £ 750k in capital expenditure over four years.
IT	This budget relates to hardware, desktop systems and business systems.

The table below summarise the impact of the full list of changes which are detailed in Annexes A & B.

Service Variations	CAPITAL	10/11	11/12	12/13	13/14	14/15	15/16
		£000	£000	£000	£000	£000	£000
Extra Cost & Rephasing (Annex A)		-327	7,627	-1,205	-286	-845	-2,526
Savings (Annex B)		-1,107	-3,769	-72	-2,011	-1,598	-87
Net Nil			45	-45			
Capital to Revenue		-52	0	0	0	0	0
Revenue to Capital		286	0	0	0	0	0
Technical		-1,233	-157	807	13	-6	-266
Total Variations		-2,433	3,746	-515	-2,284	-2,449	-2,879

Annex F shows the resulting Capital Programme.

7. OVERALL POSITION

7.1 The following table summarises the overall position and highlights the levels of savings still required. Annex E shows the table in additional detail and extended to the whole Forecast period.

Government Preference	Forecast	Budget	MTP			
	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Net Spending before savings	24.5	25.2	26.4	27.5	28.4	29.1
Proposed savings (Annex B)	-0.4	-2.3	-3.9	-4.9	-5.9	-6.4
Savings still required		-0.5	-1.6	-2.6	-3.6	-4.3
Net Spending after Savings	24.1	22.4	20.9	20.0	19.0	18.3
Funded by:						
Government support	-12.9	-11.1	-10.5	-10.4	-9.7	-10.0
Special Grant		-0.2	-0.2	-0.2	-0.2	0.0
Council Tax	-7.2	-7.4	-7.6	-7.8	-8.1	-8.4
SHORTFALL						
Met from Reserves	3.9	3.7	2.7	1.6	1.0	0.0
Council Tax Increase	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06
Remaining Reserves EOY	12.0	8.3	5.6	4.0	3.0	3.0

8. UNCERTAINTIES

8.1 A number of significant uncertainties remain and only some of them will be resolved before the Council has to approve the final budget and MTP in February.

8.2 The main items that will be resolved are:

- ◆ Government Grant including the impact of concessionary fares. *(Potentially adverse)*
- ◆ New reward grant for housing development *(Beneficial but damping will reduce benefit)*
- ◆ Details of the National Insurance changes *(Possibly slightly beneficial)*
- ◆ Pension Fund revaluation and impact on contributions *(probably neutral in shorter term)*
- ◆ Impact of reduction in LPSA and Area Based grants *(some allowance already made)*
- ◆ Reduction in Benefits subsidy *(Potentially adverse)*

8.3 The main items that are unlikely to be resolved are:

- ◆ The degree and speed of changes to the Pension scheme
- ◆ The speed of economic recovery including the impact on inflation, interest rates, unemployment and homelessness.
- ◆ The impact of lower levels of staff turnover.
- ◆ Remote possibility of further one-off VAT refunds or receiving compound rather than simple interest on these and the refunds already agreed.

- ◆ The potential for costs relating to “orphan” contaminated land sites.
- ◆ Difficulty delivering the savings already identified or the spending targets inherent in this plan.
- ◆ Repayment of past land charge fees.
- ◆ Increased bad debts on Council Tax collection resulting from new responsibilities on Council Tax benefit from 2013/14.

9. CONCLUSIONS

- 9.1 The public consultation results provide the Council with valuable information to address the balance between the preservation of valued services and the level of Council Tax increase.
- 9.2 There remain a number of unknowns, some of which will be resolved by the final budget report, but, whatever the outcome and whatever the decision on the Council Tax increase, significant savings are required that require decisions now so that the necessary preparations can be made.
- 9.4 Council Tax increases in excess of the Secretary of States limit from 2012/13 onwards will require public support from a referendum which will be costly and universally problematic.

10. RECOMMENDATIONS

Cabinet is:

Requested to recommend to Council a draft budget and MTP and the level of Council Tax for 2010/11.

Recommended to authorise the Directors, after consultation with the appropriate Executive Councillor(s), to prepare and implement plans for changes and reductions in services to achieve targeted savings plans for 2011/12 and future years.

ANNEXES

- A Extra Cost Proposals**
- B Savings Proposals**
- C Staffing reductions**
- D Concessionary Fares Exemplification**
- E Financial Summaries**
- F Draft Capital Programme**

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Working papers in Financial Services
2. Financial Forecast (September 2010), 2009/10 Outturn, 2010/11 Revenue Budget and the 2011/15 MTP

Contact Officer: Steve Couper, Head of Financial Services
 ☎ 01480 388103

ANNEX A

EXTRA COSTS & REPHASING		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
Bid No.	Scheme	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXTRA COSTS																			
HIGH PRIORITY																			
	Wheeled Bins for New Properties							125	126	143	143	139	79						
	Transfer of Conveniences to other Councils	25	20	20	20	20	20												
	Ramsey Library Development		12	12	12	12	12	120											-120
	Ramsey Community Information Centre		10	10	10	10	10												
	Parish Planning		7	7	7	7													
	Arts Development Service	-39	-52	13	13	13	13												
867	Repairs Assistance																		100
974	Decent Homes – Thermal Efficiency Improvements									64									
945	Priority Needs Scheme		-42	17	19	19	19												
844	Street naming and numbering	10	10	15	15	15	15												
850	Huntingdon West Development (HGF)							9	4,250	-1,279	-430	-750	-1,800	-209	2,027	2,500	430	750	1,800
MAINTENANCE																			
886	Vehicle fleet replacements.																		1,059
970	Telephony and ICT Network Renewal																		100
891	Business Systems																		200
380	Replacement Printing Equip.																		208
895	Multi-functional Devices																		41
891	Business Systems		24					-20	17	-10	30	15							
976	ICT Replacements and Server Virtualisation																		187
861	Leisure Centres – Future maintenance																		522

EXTRA COSTS & REPHASING (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
Bid No.	Scheme	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
		2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UNAVOIDABLE																			
924	Additional Car Park Charges (net)	55	35	35	35	35	35												
866	Disabled Facilities Grants											950						350	
892	Government Connect		11	22	22	22	22	84	12										
890	Headquarters							-60					-34						
911	House Condition Survey						55												
480	Implementation of car park strategy		14	38	48	58	24												
824	Land Charges – Extra net cost	34	48	48	48	48	48												
	Loss of Car Park Income due to VAT change	8	30	30	30	30	30												
971	Reduction in glass sales	34	34	40	40	40	40												
897	St Ivo – Outdoor energy generation (deletion)	12	12	12	12	12	12	-127											
TECHNICAL																			
	Future Capital Provision (outturn prices)											-4,682							
918	Building Effic. Imps (Potential LC proportion)		13	17			1		50	29	38	39	31						
REPHASING																			
	Rephasing	-335	532	69	42	-1	7	-458	3,172	-152	-67	-288	479	-1,275	408	172	2	2	0
	Creation/use of reserve	335	-335																
TOTAL		139	383	405	373	340	363	-327	7,627	-1,205	-286	-845	-2,526	-1,638	2,435	2,672	432	752	2,150

Summary appraisals and rephasing forms can be accessed on the Council's web site under "2010 MTP Review" except for technical items and those shown with a # which are explained in this report.

SAVINGS (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
Bid No.	Scheme	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
#	Town Centre Partnerships - reduced funding		-40	-80	-100	-100	-100												
#	District wide - E version only		-50	-50	-50	-50	-50												
951	Hunts. Matters - cease production	-8	-10	-10	-10	-10	-10												
968	Increased licensing income	-35	-35	-35	-35	-35	-35												
#	Licensing - efficiency and higher charges		0	-20	-30	-40	-50												
#	Document Centre - efficiency and external work		0	-25	-50	-50	-75												
825	Members Allowances Review	-2				-6	4												
#	Central Services - Reorganisation		-200	-250	-250	-300	-300												
853	Huntingdon Town Hall	-10																	
923	Extra Car Parking, Huntingdon Town Centre		20	-18	21	19	-62		-2,166	2,166								1,300	
976	ICT Replacements and Server Virtualisation	10	10	10	10	10	10	-27	58	-60	-60	-60							
380	Replacement Printing Equip.							-92		70									
895	Multi-functional Devices							-2	2	3	1	2							
948	Provision for Bin Replacements							-114	-101	-118	-157	-204	56						
886	Vehicle fleet replacements.							197	-217	-442	64	-101							
973	Housing Capital Grant (non-earmarked)							-64						64					
625	Huntingdon Bus Station							-890	190	150					-150	-150			
864	Crime and Disorder - Lighting improvements							-20	2				25						
365	Huntingdon Marina Improvements								-62										
854	Play Equipment & Safety Surface Renewal								-5	-48	-37	-33	-48						
863	Community Facilities Grants								-69	-69	-69	-69							
864	Crime and Disorder - Lighting improvements								-25	-24	-25	-25	-25						
867	Repairs Assistance								-90	-90	-90	-90							
869	Social Housing Grant								-500	-500	-500	-500							
865	CCTV - Camera replacements								-81	-81	-75	-82							
870	Local Transport Plan								-83	-83	-83	-89							
871	Safe Cycle Routes								-194	-93	-93	-95	-95						

SAVINGS (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
Bid No.	Scheme	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
872	St Neots Transport Strategy Phase 2							-90	-90	-80									
873	Accessibility Improvement /Signs in footpaths and car parks							-35	-30	-30	-30								
363	Ramsey Transport Strategy							-80	-41										
899	Bus Shelters - extra provision							-41	-42	-42									
52	St Ives Town Centre 2 - Completion							-20	-425	-509									
876	Small Scale - District Wide Partnership							-79	-79	-80	-60			-10	-10	-10	-10	-10	
877	AJC Small scale improvements							-86	-86	-86	-86								
878	Village Residential Areas							-57	-60	-60	-76				-10	-10	-10		
302	New Public Conveniences							-100							-150				
total		-397	-2,280	-3,867	-4,906	-5,901	-6,442	-1,107	-3,769	-72	-2,011	-1,598	-87	54	-310	1,130	-20	-20	0

Summary appraisals and rephasing forms can be accessed on the Council's web site under "2010 MTP Review" except for technical items and those shown with a # which are explained in this report.

STAFFING

Reductions in staffing levels are expected over the four year savings plan period.

	Current staffing FTE*	Indicative reduction FTE*
Directors and Heads of Service	16	7
Leisure	225	36
Finance	24	2
Customer Services	97	11
IMD	32	5
Commerce & Technology	378	54
Operations	200	33
Environmental Management Services	31	4
Planning Services	50	6
Environmental & Community Health	31	7
Housing	30	3
Environment & Community Services	342	53
Administration	33	4
Law & Estates	9	3
Policy, Performance & People	27	3
Central Services	70	10
TOTAL	806	124

* Full Time Equivalent

Where no service levels changes are proposed in a particular area, changes may still be introduced as a result of efficiency proposals, reorganisations or reconfigurations of our services or other investigations into the value of our services. The proposals require only limited further savings to be identified for the coming budget year. However further savings of £1.6m rising to £3.6m p.a. are required for the years 2012/3 – 2014/5 before the budget is balanced.

CONCESSIONARY FARES IMPACT

Concessionary Travel (Based on Option CONCF3 after damping)						
	Option CONCF5 (£ million)	Option CONCF6 (£ million)	Option CONCF7 (£ million)	Option CONCF8 (£ million)	Option CONCF9 (£ million)	Option CONCF10 (£ million)
London and Mets Gain	60.560	68.919	74.355	78.417	89.616	121.143
Shire areas Loss	-60.560	-68.919	-74.355	-78.418	-89.616	-121.143
Cambridgeshire's share of Shire area loss						
Cambridge City	0.028	0.028	0.035	0.035	0.026	0.026
East Cambridgeshire	-0.339	-0.339	-0.333	-0.333	-0.339	-0.339
Fenland	-0.612	-0.612	-0.603	-0.603	-0.612	-0.612
Huntingdonshire loss	-0.619	-0.619	-0.644	-0.644	-0.618	-0.618
South Cambridgeshire	-0.376	-0.376	-0.368	-0.368	-0.376	-0.376
Peterborough	-0.548	-0.587	-0.501	-0.506	-0.518	-0.565
County Council	-0.586	-0.697	-1.320	-1.601	-0.829	-1.205
Cambridgeshire area loss	-3.052	-3.201	-3.734	-4.020	-3.266	-3.689

FINANCIAL SUMMARY Government Preference	FORECAST	BUDGET	MTP				FORECAST								
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2009/10 BUDGET/MTP	24,848	23,660	23,127	22,278	21,342	21,811	22,408	23,021	23,651	24,099	24,765	25,449	26,153	26,875	27,818
Variations:															
Interest	-100	-287	-392	-188	-339	-490	-630	-751	-881	-1,013	-1,144	-1,276	-1,410	-1,543	-1,675
Provision for Loan Repayments (MRP)	-61	166	365	505	651	774	821	854	985	1,085	1,140	1,173	1,176	1,113	1,057
Inflation	0	22	18	58	77	-214	-361	-483	-541	-469	-518	-463	-494	-450	-511
Unidentified Savings	0	482	1,016	1,596	2,556	2,347	2,680	2,774	2,721	2,792	2,883	2,794	2,892	2,947	2,911
MTP Variations #	-578	-1,615	-3,187	-4,265	-5,303	-5,881	-6,046	-6,004	-5,968	-5,954	-6,000	-5,946	-5,965	-5,953	-5,953
total	-739	-1,232	-2,180	-2,294	-2,359	-3,464	-3,535	-3,609	-3,683	-3,560	-3,638	-3,719	-3,802	-3,885	-4,171
NEW FORECAST	24,109	22,428	20,947	19,984	18,983	18,347	18,873	19,412	19,968	20,539	21,127	21,730	22,351	22,990	23,647
FUNDING															
Use of revenue reserves	-3,931	-3,718	-2,714	-1,604	-964	0	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	12,000	8,282	5,568	3,964	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special CT Grant	0	-184	-184	-184	-184	0	0	0	0	0	0	0	0	0	0
Government Support	-12,939	-11,129	-10,461	-10,357	-9,735	-9,979	-10,228	-10,484	-10,746	-11,015	-11,290	-11,572	-11,862	-12,158	-12,462
Collection Fund Deficit	35	-53	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,274	-7,344	-7,588	-7,840	-8,100	-8,368	-8,644	-8,929	-9,222	-9,525	-9,837	-10,159	-10,490	-10,832	-11,185
COUNCIL TAX LEVEL	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06	£140.49	£144.00	£147.60	£151.29	£155.07	£158.95	£162.92	£166.99	£171.17
% increase		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
£ increase		£0.00	£3.10	£3.18	£3.26	£3.34	£3.43	£3.51	£3.60	£3.69	£3.78	£3.88	£3.97	£4.07	£4.17

Forecast Capital Spending	7,377	11,689	3,321	3,005	2,441	2,777	4,101	4,131	4,272	4,417	4,566	4,718	4,875	5,035	5,200
Accumulated "Borrowing" EOY net of MRP	17,961	28,610	30,504	31,830	32,297	32,829	34,477	35,948	37,244	38,386	39,410	40,328	41,159	41,957	42,704
Net Interest and Borrowing Costs															
- total	-57	608	1,346	2,078	2,521	2,836	3,096	3,378	3,762	4,118	4,438	4,744	5,029	5,261	5,515
- as % of total net spending	0%	3%	6%	10%	13%	15%	16%	17%	19%	20%	21%	22%	23%	23%	23%
Unidentified Spending Adjustments still required	0	-518	-1,584	-2,604	-3,563	-4,316	-4,514	-4,796	-5,341	-5,834	-6,122	-6,540	-7,099	-7,333	-7,683

includes current year forecast adjustment and rephasing reserve adjustment

DRAFT CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						CAPITAL GRANTS & CONTRIBUTIONS					
		Revised	Budget	MTP				Revised	Budget	MTP			
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
		2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Bid No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Private Housing Support												
866	Disabled Facilities Grants	1,000	800	800	800	800	950	452	600	400	400	400	350
867	Repairs Assistance	160	100	100	100	100	100						
932	Decent Homes - Thermal Efficiency and Category 1 H&S							92	101				
973	Housing Capital Grant (non-earmarked)	-64						64					
974	Decent Homes - Thermal Efficiency Improvements			64									
869	Social Housing Grant	547											
	Housing Benefits												
626	Wireless Working (Benefits and Revenues)		24										
	Transportation Strategy												
870	Local Transport Plan	73											
871	Safe Cycle Routes	100											
872	St Neots Transport Strategy Phase 2	94											
873	Accessibility Improvement /Signs in footpaths and car parks	20											
351	St Neots Pedestrian Bridges	530											
874	Huntingdon Transport Strategy	52											
362	St Ives Transport Strategy	126											
363	Ramsey Transport Strategy	6											
	Perry Cycle Scheme							60	190				
	Public Transport												
818	Railway Stations - Improvements	20	26										
899	Bus Shelters - extra provision	43											
625	Huntingdon Bus Station		40										
	Car Parks												
166	St Neots - Cambridge Road Car Park	9	80										
461	Car Park Repairs		86	60	60	31							
923	Extra Car Parking, Huntingdon Town Centre	380	900	2,450						1,550			
924	Additional Car Park Charges (net)	31											
	Environmental Improvements												
52	St Ives Town Centre 2 - Completion	12											
876	Small Scale - District Wide Partnership	78											
877	AJC Small scale improvements	86											
878	Village Residential Areas	74											
703	Heart of Oxmoor	-1,366		-169				1,366		169			
920	East of Sapley - Preliminary Costs			-15									
	Environmental Strategy												
879	Environment Strategy Funding	77	55	55	55	55							
880	Sustainable Homes Retrofit	226	-485					60	485				
918	Building Efficiency Improvements (Salix Grant)	45	55	58	77	78	62	46	30				

DRAFT CAPITAL PROGRAMME		NET CAPITAL EXPENDITURE						CAPITAL GRANTS & CONTRIBUTIONS					
		Revised	Budget	MTP				Revised	Budget	MTP			
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
		2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Bid No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Operations Division												
886	Vehicle fleet replacements.	415	551	807	921	908	1,059						
	Offices												
890	Headquarters	9	2	-1,810				150		1,810			
	IT related												
494	Voice and data infrastructure	2											
893	VoIP Telephony for Leisure Centres	67											
970	Telephony and ICT Network Renewal						100						
892	Government Connect	104	12										
	ICT Replacements	280	310	192	192	192	187						
495	Corporate EDM	25											
891	Business Systems	198	225	230	190	195	200						
842	Resourcelink - Recruitment Module	10											
900	Working Smarter	80	40										
634	Customer First	22											
	Other												
380	Replacement Printing Equip.	138		70			208						
894	Replacement Equipment Document Centre	6	78		30	54							
895	Multi-functional Devices	13	45	41	21	45	41						
919	E-Marketplace	5											
	Technical												
	Capital Inflation			57	145	177	247						
	Revenue staff charged to capital	100	50	50	50	50	50						
	Rule change re Capital Overheads	-117	-117	-117	-117	-117							
	Schemes brought forward		1,200	1,500	500	500	500						
	Schemes carried forward	-1,200	-1,500	-500	-500	-500	-500						
	VAT Partial Exemption	344	182	34	53	34	96						
TOTAL		7,377	11,689	3,321	3,005	2,441	2,777	6,853	3,433	6,914	970	1,290	2,150