

REPORT TO	DATE OF MEETING
Cabinet	16 February 2011

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Financial Strategy, Budget and Council Tax 2011/12	Finance & Resources	Susan Guinness	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report provides background information that will need to be taken into consideration in determining the Council's forward financial strategy and, specifically, budget and council tax for 2011/12. The medium term financial strategy recognises the priorities set out in the Corporate Plan and risks identified through the corporate risk assessment processes.

RECOMMENDATIONS

Revenue Estimates

1. Cabinet consider for approval the council's projected outturn estimates 2010/11, original estimate 2011/12 and indicative original estimate for 2012/13 to 2014/15, summarised at Appendix A to this report.
2. Cabinet consider for approval the budget proposals recommended by the Shared Services Joint Committee on 24 January 2011 and incorporated into the revenue estimates at Appendix A
3. Cabinet consider Appendix E and the proposals designed to further improve efficiency/increase income and reduce the forecast budget deficit, noting they have already been incorporated into the draft budget proposals for 2011/12 and future years.
4. Cabinet recommend to Council that the forecast revenue funding surplus projected outturn 2010/11 (£0.093 million) and deficit original estimate 2011/12 (£0.430 million), be addressed through making appropriate contributions to/from the General Fund Reserve.
5. Subject to any amendments proposed in considering recommendations 1 – 4 above, Cabinet recommend a Borough Council Net Expenditure requirement for 2011/12 (including parish/town council precepts) for approval at the council meeting on 2 March 2011.
6. Cabinet review and confirm that the reserves, detailed in the report, should be retained by the council and are adequate to support the delivery of the medium term financial strategy.
7. The Chief Executive be authorised to deal with all staffing issues arising from the report, in consultation with the Leader, and in her absence the Deputy Leader, and the Cabinet member with responsibility for Finance and Resources and other relevant Cabinet Members, within the agreed budget and in accordance with council's human resources policies.

Council Tax

8. Subject to consideration of recommendations 1-7 above, Cabinet recommend the Borough Council's Band D equivalent council tax for 2011/12, for approval at the council meeting on 2 March 2011, be held at the current year's level of £203.30.
9. As in previous years, the Council's share of the additional council tax levied through the reduction of the discount on second homes continue to be used in supporting the South Ribble Partnership.

Capital Budget/Programme

10. Cabinet approve the capital budget/programme set out at Appendix F along with the proposed funding.

DETAILS AND REASONING

Revenue Budget 2010/11

The budget for the current year was set at £15.012million (excluding parish precepts). It incorporated substantial proposals to improve efficiency, reduce expenditure and generate additional income totalling £0.920 million. It was anticipated that a budgeted contribution of £0.399 would be required from the General Reserve to balance the overall budget.

The Council's performance management framework provides the basis through which the overall performance of the Council is regularly monitored, managed and reviewed. Financial performance forms an important and integral part of this framework. Financial performance reporting is considered by Cabinet Members and officers alongside key performance indicator data on a monthly basis. The Governance Committee provides member oversight and scrutiny of the Council's financial arrangements and performance. The Committee has received financial monitoring reports on a quarterly basis during 2010/11 with the latest quarterly report also appearing elsewhere on the agenda for this meeting.

The projected outturn estimate for 2010/11, summarised at Appendix A, provides the latest position following extensive discussion with both Cabinet Members and the Council's Senior Management Team. Significant oversight and challenge to the compilation of the budget has been provided especially by the Cabinet Member for Finance & Resources.

As can be seen from Appendix A, the projected outturn estimate for the current year is forecasting a lower than expected year end budget outturn of £14.919 million (excluding parish precepts). This will result in a forecast contribution to the General Fund reserve of £0.093 million. This represents an improvement of £0.492 million and places the Council in a financially stronger position than was originally anticipated. A summary analysis of the reasons for this improved financial position, highlighting the significant budget variations, can be found at Appendix C.

Members will note from Appendices C and D that of the original target of £0.920 million (additional efficiency/income and reduced expenditure) £1.117 million (£0.609 million recurring and £0.508 million one-off) is now forecast to be delivered by the end of this financial year. A forecast overachievement of £0.197 million, which incorporates an approximate 40% recurring reduction in senior management costs. Another significant favourable expenditure variance when compared with budget relates to lower than anticipated concessionary travel costs (£0.530 million). This is due to a refund received in the first half of this year of overpaid pool contributions relating to 2009/10, together with the projected outturn for the current year also showing a reduction in the forecast pool contributions.

More detailed information concerning the 2010/11 budget position and key variances is contained within the budget monitoring report elsewhere on the agenda and has therefore not been reproduced here.

Future Years - Revenue Budget 2011/12 – 2014/15

Revenue Budget forecasts

The Revenue Budget forecasts for 2011/12 and beyond are set out at Appendices A and B.

In summary, the financial pressures created by the unprecedented economic climate, both in terms of increased demand on services and reductions in income, coupled with substantial reductions in Formula Grant as the Coalition Government addresses the national public spending deficit, continue to present the Council with challenges in ensuring it is able to balance its budget in both the short and medium term. As in previous years, the need to deliver substantial year on year efficiencies will therefore need to be a continuing feature of the medium term financial strategy. Therefore for 2011/12, after taking into account proposed efficiency savings and additional income of £1.819 million (Appendix E), a forecast contribution of £0.430 million will be required from the General Fund Reserve to balance the budget.

The Council's revenue budget and savings proposals have been compiled in a manner that seeks to minimise the impact on frontline service delivery. The careful management of vacancies throughout 2010/11 will present some substantial opportunities to address the forecast funding gap by reshaping services. Additionally, the relaxation of Government audit and inspection requirements, to which local authorities were previously subjected, will present further savings opportunities. The budget proposals also contain a number of options to increase income through improvements in the way we use council owned assets. However, recognising the need to protect the local economy, no increase in car parking charges is being proposed for 2011/12.

Appendix A also provides an indication of the recurring efficiencies proposed and required contributions from reserves in future years. That said, these are purely indicative and will be reviewed as and when more specific budget proposals are developed in the light of the financial climate prevailing at that time. It should be noted that financial forecasts beyond 2012/13 could be significantly affected by the outcome of the Government's review of Formula grant distribution. This is currently planned to take place over the next year with any proposed changes due to take effect from 2013/14.

In compiling the budget forecasts, a number of specific and key issues have been considered, as follows:

- Impact of known budget decisions taken by partner organisations;
- Issues identified through the preparation of the draft risk register;
- Revenue Support Grant Settlement – 2011/12;
- Indicative Revenue Support Grant Settlement – 2012/13 ;
- Proposed New Homes Bonus grant;
- The transfer of concessionary bus travel to Lancashire County Council
- Pension Fund Revaluation;
- Shared Services Joint Committee budget proposals (24 January 2011 – Min 31 refers);
- Key assumptions made in preparing the estimates as set out at Appendix G
- Capital programme and revenue implications
- Nationally set budget and council tax constraints – Government “capping”; and
- Adequacy of reserves.

Local Government Finance Settlement

The Government's 2010 Comprehensive Spending Review (CSR) stated that the overall level of funding for local authorities would reduce, on average, by 7.1% per annum over the four-year period 2011/12 to 2014/15. The phasing of the reduction was, however, not revealed; leaving local authorities to make their own assumptions, based upon the global figures for local government (i.e. including police and fire).

The Local Government Finance Settlement (LGFS) was laid before Parliament on 31 January 2011 and provided funding details for 2011/12 and indicative information for 2012/13. The Parliamentary debate to agree the 2011/12 allocations is scheduled for 9 February 2011. The LGFS has confirmed that the grant reductions for local authorities will be front loaded into the first two years of the CSR. No detailed indication of grant funding for the second two years (2013/14 and 2014/15) has been provided. The LGFS also consolidated within the Formula Grant distribution system a number of grants previously payable for specific purposes and distributed using different criteria. We receive very limited specific grants therefore the impact of this change has been minimal when compared with other local authorities.

In proposing the LGFS, the Government has given a minimum guarantee which ensures that no local authority will receive a reduction in its annual revenue spending power of more than 8.8%. Transition Grant has been awarded to a few local authorities to ensure that this minimum guarantee is achieved.

Appendices I and J to this report provide details of both the changes to revenue spending power and grant announced in the LGFS. The tables compare information for the Council with that for other Lancashire local authorities.

The tables show that we will receive Formula Grant of £5.387 million in 2011/12 and £4.647 million in 2012/13. On a like for like basis, this represents year on year grant reductions of £1.041 million (16.19%) and £0.699 million (13.08%) in each of the next two years. It is important to note that these grant reductions are made on a recurring basis.

Grant Damping

“Grant damping” is a system designed to cap or limit grant reductions. The “damping” system, as in previous years, operates on a self-financing basis within each group of authorities, i.e. authorities in one group (e.g. district councils) will not cross-subsidise authorities in another group (e.g. Education authorities). It places individual local authorities into one of four bands based on an overall ranking, determined by grant dependency. This is defined by the proportion of the 2010/11 budget requirement that was funded through Formula Grant; and ensuring there are an equal number of authorities in each of the four bands. We are classed as being less reliant on government grant funding and, as a consequence, have been allocated to the top of the four bands, being considered capable of absorbing the maximum percentage grant reduction. It results in us paying £0.115 million and £0.181 million into the grant “damping pool” in 2011/12 and 2012/13 respectively. These amounts are used to compensate other district councils and are allowed for within the grant figures quoted in the previous paragraph.

Council Tax “Freeze” Grant

In lieu of approving no increase in council tax in 2011/12, the Government has announced it will pay each local authority a grant equivalent to the money that would have been generated by a 2.5% council tax increase. This grant will be payable annually and is guaranteed until 2014/15. It does not prevent local authorities from approving council tax increases for years 2012/13 and beyond. In our case the grant payable would amount to a grant of £0.189 million p.a.

New Homes Bonus (NHB)

In a recent consultation paper the Government proposed the introduction of a grant system as an incentive for house building across the country. It was proposed that for each new property built an amount of grant would be payable equivalent to the average national Band D council tax, with an additional top-up payable for affordable properties constructed. The consultation paper suggested that in two-tier local authority areas the grant would be split 80:20 between district and county councils. The funding will not be ringfenced and therefore could be used for wider service provision or specific amenities needed to support any new development. The new funding arrangements are due to take effect from 2011/12 although we are still awaiting publication of the final proposals.

In view of the fact the NHB proposals are yet to be finalised a cautious approach has been taken in producing forward estimates for the Council's revenue budget.

Concessionary Bus Travel

The LGFS confirmed that, with effect from 1 April 2011, the responsibility for operating and funding concessionary bus travel in two-tier local authority areas will be transferred from district to county councils. This has resulted in the basis for district council Formula Grant being adjusted by an amount equivalent to the costs incurred in operating concessionary travel in 2009/10 (including non-statutory elements) uplifted for inflation less the specific concessionary travel grant previously received, which will also be withdrawn. The consequences of this transfer mean that we no longer have the funding for either the statutory or discretionary aspects the concessionary travel scheme within our budget. In future the concessionary travel scheme will be determined and funded by Lancashire County Council in the South Ribble area. An equality impact assessment has been carried out on this change, with recommendations around communication with customers and the safe transfer of personal data identified as recommendations. These will be considered as part of the transition leading up to April 2011

Pension Fund Revaluation

The Local Government Pension Scheme (LGPS), administered by the County Council in Lancashire, was last re-valued as at March 2007, with new employer contribution rates taking effect from April 2008. The revaluation indicated that our "target" contribution rate should be 18.3%, resulting in a stepped increase to this level of 0.9% p.a. until the current year (2010/11). The Pension Fund has now recently been re-valued, with new employer contribution rates taking effect from April 2011. The revaluation exercise has produced a revised "target rate" of 21.3% to be achieved by 2013/14 through annual increments of 1%. A 13% reduction in the number of South Ribble "pensionable" employees paying into the LGPS since the last revaluation has created some upward pressure on this headline percentage rate. Members will also be aware that the Government is also currently conducting a comprehensive review of all public sector pension arrangements, including the LGPS.

Planning Fees

The Government has announced that from 2011/12, Local Planning authorities are to set their own planning fees. They are currently consulting on the details, but the major premise is that Local Planning Authorities (LPAs) should recover the full costs of dealing with planning applications. This would suggest that planning fees and income will increase, however based on current guidance, fees are not likely to be increased until October 2011. When the Government has produced regulations and detailed guidance, a full report on the proposed approach will be presented to both Cabinet and Planning Committee.

Community Safety Funding

The abolition of Area Based Grant means that future funding arrangements for the Community Safety Partnership are still to be confirmed by the Government/County Council. The Police Authority has now confirmed the Government has announced its intention to ring fence the Neighbourhood Policing Fund, which pays for Police Community Support Officers (PCSOs), for a further two years. To retain the four PCSOs jointly funded by the Council will therefore require us to continue to pay £44,000 p.a. to the Lancashire Constabulary. Therefore, the draft revenue budget has been prepared on the basis that our funding will be in place for the next two years, in line with the Government and Police Authority's commitment.

South Ribble Partnership – Performance Reward Grant

We have just been advised that, due to the achievement of LAA targets, further reward grant funding is due to be claimed by the County Council. This will result in the South Ribble Partnership

(SRP) receiving a proportion of this funding amounting to £169,062. Although we act as the accountable body for this funding, when received, it is for the SRP to determine how it should be used to support priorities identified within the Community Strategy.

Council Tax on Second Homes

With effect from 2004/5 the Government introduced legislation giving billing authorities (in Lancashire, district and unitary councils) the discretion to reduce the previously mandatory council tax discount on second homes, from 50% to a minimum of 10%. Any such reduction in the discount generates additional council tax income. The other precepting authorities agreed to a scheme to utilise the additional council tax income to support Local Strategic Partnerships (LSP) and Crime and Disorder Reduction Partnerships, provided that the respective district council agrees to the same course of action with its additional tax income. The Cabinet is asked to reaffirm that, as in the current year, the Council's share of the additional council tax levied through the reduction of the discount on second homes is used to support the South Ribble Partnership.

Consultation Process

The budget proposals included within this report are designed to support the Council's corporate priorities previously developed following extensive consultation with local people. The proposals do however recognise the financial constraints that have now been imposed on all local authorities as a consequence of the Coalition Government's priority of reducing the national public sector deficit through the Comprehensive Spending Review. The budget proposals will be made available for local people and businesses to comment on and any feedback received will be taken into consideration before the budget is finalised at the Council meeting on 2 March 2011.

Prudential Code/Capital Budget/Programme

Prudential Code

Capital expenditure incurred by the Council is controlled and governed by guidance set out in the Prudential Code for Capital Finance in Local Authorities (the Code). The professional code of practice sets out a framework for self-regulation of capital spending, in effect, allowing councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. The Code allows the council to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability.

Members' involvement in the decision making and monitoring process is considered essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice. The detail in this regard is the subject of a separate report on the Cabinet agenda (*Treasury Strategies and Prudential Indicators 2011/12 to 2013/14*).

Capital Budget 2010/11

Appendix F to this report summarises the projected expenditure and revised phasing of capital projects already committed in the council's capital programme. This is further detailed by Cabinet portfolio.

Capital Programme 2011/12 – onwards

The need to support the Council's corporate plan, ensuring the achievement of the overall priorities of the Council, means that an overview of the linkages between service specific strategies and plans must be taken in determining capital investment priorities. The proposals being brought together in the Capital Programme as shown at Appendix F fall broadly into the following categories:

- Asset Management Plan requirements;
 - Land and Buildings
 - Vehicles & Plant renewal and replacement;
 - Information Technology - schemes designed to continue the Council's investment in this area and replace/upgrade existing technology considered essential to support service delivery,
- Schemes that relate to regeneration projects and where funding has been identified;
- Housing capital programme (incl. disabled facilities grants);
- Playgrounds/Open Space (incl. schemes funded from s106 agreements); and
- Schemes with health & safety implications.

That said, the capital programme priorities have needed to be considered against the back drop of the difficult financial climate generally facing all businesses and householders, from which the Council is not immune. The current financial constraints imposed on all local authorities as a consequence of the Spending Review has meant that the proposed Capital Programme has been critically reviewed to ensure it realistic both in terms of affordability and our ability to deliver projects/scheme within the timescales indicated. Within this context the proposed capital programme is set out at Appendix F has been prepared through to 2014/15. The programme will continue to be subjected to a fundamental annual review to ensure that expenditure plans remain relevant to corporate and service priorities prevailing at that time.

Housing Capital Allocations

Our Housing service is the only area in which we currently receive annual capital expenditure funding support from the Government. The table below sets out the capital grant support we have received from Government over the last two years and the funding we will receive in 2011/12.

	Actual 2009/10 £	Actual 2010/11 £	Increase (Decrease) %	Provisional 2011/12 £	Increase (Decrease) %
Disabled Facilities Grants	201,000	201,000	0.00	201,000	0
Regional Housing Pot - Grant	1,612,000	844,000	(47.64)	0	(100)
Total	1,813,000	1,045,000	(42.36)	201,000	(80.77)

The government has announced that after the end of 2010/11 there will not be a Single Capital Pot for private sector renewal. The reason given for this is that the government wishes to reduce the number of hypothecated funding streams and ring fencing, as well as reducing overall spending to tackle the national budget deficit, and let local authorities decide their own local priorities. Essentially this means that if the council feels that private sector renewal is a local priority it will need to divert other resources for this purpose.

In 2011/12 the funding for Disabled Facilities Grants (DFG's) will continue but will no longer be ringfenced. This means that the Council could use this resource for other purposes but in setting the budget it has been assumed that it will continue to be used in full for DFG's in line with previous practice. There is no certainty that the funding will continue from 2012/13 onwards. The indicative Housing capital programme for 2011/12 is shown at Appendix F.

Other Key Points:

The proposed Capital programme shown at Appendix F is fully funded and the revenue implications have been incorporated within the Revenue Estimates summary at Appendix A.

It is important to note that the capital programme creates no specific demand to increase additional borrowing beyond the current year, as can be seen from the Capital Financing Assumptions summary (Appendix F).

Appendix H sets out details of the Borough's playground sites and highlights the completed schemes and those where funding has been identified to allow the schemes to progress this year and next. This Appendix also shows the order in which the remaining playground sites will be considered for investment as and when external funding is identified. We have had some success in recent years in attracting external funding, not least through Play Builder and Lottery. As can be seen from the proposed capital programme an investment of £82,500 is currently planned, in 2010/11, for the site at Worden Park, with all the funding coming from the Lottery.

Finally, by including an allowance for fees within the capital programme, the capacity of the in-house teams needed to deliver the proposed programme of works, along with the affordability in terms of the revenue budget and medium term financial strategy, has also been considered to deliver a realistic programme.

Capital Reserves

The following table provides a detailed forecast of the capital receipts reserves for the period up to 31 March 2015. Capital receipts are used to support the Council's capital programme and the figures below have been adjusted to take into consideration the proposed funding of the capital programme set out at Appendix F. The figures take account of £180,000 being allocated to fund private sector renewal in 2011/12.

Reserve	Projected Balance 31 March 2011 £'000	Projected Balance 31 March 2012 £'000	Projected Balance 31 March 2013 £'000	Projected Balance 31 March 2014 £'000	Projected Balance 31 March 2015 £'000
Capital Receipts Reserve	758	578	578	578	578
Earmarked Receipts	601	562	542	522	502
Preserved Right to Buy Receipts	1,840	1,840	1,840	1,840	1,840
Total	3,199	2,980	2,960	2,940	2,920

Revenue Reserves

The requirement for financial reserves is acknowledged in statute. The Local Government Act 2003 requires both billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating its budget requirement. These existing safeguards are further reinforced through the Audit Commission's audit and inspection processes, whereby the financial performance and standing of an authority is assessed and categorised. One aspect of the authority's financial standing that is assessed is the level of financial reserves. Given the financial challenges that are facing every local authority, the Audit Commission will be paying particular attention to the financial resilience of local authorities as part of the coming year's audit.

Balancing the annual budget by drawing on general reserves may be viewed as a short-term option but where reserves are deployed to finance recurrent expenditure this should be made explicit by the Council's Chief Financial Officer (Chief Executive). Members must note that the use of balances in this way is not sustainable.

As part of the budget setting process, the council is required to confirm the adequacy of its reserves in the light of its final spending plans. The level of reserves held by the council, both general and those earmarked for specific purposes, is a decision for the council in the context of the financial risks facing it. There is no specific guidance on what constitutes a reasonable level of reserves as the circumstances facing each individual local authority will differ. However, it is important that any decision in this regard is taken in the context of the medium term financial strategy and is not based on just a one year view. In this regard, the council has a good track record of taking a medium to longer term view when assessing its financial position and therefore the required level of reserves. This has led to consistently positive comments on the council's overall financial standing from the External Auditor.

The level and relevance of the reserves held by the council is the subject of an ongoing review. However, specifically, Members are reminded that a critical review of the level of reserves held by the Council is completed as part of the annual budget setting process and, at the end of each financial year, in preparing the Statement of Accounts. At each of these points the council is asked to approve the reserves being held.

The Table below highlights the projected levels of revenue reserves, based upon the *provisional* budget figures appended to this report, which is obviously prior to Cabinet consideration and agreement of priorities. It assumes that the projected outturn revenue surplus 2010/11 (£0.093 million) and the forecast revenue funding deficit 2011/12 (£0.430 million), is funded through making contributions from the General Fund Reserve

Reserve	Projected Balance 31 March 2011 £'000	Projected Balance 31 March 2012 £'000	Projected Balance 31 March 2013 £'000	Projected Balance 31 March 2014 £'000	Projected Balance 31 March 2015 £'000
General Fund	3,319	2,889	2,556	2,489	2,489
ICT Strategy	1,358	1,228	946	662	799
Elections	120	30	60	90	120
Asset Management	1,823	1,532	708	660	1,005
Public Open Space Commuted Sums	1,889	1,830	1,771	1,712	1,653
Vehicles, Plant & Equipment	112	92	72	52	32
Local Development Framework	192	192	192	192	192
Single Status/Equal Pay	223	223	97	0	0
Area Committees	0	0	0	0	0
Building Control	0	0	0	0	0
Housing needs survey	13	21	0	13	0
Leisure Sites Repair and maintenance	92	92	92	92	92
Performance Reward Grant	161	80	0	0	0
Roundabout Sponsorship	44	44	44	44	44
Other	297	270	237	237	237
Total	9,643	8,523	6,775	6,243	6,663

General Reserve

This reserve is needed to deal with unplanned/unforeseen expenditure or losses in income. The council has already previously agreed a target of achieving a general reserve of approximately 10% of the net budget requirement or between £1 million - £1.5 million within the period of the medium term financial strategy. This will be kept under review as the council continues to introduce improvements to its performance monitoring and risk management systems.

In setting the budget for the current year substantial efficiency/additional income targets (£0.920 million) were included to balance the budget. Similarly, realistic but challenging targets have been included for the coming year (£1.819 million) and, based on current forecasts, further efficiencies will be required in future years. As any underachievement against target, together with any one-off transitional costs arising from reviews and service restructuring, would need to be funded by the Council it is important to maintain our reserves at appropriate levels.

The Council also needs to be mindful of any risks surrounding the recovery of the frozen deposits made with two Icelandic banks (Heritable and Landsbanki). Regular progress reports on this topic are presented to both Governance Committee and Cabinet, including this meeting. The Council must be mindful that reserves may be necessary to fund any additional impairment should the amount ultimately recovered prove to be lower than previously assumed.

The difficult trading climate for our Building Control service, along with the majority of local authorities, also needs to be considered when viewing the retained General Fund balance. The downturn in fee income during the year has been reflected in the projected outturn budget. The forecast deficit at the end of this financial year is £55,000 which in effect needs to be covered by the balance on the General Fund Reserve.

The service is currently forecasting to return trading deficits over the next few years, albeit no assumption has been built into the income forecasts for the recovery of the property market. Also the budget savings proposals (Appendix E) include target savings for the service in future years. The Building Control team continue to promote the service and actively maintain market share of fee earning applications.

Earmarked Reserves

The council has established earmarked reserves to meet 'known or predicted liabilities' where the impact of the expenditure would otherwise cause a significant variation to the council's annual expenditure. The reserves are as set out in the table above.

There are a couple of specific issues worthy of note:

- The current position as regards the Building Control reserve is explained above.
- The forecast year end balances on the Elections reserve reflects the expenditure needed to support the Council's elections in 2011.

Robustness of the Budget/Budget Sustainability

The Local Government Act 2003 requires the Chief Financial Officer (Chief Executive) to report upon the robustness of the estimates made for the purposes of the budget and council tax setting calculations. Spending plans ultimately impact on the level of council tax although, as explained below, the extent of any increase is also externally influenced by the Government's use of its capping powers. The medium term financial strategy assesses the affordability of revenue and capital plans and the adequacy of reserves. Naturally, as with all plans, the risks increase with time and the financial position in future years is not as certain as in 2010/11.

As explained in previous years' budget reports, the council's financial strategy is now aimed at addressing the longer term sustainability issues surrounding capital investment and the contributions that may be required to earmarked reserves. To address the longer term sustainability of the council's finances the council considers appropriate asset disposals coupled with the fact that additional funds have been included in the revenue budget in recent years to address longer term maintenance issues and significant non-cyclical expenditure.

As explained above, the capital programme is fully funded. Other schemes relating to regeneration and playground site investment will be brought forward as and when funding is identified.

On current financial forecasts, given the substantial reductions in government grant, the future revenue budget funding remains a cause for concern, especially given that funding levels beyond 2012/13 are uncertain. It therefore remains vitally important for the council to continue addressing the future years' forecast funding gap by developing plans to seek further efficiencies in service delivery. This acknowledges the lead time often required to deliver substantial changes to services. That said, as referred to previously, the council has a track record of delivering efficiencies and the programme of continuous efficiency reviews has an important part to play in this respect. Additionally the retention of appropriate revenue reserves will assist in balancing the budget in the medium term during this transitional period.

At this stage, and subject to the ongoing scrutiny processes, the Chief Financial Officer's opinion is that the continuation estimates process has taken all practical steps to identify and make provision for the commitments to which the council will be exposed in 2010/11 and 2011/12. The continuation estimate process remains a vital part of ensuring the robustness and financial integrity of the budget for 2010/11 and forecast for 2011/12; it is important to continue to ensure that all decisions made regarding resource allocation are made with full knowledge of both current and future costs.

Having assessed the significance and likelihood of the risks associated with the budget assumptions, the reserves detailed in this report are also considered adequate to support the delivery of the council's current Corporate Plan. The Chief Financial Officer's will keep the position of balances and reserves under review during the budget process and provide further advice as appropriate

Council Tax

The following table provides details of the Council Tax collected by the Borough Council, in its role as billing authority. The table also shows the component parts of the current year's council tax payable by the occupiers of a Band D property in the Borough together with the dates on which each of the precepting authorities are expected to agree their budgets and council tax for 2011/12.

Precepting Authority	2010/11 Band D Equivalent £	Meeting Date
Lancashire Police Authority	146.27	9 February 2011
Lancashire Combined Fire Authority	63.65	14 February 2011
Lancashire County Council	1,108.30	17 February 2011
South Ribble Borough Council	203.30	2 March 2011
Total	1,521.52	

All the indications are that, for 2011/12, Lancashire County Council and the Police and Fire Authorities are expected to freeze their share of the council tax at the same level as for the current year.

Residents living in a property located within the boundaries of a Parish/Town Council will have to pay an additional amount of council tax (i.e. added to the amounts in the previous table) to pay for the services of the respective Parish/Town Council. The Parish/Town Councils have each agreed and confirmed their precepts. The table below compares each of the precepts notified for 2011/12 with that for the current year.

Parish/Town Council	2010/11		2011/12	
	£	Band D Equivalent £	£	Band D Equivalent £
Farington	50,000	22.60	50,000	22.53
Hutton	19,900	21.71	16,000	17.48
Longton	21,100	6.77	21,100	6.76
Penwortham	127,600	15.59	127,600	15.63
Much Hoole	7,300	10.09	9,000	12.23
Little Hoole	8,000	10.26	13,000	16.57
Samlesbury and Cuerdale	4,300	8.55	4,350	8.50
Total	238,200		241,050	

Council Tax - South Ribble Borough Council

The current Band D equivalent tax for the council, excluding parish/town council precepts is £203.30. Subject to Government capping constraints the council has discretion over the level of council tax it needs to levy to deliver local services. However, Council tax should not be levied unnecessarily and be justifiable in terms of the services it is being used to fund. With these caveats in mind, the Cabinet is required to determine the 2011/12 Band D equivalent council tax it is to recommend to the council meeting scheduled for 2 March 2011.

The net expenditure of the Borough Council, excluding parish/town Council precepts and after contributions to/from reserves has to be met from funding from the National Non-Domestic Rate Pool and Revenue Support Grant, with the balance being met by Council Tax. The final amounts of NNDR and Revenue Support Grant for 2011/12 have been announced by the Government are shown in the table below, along with the equivalent figures for the previous two years.

	2009/10	2010/11	2011/12
	£ million	£ million	£ million
Business Rates	6.604	6.579	4.115
Revenue Support Grant	1.400	0.955	1.272
Total Formula Grant	*7.464	*7.534	5.387

* includes funding for concessionary

The Borough Council's council tax base for 2011/12 has been determined as 37,335.27 Band D equivalent properties (2010/11; 37,115.60). This includes 24.22 Band D equivalent properties arising from the decision to reduce the discount on second homes from 50% to the statutory minimum of 10%. Current in-year collection rates for council tax do not currently appear to have been adversely affected by the recession. Therefore in calculating the tax base applicable for 2010/11 a decreased allowance has been made for losses on collect, from 1.0% to 0.75%. That said, every effort will continue to be made to maximise collection rates and minimise any amounts that may ultimately prove to be irrecoverable.

In determining the council tax level, the legislation also requires the council to take into account any surplus or deficit on the collection fund. The requisite calculations have been finalised and there is a deficit on the collection fund of £1,783 attributable to council tax. These adjustments will be taken into account in determining the council's Band D equivalent tax for 2011/12.

Proposed Council Tax 2011/12

Taking all of the above into consideration it is proposed that our element of the council tax in 2011/12 is retained at £203.30, the same level as for 2010/11. In doing so the Council will qualify for receipt of the Government's Council Tax Freeze Grant, approximately £189,000 p.a. guaranteed until 2014/15.

Council Tax 2012/13 and beyond

During 2010 the Government consulted on proposals to remove the existing budget/council tax capping arrangements, typically applied after local authority budgets have been approved. The Government has yet to finalise its proposals. However, it is anticipated it will replace the existing capping arrangements with a system that involves the advance publication, alongside the LGFS, of guideline council tax increases. Any local authority considering an increase greater than the guideline will then be required to hold a local referendum to confirm their council tax increase proposal.

Appendices Attached to this report

Appendix	Title	Description
A	Budget projections	Latest projected outturn for the current year and future years' estimates.
B	Portfolio Revenue Summary Projections	Detail of Revenue budget projections by Activity for each portfolio.
C	Variance Analysis	Explanation of year on year major variances
D	Efficiency/Income Proposals 2010/11	Monitoring statement showing forecast position against the targets set for the current year
E	Efficiency/Income Proposals 2011/12	Cost Reduction / Income Generation Proposals
F	Capital Programme & Financing	Summary of the projected expenditure and revised phasing of capital projects already committed in the council's capital programme.
G	Revenue Budget – Key Assumptions	Key assumptions used in compiling the revenue budget forecasts.
H	Playground Sites	Schedule showing the priority sites for investment and the order in which they are to be considered.
I	Local Government Finance Settlement	Revenue Spending Power Year-on-Year Comparisons
J	Local Government Finance Settlement	Formula Grant Year-on-Year Comparisons
K	Key Risks to the Medium Term Financial Strategy	Potential risks to the medium term financial strategy and the mitigating action(s)
L	Glossary of Terms	Glossary of the Financial and Budgetary Terms used in the report

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas shown below. A risk assessment has also been carried out. The table shows the implications in respect of each of these.

FINANCIAL	The financial implications relating to this report are set out in the body of this report.
LEGAL	These are contained within the revenue and capital budgets.
RISK	There are no implications resulting directly from this report.
OTHER (see below)	<p>The budget proposals, if agreed, will result in a reduction in employee costs, which will be addressed in accordance with the Council's suite of human resource policies. As has been demonstrated in delivering this year's efficiency target, the need for any compulsory redundancies will be kept to a minimum and treated as a last resort. Close liaison with the Trade Unions and employees has been and will continue to be on-going.</p> <p>There are no legal implications at this stage.</p> <p>As explained in the report the Council has an excellent track record of delivering efficiencies to balance the budget exceeding Government targets. Progress against the current year's target of £0.920 million is progressing well with £1.117m in efficiencies/budget savings expected to have been delivered by the end of the financial year (Appendix D). A further target of £1.819 million (Appendix E) has been included in the budget proposals for 2011/12.</p> <p>An equality impact assessment has been carried out on the budget proposals contained in this report for 2011/12, taking into account the requirements of the Equality Act 2010, and the specific public sector provisions which come into being from 1 April 2011. At this stage, the detail of a number of proposals is yet to be worked up; further impact assessments will be carried out as appropriate in year.</p>

<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Efficiency Savings</i>	<i>Equality, Diversity and Community Cohesion</i>
<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>
<i>Respect Agenda</i>	<i>Staffing</i>	<i>Sustainability</i>	<i>Training and Development</i>

BACKGROUND DOCUMENTS

- Local Authority Finance (England) Revenue Support Grant for 2010/11 & Related Matters – DCLG – 25 January 2010
- Local Government Finance Settlement 2011/12 (2011-12 Settlement and Provisional 2012-13 Settlement) – 31 January 2011
- Treasury Strategies and Prudential Indicators 2011/12 to 2013/14 – Cabinet 16 February 2011

Appendix A

REVENUE ESTIMATES 2010/11 TO 2014/15 GENERAL FUND SUMMARY						
	Original Estimate 2010/11 £000's	Projected Outturn 2010/11 £000's	Original Estimate 2011/12 £000's	Forecast Original Estimate 2012/13 £000's	Forecast Original Estimate 2013/14 £000's	Forecast Original Estimate 2014/15 £000's
Portfolio						
Finance & Resources	98	(74)	99	120	149	176
Shared Services & Corporate Support	6,020	5,414	4,627	4,538	4,618	4,751
Neighbourhoods & Street Scene Regeneration, Leisure & Healthy Communities	6,076	5,762	6,091	6,356	6,616	6,830
Strategic Planning & Housing	3,438	3,237	3,255	3,236	3,319	3,403
	2,015	1,526	1,856	1,947	1,958	2,051
Grand Total	17,647	15,865	15,928	16,197	16,660	17,211
Efficiency Income/targets	(920)	0	0	0	0	0
External interest	(393)	(350)	(270)	(288)	(334)	(284)
Provision for Repayment of Debt	543	545	610	601	592	585
Government Grants Deferred	358	268	228	203	175	153
Interest Payable	165	156	160	148	148	148
Capital Expenditure Charged to General Fund	0	25	0	0	0	0
Impairment Loss	0	48	0	0	0	0
Revenue Expenditure funded from Capital Under Statute	(634)	0	0	0	0	0
Depreciation	(1,323)	(1,394)	(1,394)	(1,394)	(1,394)	(1,394)
Cont'n (from)/to Reserves/Provisions	(32)	(244)	152	510	687	758
Cont'n (from)/to General Fund Balances	(399)	93	(430)	(333)	(67)	0
BOROUGH COUNCIL BUDGET REQUIREMENT	15,012	15,012	14,984	15,644	16,467	17,177
Parish/Town Council Precepts	238	238	241	241	241	241
TOTAL BUDGET REQUIREMENT	15,250	15,250	15,225	15,885	16,708	17,418
Funded By						
New Homes Bonus	0	0	0	250	250	250
Council Tax freeze grant	0	0	189	189	189	189
Revenue Support Grant	7,534	7,534	5,387	4,647	4,647	4,647
Parish/Town Council Precepts	238	238	241	241	241	241
Actual/Projected Borough Council Tax Income	7,478	7,478	7,589	7,780	7,974	8,173
TOTAL FUNDING	15,250	15,250	13,406	13,107	13,301	13,500
Forecast Budget deficit	0	0	1,819	2,778	3,407	3,918
Proposed Budget savings	0	0	(1,819)	(1,978)	(1,807)	(1,834)
Indicative Budget savings	0	0	0	(800)	(1,600)	(2,084)
Forecast Shortfall	0	0	0	0	0	0

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11 Orig. Budget £	10/11 Proj. Outturn £	11/12 Forecast £	12/13 Forecast £	13/14 Forecast £	14/15 Forecast £
Finance & Resources							
	AGRICULTURAL LAND INCOME	(3,843)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
	BUSINESS CONTINUITY	2,832	2,523	2,690	2,716	2,777	2,836
	CAPITAL SCHEMES SALARIES	90,723	71,710	85,177	86,737	89,832	92,951
	ESTATES GENERAL	216,753	171,620	203,577	207,296	214,687	222,127
	FINANCE	42,164	22,293	184,334	195,206	202,864	208,709
	INVESTMENT PROPERTIES	(834,941)	(846,080)	(882,708)	(882,843)	(882,624)	(882,067)
	MARKET OPERATIONS	(34,517)	(49,338)	(43,807)	(43,327)	(42,032)	(40,636)
	MOSS SIDE DEPOT	17,637	14,912	15,979	16,124	16,589	17,161
	PROPERTY MANAGEMENT	337,122	329,826	330,056	332,128	336,238	340,380
	PUBLIC CONVENIENCES	43,413	39,953	40,705	40,785	40,966	41,164
	S151 ACTIVITIES-STATUTORY AUDIT	74,700	84,986	92,276	94,013	97,215	100,113
	TREASURY MANAGEMENT	71,830	71,134	59,559	59,924	60,868	61,800
	WORDEN PARK PROPERTIES/DEPOT	14,998	13,511	12,280	12,225	12,360	12,664
	UNALLOCATED SUPPORT SERVICE COSTS	58,715	0	0	0	0	0
Finance & Resources Total		97,586	(74,050)	99,018	119,884	148,640	176,102

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11 Orig. Budget £	10/11 Proj. Outturn £	11/12 Forecast £	12/13 Forecast £	13/14 Forecast £	14/15 Forecast £
Shared Services & Corporate Support							
	AREA COMMITTEES	133,435	151,620	131,631	133,367	136,933	140,512
	BOROUGH ELECTIONS	23,521	21,249	137,581	17,836	18,342	18,850
	CASHIER SERVICES	134,380	126,018	134,735	136,227	140,677	144,934
	COMMUNITY DEVELOPMENT	136,539	101,122	97,139	98,905	101,080	103,280
	CONCESSIONARY TRAVEL	1,298,689	771,179	32,941	33,553	34,957	36,214
	CORPORATE MANAGEMENT	1,036,411	927,945	709,824	720,809	742,298	759,569
	COST COLLECTION COUNCIL TAX	455,535	441,635	480,803	487,150	506,047	524,133
	COUNCIL & COMMITTEES	207,704	200,965	208,448	210,782	215,517	220,230
	DEMOCRATIC REPRESENTATION & MANAGEMENT	302,681	266,309	318,247	323,023	333,168	343,170
	GRANTS & CONTRIBUTIONS	82,215	75,187	75,979	76,069	76,486	77,030
	HOUSING AND COUNCIL TAX BENEFITS	1,127,626	951,045	1,087,516	1,102,583	1,145,923	1,188,520
	JOINED UP SERVS FOR YOUNG PEOPLE	29,270	19,045	0	0	0	0
	LAND CHARGES	(28,562)	112,338	4,764	5,689	7,921	9,913
	LEGAL FEE EARNING	801	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)
	LICENSING	10,677	69,794	87,655	93,517	103,825	113,104
	MEMBERS EXPENSES	217,170	213,822	216,885	217,309	218,203	219,107
	PENSIONS TO FORMER EMPLOYEES	267,362	330,216	233,546	233,552	233,568	233,584
	PUBLIC RELATIONS	206,061	185,339	185,277	186,443	190,574	194,368

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11 Orig. Budget £	10/11 Proj. Outturn £	11/12 Forecast £	12/13 Forecast £	13/14 Forecast £	14/15 Forecast £
	BUSINESS RATE COLLECTION	92,120	80,473	89,423	90,957	95,508	99,867
	REGISTRATION OF ELECTORS	104,889	112,365	108,832	109,757	111,682	113,575
	SOUTH RIBBLE PARTNERSHIP	79,963	90,506	108,675	83,214	88,829	92,094
	STANDARDS COMMITTEE	0	4,000	4,000	4,000	4,000	4,000
	DISTRICT PARTNERSHIP	4,000	4,000	4,000	4,000	4,000	4,000
	PERFORMANCE RELATED GRANT	0	60,300	62,497	62,497	0	0
	MAYORAL & CIVIC EXPENSES	92,376	100,749	109,402	109,916	111,716	113,557
	UNALLOCATED SUPPORT SERVICE COSTS	4,845	1,078	1,070	1,065	1,069	1,084
Shared Service & Corporate Support Total		6,019,708	5,414,399	4,626,970	4,538,320	4,618,423	4,750,795

Neighbourhoods & Streetscene

CAR PARKING	22,940	14,992	18,321	19,338	21,148	23,099
COMMUNITY CLEANSING	1,150,002	1,150,845	1,209,468	1,220,063	1,298,798	1,330,668
COMMUNITY SAFETY	215,725	175,645	180,594	181,187	139,889	141,964
DEPOT & STORES OPERATIONS	63,160	62,154	48,693	49,271	50,603	
CANINE WELFARE SERVICES (service now amalgamated with Neighbourhood Services)	154,523	0	0	0	0	0
DOMESTIC VIOLENCE CO-ORDINATOR SCHEME	48,110	47,808	52,075	52,624	55,155	56,973
WASTE MANAGEMENT	2,171,880	2,141,570	2,302,322	2,528,260	2,644,970	2,755,080

REVENUE ESTIMATES BY PORTFOLIO

2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11 Orig. Budget £	10/11 Proj. Outturn £	11/12 Forecast £	12/13 Forecast £	13/14 Forecast £	14/15 Forecast £
	GROUNDS MAINTENANCE	1,146,419	1,100,980	1,180,827	1,196,139	1,263,859	1,297,997
	RESIDUAL HIGHWAYS SERVICES	136,106	127,822	129,174	130,511	134,411	137,485
	PARKS DEVELOPMENT	676,486	579,062	598,974	604,910	612,632	620,909
	RANGER SERVICE	233,334	238,419	242,772	240,380	250,624	259,129
	SAFER COMMUNITIES INITIATIVE	46,882	46,678	48,425	48,835	50,333	51,863
	STAND BY ARRANGEMENTS	36,007	36,218	36,128	36,268	36,591	36,909
	TRANSPORT	(33,088)	36,043	42,145	46,738	55,187	64,865
	CORPORATE ENVIRONMENTAL ENFORCEMENT	7,500	3,725	1,225	1,225	1,225	1,225
Neighbourhoods & Streetscene Total		6,075,986	5,761,961	6,091,143	6,355,749	6,615,425	6,830,105
Regeneration, Leisure & Healthy Communities							
	ARTS DEVELOPMENT	74,311	63,434	82,044	83,377	85,622	88,155
	BAMBER BRIDGE COMMUNITY CENTRE	23,070	25,299	26,424	26,653	27,255	27,930
	BAMBER BRIDGE LC - LANDLORD RESPONSIBILITIES	116,743	115,129	116,192	116,264	116,567	116,983
	CATERING OPERATIONS	235,304	256,953	336,005	342,993	360,036	377,414
	COMMUNITY COACHING PROJECT	59,973	45,412	44,345	45,749	51,359	57,098
	ECONOMIC DEVELOPMENT	145,953	142,981	148,668	155,407	158,427	162,202
	HEALTH PROMOTION	35,350	34,545	35,023	35,111	35,809	36,508
	HIGHER WALTON COMMUNITY CENTRE	22,705	21,908	23,214	23,548	24,254	24,990
	LAND DRAINAGE	50,734	56,427	56,503	55,934	55,975	56,000

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11	10/11	11/12	12/13	13/14	14/15
		Orig. Budget	Proj. Outturn	Forecast	Forecast	Forecast	Forecast
		£	£	£	£	£	£
	LAND DRAINAGE - EMERGENCY	7,137	6,000	0	0	0	0
	LEISURE PARTNERSHIP	791,429	811,228	654,935	595,603	596,360	602,805
	LEYLAND LEISURE CENTRE - LANDLORD RESPONSIBILITIES	153,782	155,945	157,006	157,074	157,382	157,812
	MAIN RIVERS WORK	15,354	18,500	24,715	24,540	24,555	24,569
	MOSS SIDE COMMUNITY CENTRE	69,176	66,153	70,348	70,928	72,311	73,738
	MUSEUM	74,947	73,127	74,728	75,158	76,690	78,242
	PENWORTHAM HOLME - LANDLORD RESPONSIBILITIES	17,982	16,757	17,617	17,710	17,915	18,136
	PENWORTHAM LC - LANDLORD RESPONSIBILITIES	68,033	67,357	67,778	67,791	67,929	68,145
	PENWORTHAM COMMUNITY CENTRE	5,894	27,722	28,381	28,476	28,682	28,897
	PEST CONTROL	82,721	73,373	79,162	79,279	79,591	79,862
	PROJECTS AND DESIGN	5,300	5,300	5,300	5,300	5,300	5,300
	PUBLIC HEALTH SERVICES	533,927	495,715	551,092	566,322	589,484	611,919
	SPORTS DEVELOPMENT	111,775	118,422	121,687	123,570	126,659	129,558
	ST MARYS – SYNTHETIC PITCH	2,060	2,060	2,060	2,060	2,060	2,060
	SUMMER ACTIVITIES SCHEME	1,062	613	632	636	647	658
	TENNIS CENTRE -LANDLORD RESPONSIBILITIES	89,996	87,146	87,986	88,008	90,184	90,632
	TOWN TWINNING	6,500	6,500	6,500	6,500	6,500	6,500
	WORDEN ARTS CENTRE	155,687	141,771	76,471	77,309	79,116	80,981

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11 Orig. Budget £	10/11 Proj. Outturn £	11/12 Forecast £	12/13 Forecast £	13/14 Forecast £	14/15 Forecast £
	WORDEN COFFEE SHOP	8,011	1,127	(12,715)	(12,536)	(12,194)	(11,871)
	WORDEN CRAFT CENTRE	3,321	8,838	9,269	9,319	9,418	9,517
	YOUTH EXCHANGE	4,300	4,300	4,300	4,300	4,300	4,300
	CLIMATE CHANGE	74,032	27,224	87,019	89,096	99,107	102,995
	CONTAMINATED LAND & AIR QUALITY	21,296	35,315	36,929	37,389	38,073	38,738
	ENVIRONMENTAL HEALTH LICENSING	(3,398)	(2,849)	(2,033)	(1,265)	(68)	1,088
	REGENERATION - EVENTS	373,960	227,692	237,738	238,884	244,194	251,112
Regeneration Leisure & Healthy Communities Total		3,438,427	3,237,424	3,255,323	3,236,487	3,319,499	3,402,973

Strategic Planning & Housing

AFFORDABLE HOUSING PARTNERSHIP	11,216	9,438	11,241	11,404	11,818	12,223
BUILDING CONTROL SECONDARY FUNCTIONS	115,094	108,352	120,235	122,161	125,961	129,809
BUILDING CONTROL	(24,746)	55,606	82,233	86,550	95,065	103,686
CHOICE BASED LETTING	15,900	15,900	7,900	7,900	7,900	7,900
CONSERVATION AREAS	10,232	10,220	10,652	10,815	11,171	11,520
DEVELOPMENT CONTROL	273,330	222,634	262,260	269,910	286,731	304,579
DISABLED FACILITIES GRANT	389,567	17,568	20,801	21,111	21,875	22,620
ENERGY EFFICIENCY	105,757	88,290	105,120	106,699	110,561	114,360
HOMELESSNESS (OTHER)	136,662	114,804	138,050	140,160	146,075	151,148

REVENUE ESTIMATES BY PORTFOLIO 2010/11 TO 2014/15

APPENDIX B

Portfolio	Service	10/11	10/11	11/12	12/13	13/14	14/15
		Orig. Budget	Proj. Outturn	Forecast	Forecast	Forecast	Forecast
		£	£	£	£	£	£
	HOMELESSNESS (STATUTORY)	142,728	154,719	171,545	173,073	176,933	180,717
	HOUSING ACT ADVANCES	2,927	2,823	2,883	2,895	2,927	2,959
	HOUSING GENERAL	208,593	177,804	208,497	211,513	219,097	226,470
	HOUSING NEEDS RESEARCH	81,543	71,814	85,100	145,159	85,775	109,341
	HOUSING STRATEGY COSTS	169,579	45,730	54,294	55,094	57,090	59,041
	LISTED BUILDINGS	10,232	10,220	10,652	10,815	11,171	11,520
	LOCAL PLANS	447,505	477,895	495,940	502,462	516,817	531,173
	MULTI AGENCY PROBLEM SOLVING	3,375	4,079	4,259	4,302	4,398	4,486
	PLANNING DELIVERY GRANT	(148,628)	(144,500)	0	0	0	0
	PLANNING IMPLEMENTATION	17,917	17,222	17,638	17,800	18,191	18,539
	PRIVATE SECTOR RENEWAL	11,884	9,438	11,241	11,404	11,818	12,223
	SANCTUARY SCHEME	0	22,257	0	0	0	0
	STAYING PUT SCHEME	14,706	14,403	14,517	14,545	14,615	14,681
	SUPPORTING PEOPLE	7,481	6,296	7,498	7,607	7,883	8,153
	TREE PRESERVATION ORDERS	11,033	10,990	11,719	11,856	12,169	12,465
	WOMENS REFUGE	1,550	1,550	1,550	1,550	1,550	1,550
Strategic Planning & Housing Total		2,015,437	1,525,552	1,855,825	1,946,785	1,957,591	2,051,163
Grand Total		17,647,144	15,865,285	15,928,279	16,197,226	16,659,579	17,211,139

**PROJECTED OUTTURN 2010/11
SUMMARY OF KEY VARIANCES TO ORIGINAL ESTIMATE**

Details	(Under)/over spend £000's
Expenditure	
Employee Costs saving	(1,000)
<i>Less: taken as efficiency savings</i>	1,000
Severance / Redundancy Payments (one-off)	277
National non-domestic rates	(41)
Transport	(33)
Leisure Partnership contract payments	(44)
Concessionary travel	(530)
Income	
Building Control Income shortfall	95
Land Charges income shortfall	30
Investment Interest	43
Housing / Council Tax Benefit (net) Over-recovery	(253)
Forecast Progress against Efficiency Targets	(197)
Other net movements	161
Projected outturn variation (underspending)	(492)
Budgeted transfer from General Reserve	399
Forecast transfer to General Reserve	93
Forecast Movement in balances (increase)	492

EFFICIENCY AND ADDITIONAL INCOME TARGETS – FORECAST OUTTURN 2010/11

	TARGET 2010/11	OUTTURN FORECAST PAY	OUTTURN FORECAST NON-PAY	TOTAL 2010/11 FORECAST	RECURRING SAVING 2011/12	NOTES
	£'000	£'000	£'000	£'000	£'000	
C-SMART Reviews:	510					
Canine Welfare	30	30	0	30	40	Savings due to reduced officer hours. Recurring saving includes £15k increased income through issue of Fixed Penalty Notices brought in from Sept. 2010.
Pest Control	23	0	0	0	0	Environmental Health savings total £106,000.
Housing	110	101	0	101	0	Full year forecast based on vacancies in year. Restructure proposals being considered.
Planning Customer Support	130	15	0	15	0	Technical support team restructured and staff redeployed. 2 staff redeployed from Policy into vacant posts in Planning.
Commercial Services	100	37	0	37	79	Restructure complete.
Corporate Governance	40	69	27	96	45	Legal restructure, WP Operator redeployed to ICT, (both recurring) Scrutiny manager post vacant (one-off).
Revenues & Benefits	100	59	0	59	**	Savings in 2010/11 are as a result of vacancies & reduced hours. **Shared Services feasibility project with Chorley Council commenced May 2010. Recurring savings of £170k are forecast based on implementation of Phase 1 of proposed changes, increasing to £270k following implementation of Phase 2. (see budget savings proposals – Appendix E)
Procure to Pay	47	0	0	0	47	The project is in its early stages and the forecast presents a prudent position based on savings being achieved in 2011/12.
Gateway	(70)	(10)	0	(10)	(10)	Increased costs as a result of staff re-deployed from Customer Support lower than forecast.

	TARGET 2010/11	OUTTURN FORECAST PAY	OUTTURN FORECAST NON-PAY	TOTAL 2010/11 FORECAST	RECURRING SAVING 2011/12	NOTES
	£'000	£'000	£'000	£'000	£'000	
Income from External Partnerships	50	0	45	45	45	Funding secured from South Ribble Partnership for Partnership manager post (3 year allocation 2010/11 to 2012/13)
Senior Management Costs/Collaborative working	250	231	0	231	318	Savings derived from the recent senior management restructuring. Includes 40% contribution from Chorley Council to Director of Business Transformation post.
Staff Turnover – provision	110	468	0	468	0	General vacancy savings & other restructures during year Asset Man £92k, Neighbourhoods £109k, Env. Health £106k, IT £61k, Shared Assurance £13k, Building Control £59k, Other £28k
Sub-total	920	1,000	72	1,072	564	
Other recurring savings identified						
IT Supplies & Services	0	0	45	45	45	Includes savings in network support costs and maintenance of IT servers following virtualization
Total	920	1,000	117	1,117	609	
Forecast improvement in efficiency savings against target				197		

EFFICIENCY AND ADDITIONAL INCOME TARGETS – PROPOSED 2011/12

Service/description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Notes
Income Generation	121	121	121	121	
Charge for pre-planning advice	25	25	25	25	
Memorial plaques – income	5	5	5	5	Depends on take-up
Review of Worden Park public catering facilities	50	50	50	50	Provision of new kiosk facility. Set-up costs estimated at £20k
Memorial woodlands	10	10	10	10	
Charge for waste collection containers/bins at new build properties	15	15	15	15	Charges made to developers
Taxi Licensing fees increase	16	16	16	16	From April 2011
Collaborative working	450	578	590	590	
Shared Revenues & Benefits service	220	270	270	270	Phases 1 and 2
Shared Financial Services	75	60	60	60	SRBC share of a total saving of £120k saving (includes £15k one-off saving in 11/12)
Shared Assurance services	45	45	45	45	SRBC share of a total saving of £90k saving
Bulky Waste Collection Service	0	25	25	25	subject to contract re-negotiation
Building control service	0	13	25	25	
Planning Service	0	55	55	55	Savings based on potential shared management arrangements
Commercial Services	110	110	110	110	

Service/description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Notes
Management/Administration/Service Restructuring	847	850	735	770	
Senior Management	120	120	0	0	Budget previously retained following deletion Deputy CE position
Housing restructure	110	110	110	140	
Review of Council arrangements for community involvement	300	300	300	300	Saving anticipated following the review of our existing arrangements
Environmental Health Service	33	34	36	38	Deletion of vacant Env Health Technician post
Property Services	41	42	45	47	Deletion of vacant Quantity Surveyor post. Future capital project budgets will need to provide for the necessary technical support
IT service review/restructure	110	110	110	110	
Administration review	120	120	120	120	
Development Control Service	13	14	14	15	Deletion of Planning Assistant existing vacancy
Discretionary Spending	55	105	105	105	
Leisure Partnership Review - (target)	50	100	100	100	Initial target pending completion of initial scoping exercise
Grants/subscriptions					
Lancs & Blackpool Tourist Board	5	5	5	5	

Service/description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Notes
Asset Utilisation	296	276	250	244	
Development of the visitor attraction offer at Worden Hall	60	60	60	60	Set-up/capital costs estimated at £52.5k. Potential Surplus of income over expenditure based on cautious assumptions on customer usage.
Increase rental income Civic Centre	70	70	70	70	
Moss Side Depot - rental	10	10	10	10	Pending review outcome
Vehicle replacement programme	56	36	10	4	Impact of re-phasing vehicle replacements
Transport fleet review	50	50	50	50	Pending review outcome
Deferral computer (desktop) replacement	50	50	50	50	
Short term options	50	48	6	4	
Parks Development	30	30	0	0	
Street furniture replacements	10	8	6	4	
Corporate training budget	10	10	0	0	Reduction in training offered
Total	1,819	1,978	1,807	1,834	

CAPITAL EXPENDITURE FORECASTS - SUMMARY					
Portfolio	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
	£	£	£	£	£
SHARED SERVICES & CORPORATE SUPPORT	426,662	356,675	659,817	583,695	162,695
FINANCE & RESOURCES	961,094	488,590	1,323,210	548,685	155,000
REGENERATION, LEISURE & HEALTHY COMMUNITIES	502,792	205,892	35,000	35,000	35,000
NEIGHBOURHOODS & STREETSCENE	2,062,621	597,288	919,000	663,000	338,500
STRATEGIC PLANNING & HOUSING	1,131,418	411,000	201,000	201,000	201,000
GRAND TOTAL	5,084,587	2,059,445	3,138,027	2,031,380	892,195

CAPITAL EXPENDITURE FORECASTS						
Portfolio	Cost Centre Name	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
		£	£	£	£	£
Shared Services & Corporate Support						
	ACADEMY REVS & BENS SYSTEM	0	0	350,000	0	0
	BANK WIZARD SYSTEM (REVENUES)	0	10,000	0	0	10,000
	COMINO - EDRMS FRAUD CASE MANAGEMENT	0	0	0	200,000	0
	COMMITTEE MANAGEMENT SYSTEM	0	25,000	0	0	0
	CUSTOMER CONTACT CENTRE CRM	75,000	0	0	75,000	0
	DESKTOP REPLACEMENT PROGRAMME	0	72,000	0	22,000	0
	ELECTORAL ROLL SERVER	0	20,000	0	0	0
	FLEXI SYSTEM	0	20,000	0	0	0
	GOVERNMENT CONNECT	17,577	27,000	30,000	30,000	0
	ICON REPLACEMENT	35,000	0	0	0	40,000
	IT WORK PROGRAMME	0	0	30,000	34,000	0
	IVY LEARNING PACKAGE	0	10,000	0	0	0
	LICENSING SYSTEM	0	20,000	0	0	0
	MICROSOFT LICENCES	22,695	22,695	22,695	22,695	22,695
	NEW FINANCIAL SYSTEM	150,000	0	0	0	0
	PAYBASE	0	10,000	0	0	10,000
	PERFORMANCE MAN SOFTWARE (TEN)	0	10,000	0	0	0
	PERFORMANCE RELATED GRANT	84,948	77,122	77,122	0	0
	PRO-PRINT	0	0	0	0	10,000
	REPLACEMENT HR SYSTEMS	17,300	0	0	0	30,000
	REPLACEMENT OF SAN	0	0	100,000	0	0
	SOURCE - INTRANET	0	0	50,000	0	0
	TELEPHONY SERVICE	17,000	0	0	200,000	0
	WEBSTRUCTURE/INTERNET	7,142	32,858	0	0	40,000
	Shared Services & Corporate Support Total	426,662	356,675	659,817	583,695	162,695

CAPITAL EXPENDITURE FORECASTS						
Portfolio	Cost Centre Name	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
		£	£	£	£	£
Finance & Resources	ASBESTOS REMOVAL CIVIC CENTRE	6,160	0	0	0	0
	ASSET MANAGEMENT PLAN – PROFESSIONAL FEES	50,820	58,740	105,370	40,860	0
	BAMBER BRIDGE CIVIC - RE-SURFACE COURTYARD	0	37,800	0	0	0
	BAMBER BRIDGE L.C. - GLAZING REPLACEMENT	0	0	54,000	0	0
	BOXER PLACE NEW ROOF ON UNIT 17-18	30,000	0	0	0	0
	CIVIC CENTRE - PHOTO VOLTAIC SYSTEM	2,000	35,000	0	0	0
	CIVIC CENTRE - VOLTAGE REDUCTION SYSTEM	18,000	0	0	0	0
	CIVIC CENTRE - CIVIC SUITE ROOF	225,000	0	0	0	0
	CIVIC CENTRE - HEATING SYSTEM VENT REPLACE	160,000	214,000	0	0	0
	CIVIC CENTRE - DOUBLE GLAZING	0	0	793,800	0	0
	CIVIC CENTRE - RESURFACING CAR PARK	0	0	29,700	0	0
	CIVIC CENTRE - ELECTRICAL REFURBISHMENT	0	0	90,000	0	0
	CIVIC CENTRE - INTERNAL REFURBISHMENT	0	0	0	180,000	0
	CIVIC CENTRE - KITCHEN REFURBISHMENT	0	0	0	135,000	0
	CIVIC CENTRE - KITCHEN EQPT REFURBISHMENT	0	0	0	54,000	0
	CIVIC CENTRE - ELECTRICAL UPGRADE	0	0	0	0	100,000
	ENERGY IMPROVEMENT PROGRAMME	14,488	0	0	0	0
	GREGSON LANE PAVILION	0	0	0	19,800	0
	HEARNE AVENUE PAVILION	0	0	0	19,800	0
	HEATING BOILERS CIVIC CENTRE	30,000	0	0	0	0
	HEATING CONTROLS CIVIC SUITE	10,000	0	0	0	0
	MIDDLEFORTH IND'AL ESTATE - ASBESTOS TREATMENT	0	0	0	99,225	0
	MOSS SIDE DEPOT - ASBESTOS TREATMENT	0	0	193,500	0	0
	MOSS SIDE DEPOT - YARD/BUILDING MODIFICATIONS	0	72,000	0	0	0
	MOSS SIDE DEPOT - PAINTING CLADDING	0	0	0	0	20,000
	MUCH HOOLE PAVILLION	0	0	18,900	0	0
	OAP PAVILION WORDEN PARK	19,845	0	0	0	0
	PENWORTHAM LEISURE CENTRE	238,257	0	0	0	0
	PENWORTHAM POOL - GLAZING REPLACEMENT	0	27,000	27,000	0	0
	PENWORTHAM POOL - EXTERNAL PAINTING	0	0	0	0	35,000

CAPITAL EXPENDITURE FORECASTS						
Portfolio	Cost Centre Name	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
		£	£	£	£	£
Finance & Resources						
	PUBLIC CONV. REFURB WORDEN PLAYGROUND	9,925	0	0	0	0
	PUBLIC CONV. REFURN WORDEN CROSSROADS	22,325	15,630	0	0	0
	REMOVAL OF HOT WATER STORAGE VESSELS	4,140	0	0	0	0
	REPAIRS TO PARAPET WALL CIVIC CENTRE	3,686	0	0	0	0
	REPLACE CAST IRON RAINWATER GOODS	6,596	0	0	0	0
	ROOF, WINDOW & SECURITY MOSS SIDE COMMUNI	23,100	0	0	0	0
	TENNIS CENTRE REPLACEMENT PLAYING SERVICE	731	0	0	0	0
	SUSTAINABLE MEASURES WORDEN ARTS	25,000	0	0	0	0
	WORDEN ARTS HEATING RENEWAL	1,096	0	0	0	0
	WORDEN PARK - CATERING PAVILION PROVISN	50,000	0	0	0	0
	WORDEN PARK - ENERGY IMP PROGRAMME	9,925	10,420	10,940	0	0
	WORDEN PARK - LONG PAVILION	0	18,000	0	0	0
	Finance & Resources Total	961,094	488,590	1,323,210	548,685	155,000
Regeneration, Leisure & Healthy Communities						
	CYCLEROUTES	0	20,000	0	0	0
	DESIGN & DEVELOPMENT	11,000	29,000	20,000	20,000	20,000
	ENV IMPROVEMENTS CHURCHILL WAY	80,000	0	0	0	0
	FARINGTON LODGES	15,000	9,392	0	0	0
	GIANT VEGGIE PATCH	5,356	0	0	0	0
	HOPE TERRACE/WATKIN LANE IMPRV	0	25,000	0	0	0
	HOUGH LANE	150,000	55,000	0	0	0
	LEYLAND TOWN CENTRE	30,000	0	0	0	0
	LOSTOCK ENGINE SHED	23,580	0	0	0	0
	S106 HIGHWAY WORKS BRANCH ROAD	27,856	0	0	0	0
	S106 PUBLIC TRANSPORT ENHANCEMENT	125,000	0	0	0	0
	SIGNAGE STRATEGY	15,000	15,000	15,000	15,000	15,000
	WORDEN HALL - DEVELOPMENT OF THE VISITOR ATTRACTION OFFER	0	52,500	0	0	0
	REVIEW OF WORDEN PARK PUBLIC CATERING FACILITIES	20,000	0	0	0	0
	Regen Leisure & Healthy Communities Total	502,792	205,892	35,000	35,000	35,000

CAPITAL EXPENDITURE FORECASTS						
Portfolio	Cost Centre Name	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
		£	£	£	£	£
Neighbourhoods & Streetscene						
	3X DENNIS EAGLE REAR STEER REF VEHICLE	412,227	0	0	0	0
	CO-MINGLED WASTE BINS	790,890	0	0	0	0
	DIESEL TANK REPLACEMENT MSD	20,000	0	0	0	0
	KUBOTA TRACTOR	20,950	0	0	0	0
	RIDE ON MOWER	16,093	0	0	0	0
	VEHICLE & PLANT REPLACEMENT PROGRAMME	393,879	247,000	919,000	663,000	338,500
	BIRCH AVENUE PLAY AREA	6,145	0	0	0	0
	DOB LANE PLAYING FIELD PHASE 1	102,000	0	0	0	0
	FARINGTON PARK PLAY AREA	0	130,495	0	0	0
	GREGSON LANE PLAY AREA	120,000	0	0	0	0
	HIGHER WALTON PLAYING FIELDS	4,903	0	0	0	0
	HUTTON PLAYING FIELD	0	19,793	0	0	0
	KINGSFOLD DRIVE PENWORTHAM PLAY AREA	6,658	0	0	0	0
	FARINGTON PARK	0	200,000	0	0	0
	MUCH HOOLE PLAYING FIELD PHASE 2	7,775	0	0	0	0
	TARDY GATE PLAY AREA	29,000	0	0	0	0
	WITHY GROVE PARK PHASE 2	19,601	0	0	0	0
	WORDEN PARK PLAYGROUND REFURBISHMENT	112,500	0	0	0	0
	Neighbourhoods & Streetscene Total	2,062,621	597,288	919,000	663,000	338,500
Strategic Planning & Housing						
	DISABLED FACILITIES GRANTS	453,567	299,000	201,000	201,000	201,000
	HOME PURCHASE ASSISTANCE	9,988	0	0	0	0
	HOUSING STRATEGY	487,863	82,000	0	0	0
	FORMER HULMES MILL SITE	180,000	30,000			
	Strategic Planning & Housing Total	1,131,418	411,000	201,000	201,000	201,000
	Grand Total	5,084,587	2,059,445	3,138,027	2,031,380	892,195

CAPITAL EXPENDITURE FORECASTS - FINANCING ASSUMPTIONS					
Portfolio	Proj. Outturn 10/11	Est 11/12	Est 12/13	Est 13/14	Est 14/15
	£	£	£	£	£
Asset Management Reserve	844,837	541,090	1,323,210	548,685	155,000
Borrowing	790,890	0	0	0	0
Capital Receipts	46,356	218,392	20,000	20,000	20,000
Government Grant - Housing	1,105,160	201,000	201,000	201,000	201,000
Grants & Contributions	400,500	90,000	15,000	15,000	15,000
IT Reserve	341,714	279,553	582,695	583,695	162,695
Leasing	843,149	227,000	899,000	643,000	318,500
Revenue	25,129	0	0	0	0
s106	497,647	405,288	0	0	0
Reserves	104,257	0	0	0	0
Performance Reward Grant	84,948	77,122	77,122	0	0
Vehicle & Plant Reserve	0	20,000	20,000	20,000	20,000
GRAND TOTAL	5,084,587	2,059,445	3,138,027	2,031,380	892,195

REVENUE BUDGET – KEY ASSUMPTIONS

	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue Support Grant	As advised by the Government	As advised by the Government	As advised by the Government	No change from 2012/13 level	No change from 2012/13 level
Nationally agreed employee pay award	0%	0%	0%	2.5% (working assumption)	2.5% (working assumption)
Employer’s Pension Contribution rates	18.3% (working assumption pending the results of the triennial valuation)	19.3% (working assumption pending the results of the triennial valuation)	20.3% (working assumption pending the results of the triennial valuation)	21.3% (working assumption pending the results of the triennial valuation)	22.3% (working assumption pending the results of the triennial valuation)
Employer’s National Insurance Increase		1%			
Investment returns	1%	1%	2.5%	3.75%	3.75%
Council tax base	0.3% Growth 1.0% Losses on collection	0.3% Growth 0.75% Losses on collection	As at 2011/12	As at 2011/12	As at 2011/12
Key Income estimates		No growth from current levels in anticipation of a recovery of the economy	No growth from current levels in anticipation of a recovery of the economy	No growth from current levels in anticipation of a recovery of the economy	No growth from current levels in anticipation of a recovery of the economy
Efficiencies	Appendix D	Appendix E	Appendix E	Appendix E	Appendix E

Playground Sites Priority list

Completed schemes
Much Hoole Playing Field New Longton Playing Field Birch Avenue Longton Playing Field Moss Side Village Green Coupe Green Tardy Gate Playing Field Withy Grove Park King George V Higher Walton Kingsfold Drive
2010/11 Programme
Gregson Lane Dob Lane Worden Park (Big Lottery funded)
2011/12 Programme
Farington Park (rephased from 09/10)

Remaining sites – in future years as funding is identified	Area
Seven Stars	West Leyland
The Holme, Bamber Bridge	Eastern
Haig Avenue	East Leyland
Leadale Green	West Leyland
Hurst Grange Park	Penwortham
Bent Lane	East Leyland
Riverside, Penwortham	Penwortham
Manor Park / Walton Park	Eastern
Holland House Farm	Eastern
Hutton	Western

The table above provides details of the Borough's priority playground sites and highlights the completed schemes and those where funding has been identified to allow investment to progress this year and next. It also shows the order (top to bottom) in which the remaining playground sites will be considered for investment as and when external funding is identified.

**Local Government Finance Settlement
Revenue Spending Power Year-on-Year Comparisons**

Local Authority	Revenue Spending Power' 2010-11	Estimated 2011-12 Revenue Spending Power including NHS support for social care	Change in estimated 'revenue spending power' 2011-12		Transition Grant	Effect after transition funding	
	£m	£m	£m	(%)	£m	£m	(%)
Lancashire County Council	891.070	863.753	-27.317	-3.1%	0.000	-27.317	-3.1%
Burnley	23.098	17.087	-6.010	-26.0%	3.978	-2.033	-8.8%
Chorley	14.952	13.970	-0.982	-6.6%	0.000	-0.982	-6.6%
Fylde	11.224	10.585	-0.639	-5.7%	0.000	-0.639	-5.7%
Hyndburn	18.801	14.436	-4.365	-23.2%	2.710	-1.654	-8.8%
Lancaster	24.714	22.837	-1.877	-7.6%	0.000	-1.877	-7.6%
Pendle	21.080	16.394	-4.686	-22.2%	2.831	-1.855	-8.8%
Preston	28.552	23.764	-4.788	-16.8%	2.275	-2.513	-8.8%
Ribble Valley	7.192	6.754	-0.438	-6.1%	0.000	-0.438	-6.1%
Rossendale	12.318	11.011	-1.307	-10.6%	0.223	-1.084	-8.8%
South Ribble	14.684	13.837	-0.847	-5.8%	0.000	-0.847	-5.8%
West Lancashire	16.457	15.351	-1.106	-6.7%	0.000	-1.106	-6.7%
Wyre	16.937	15.868	-1.069	-6.3%	0.000	-1.069	-6.3%
Blackburn with Darwen	171.258	153.220	-18.039	-10.5%	2.968	-15.071	-8.8%
Blackpool	178.598	165.513	-13.085	-7.3%	0.000	-13.085	-7.3%

Local Authority	Revenue Spending Power' 2011-12	Estimated 2012-13 Revenue Spending Power including NHS support for social care	Change in estimated 'revenue spending power' 2012-13		Transition Grant	Effect after transition funding	
	£m	£m	£m	(%)	£m	£m	(%)
Lancashire County Council	861.426	837.455	-23.971	-2.78%	0.000	23.971	-2.78%
Burnley	19.973	14.978	-4.995	-25.01%	3.237	-1.758	-8.80%
Chorley	13.253	12.435	-0.817	-6.17%	0.000	-0.817	-6.17%
Fylde	10.098	9.527	-0.571	-5.66%	0.000	-0.571	-5.66%
Hyndburn	16.230	12.639	-3.591	-22.13%	2.163	-1.428	-8.80%
Lancaster	21.721	20.257	-1.464	-6.74%	0.000	-1.464	-6.74%
Pendle	18.211	14.392	-3.819	-20.97%	2.216	-1.603	-8.80%
Preston	24.785	21.259	-3.526	-14.23%	1.345	-2.181	-8.80%
Ribble Valley	6.489	6.097	-0.392	-6.04%	0.000	-0.392	-6.04%
Rossendale	10.598	9.759	-0.839	-7.92%	0.000	-0.839	-7.92%
South Ribble	13.137	12.438	-0.699	-5.32%	0.000	-0.699	-5.32%
West Lancashire	14.507	13.609	-0.899	-6.19%	0.000	-0.899	-6.19%
Wyre	14.902	13.972	-0.930	-6.24%	0.000	-0.930	-6.24%
Blackburn with Darwen	154.215	145.394	-8.821	-5.72%	0.000	-8.821	-5.72%
Blackpool	163.201	158.280	-4.921	-3.02%	0.000	-4.921	-3.02%

Local Government Finance Settlement – Fomula Grant Year-on-Year Comparisons

Local Authority	2010-11 Adjusted Formula Grant	2011-12 Formula Grant Before Floor Damping	Formula Grant change (before damping)		2011-12 Formula Grant After Floor Damping	Formula Grant change (after damping)		Impact of Damping
	(£m)	(£m)	(£m)	(%)	(£m)	(£m)	(%)	(£m)
Lancashire	380.028	344.148	-35.880	-9.44%	333.683	-46.345	-12.20%	-10.465
Burnley	10.501	8.619	-1.882	-17.92%	9.115	-1.386	-13.20%	0.496
Chorley	7.857	6.081	-1.775	-22.60%	6.741	-1.116	-14.20%	0.660
Fylde	5.141	4.242	-0.899	-17.48%	4.359	-0.781	-15.20%	0.117
Hyndburn	9.096	7.150	-1.946	-21.40%	7.895	-1.201	-13.20%	0.746
Lancaster	15.124	11.459	-3.665	-24.23%	13.128	-1.996	-13.20%	1.669
Pendle	10.203	8.180	-2.023	-19.83%	8.856	-1.347	-13.20%	0.677
Preston	13.632	12.209	-1.423	-10.44%	11.698	-1.934	-14.19%	-0.511
Ribble Valley	3.773	3.080	-0.693	-18.37%	3.237	-0.536	-14.20%	0.157
Rossendale	5.535	4.442	-1.093	-19.75%	4.694	-0.841	-15.20%	0.252
South Ribble	6.428	5.502	-0.926	-14.41%	5.387	-1.041	-16.19%	-0.115
West Lancashire	8.632	6.732	-1.900	-22.01%	7.407	-1.226	-14.20%	0.674
Wyre	8.936	7.377	-1.559	-17.45%	7.667	-1.269	-14.20%	0.290
Blackburn with Darwen	92.386	84.057	-8.328	-9.01%	82.551	-9.835	-10.65%	-1.507
Blackpool	94.990	94.167	-0.823	-0.87%	86.416	-8.574	-9.03%	-7.751

Local Authority	2011-12 Adjusted Formula Grant	2012-13 Formula Grant Before Floor Damping	Formula Grant change (before damping)		2012-13 Formula Grant After Floor Damping	Formula Grant change (after damping)		Impact of Damping
	(£m)	(£m)	(£m)	(%)	(£m)	(£m)	(%)	(£m)
Lancashire	331.356	321.560	-9.796	-2.96%	306.312	-25.044	-7.56%	-15.248
Burnley	9.079	7.696	-1.383	-15.24%	8.062	-1.017	-11.20%	0.366
Chorley	6.701	5.361	-1.340	-19.99%	5.883	-0.817	-12.20%	0.522
Fylde	4.328	3.668	-0.660	-15.25%	3.756	-0.571	-13.20%	0.089
Hyndburn	7.863	6.383	-1.480	-18.82%	6.982	-0.881	-11.20%	0.600
Lancaster	13.074	10.226	-2.848	-21.78%	11.609	-1.464	-11.20%	1.384
Pendle	8.821	7.314	-1.507	-17.08%	7.833	-0.988	-11.20%	0.519
Preston	11.645	10.907	-0.739	-6.34%	10.394	-1.251	-10.74%	-0.512
Ribble Valley	3.215	2.695	-0.520	-16.17%	2.823	-0.392	-12.20%	0.128
Rossendale	4.667	3.927	-0.740	-15.86%	4.051	-0.616	-13.20%	0.124
South Ribble	5.346	4.828	-0.518	-9.69%	4.647	-0.699	-13.08%	-0.181
West Lancashire	7.365	5.933	-1.431	-19.44%	6.466	-0.899	-12.20%	0.533
Wyre	7.624	6.520	-1.104	-14.48%	6.694	-0.930	-12.20%	0.174
Blackburn with Darwen	82.139	75.883	-6.256	-7.62%	76.061	-6.078	-7.40%	0.178
Blackpool	86.059	86.498	0.439	0.51%	80.997	-5.062	-5.88%	-5.501

Key Risks to the Medium Term Financial Strategy

Risk Area Identified	Potential Impact of Risk	Mitigation
Pay Inflation	Budget provision insufficient to cover actual pay settlements for years 2011/12 and beyond	❖ Maintain an adequate level of General Reserve
Pension increases	Budget provision insufficient to cover the costs of implementing the results of the next triennial review wef from 2014/15	❖ Maintain an adequate level of General Reserve ❖ Ensure any decisions regarding early retirement/ill health retirement are in accordance with the Council's policies.
Planning fees income	Significant income budget which is demand led and significant fluctuations could lead to a shortfall in funding.	❖ The income estimate has been rigorously challenged during the budget process ❖ Maintain an adequate level of General Reserve
Land Charges – Search fee income	❖ Significant income budget which is demand led and significant fluctuations could lead to a shortfall in funding.	❖ The income estimate has been rigorously challenged during the budget process ❖ Maintain an adequate level of General Reserve
Revenue Support Grant	❖ Shortfall in actual grant funding compared with budget provision made for years 2013/14 and beyond. ❖ Impact of Formula Grant funding review	❖ Increases of NIL assumed for 2013/14 and beyond ❖ Adequate level of General Reserve ❖ Deliver planned efficiencies
New Homes Bonus (NHB)	❖ Shortfall in actual grant funding compared with budget provision.	❖ Pending receipt of the finalised details of the NHB scheme, a cautious approach has been taken in anticipating funding from this source. No funding has been assumed in 2011/12 and only £250,000 in each of the years thereafter.
Government council tax capping	Government consider that budget decisions taken by the Council should be subject to capping resulting in the costs of rebilling etc	❖ Council considers Government guidance when setting its budget and council tax. ❖ No council tax increase is being proposed for 2011/12.
Efficiency targets	Failure to deliver efficiency targets leading to a funding shortfall	❖ Ensure that targets are realistic and deliverable within the timescales envisaged ❖ Allocate ownership and develop an action plan(s) for delivering the efficiencies and monitor delivery ❖ Maintain an adequate level of General Reserve
Interest Rates	Interest rate forecasts vary from the assumptions made in the financial forecasts resulting in a shortfall in investment interest and/or additional borrowing costs.	❖ Professional and specialist advice taken on interest rate forecasts ❖ Cash flow modelled against anticipated financial forecasts and expenditure/income profiles ❖ Treasury Management Strategy and Policies kept under review.
Financial Market Failure	Loss of investments and interest	❖ Professional and specialist advice taken to support decisions ❖ Treasury Management Strategy and Policies kept under review

Risk Area Identified	Potential Impact of Risk	Mitigation
Recovery of Icelandic banking deposits differs from previous assumptions.	Should the recovery of the deposits in Heritable and Landsbanki prove to be lower than forecast there will be a requirement for an additional impairment charge.	<ul style="list-style-type: none"> ❖ Maintain adequate reserves ❖ Monitor recovery of deposits ❖ Specialist Legal support secured via the LGA to maximise recovery through the courts
Capital programme	Funding shortfall due to overspending, unforeseen circumstances etc	<ul style="list-style-type: none"> ❖ Capital programme fully funded ❖ More detailed estimates/appraisal required before schemes are approved/ progressed ❖ Earmarked revenue and capital reserves maintained to at an adequate level

All the above risks will also be mitigated by rigorous and regular monitoring of the Council's financial position throughout the course of the year so that appropriate corrective can be taken as appropriate. The Governance Committee has a key role to play in this respect.

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Revenue Support Grant - Distribution System

Relative Needs Formula

To work out each council's share of Formula Grant the Government first calculates the **Relative Needs Formula** (RNFs). The RNF's are mathematical formulae that include information on the population, social structure and other characteristics of each authority.

Relative Needs Formulae are designed to reflect the relative needs of individual authorities in providing services. They are not intended to measure the actual amount needed by any authority to provide local services, but to simply recognise the various factors which affect local authorities' costs locally. They do not relate to the actual monetary amount of grant that a council needs for providing services for its residents. The amount of grant a council will receive from Government depends also on the results of the other three blocks detailed below.

The formula for each specific service area is built on a basic amount per client, plus additional top ups to reflect local circumstances. The top ups take account of a number of local factors which affect service costs, but the biggest factors are deprivation and area costs.

Relative Resource Amount

The Relative Resource Amount is a negative figure. It takes account of the fact that areas that can raise more income locally require less support from Government to provide services. The negative Relative Resource Amount is balanced against the positive proportion calculated for each authority by the Relative Needs Amount.

This block recognises the differences in the amount of local income which individual councils have the potential to raise. This is done by looking at authorities' council tax base data (a measure of the number of properties equivalent to Band D for council tax in an area). The greater an authority's tax base the more income it can raise from a standard increase in band D council tax.

Negative Relative Resource Amounts are then generated using the amounts above the minimum council tax base per head. Again, to do this fairly, the Relative Resource Amount is applied to four separate groups of authorities depending on the services they provide. The four groups of authorities are: upper tier services, lower tier services, fire authorities and police authorities.

Central Allocation

Once account has been taken of the Relative Needs and Relative Resources of local authorities, there is still an amount of money left in the overall grant pot for distribution to local authorities.

The Government shares this out on a per head basis; the per head amounts are based on the appropriate minimums for each authority already calculated for the needs and resources blocks.

Floor Damping Block

Following the calculations in the three blocks described above, each authority will have a grant amount allocated to it. However, the Government has acted to mitigate the grant reductions by changing the way that the grant is calculated: paying more attention to the levels of need in the area, and distributing less money per person. In the past, Government has set a single 'floor' to limit the effects of changes from year to year. This is also called '**damping**'. Instead of just a single floor, this year councils have been grouped into four bands with four different floors. These bands are based on the percentage of the budget that the authority receives from central government formula grant. By setting different floors for authorities in different circumstances, Government

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has capped the reductions in grant for more needy authorities at a lower level than more self-sufficient areas. Again, this insulates the most dependent places from the sharper grant reductions they would otherwise have had. Government considers this to be a fairer and more progressive system than in the past.

Billing authorities

These are the authorities that collect Council Tax - district councils, London boroughs, and unitary authorities.

Budget requirement

This is the amount each authority estimates as its planned spending, after deducting any funding from reserves and any income it expects to raise (other than from the Council Tax and general funding from the Government i.e. Formula Grant and sometimes in the past, certain special grants). The budget requirement is set before the beginning of the financial year.

Business rates

These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a central pool. The pool is then divided between all authorities.

Capping

When the Government limits an authority's budget requirement, and hence the council tax it sets.

Council Tax

A local tax on domestic property set by local authorities in order to meet their budget requirement.

Council Tax base

The Council Tax base of an area is equal to the number of band D equivalent properties. To work this out, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties, because it pays twice as much tax. The amount of revenue which could be raised by Council Tax in an area is calculated allowing for discounts and exemptions but, for the purpose of the Formula Grant calculation, assuming that everyone pays.

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Council Tax bands

There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below:

Council Tax Band	Property Value
Band A	Up to & including £40,000
Band B	£40,001 to £52,000
Band C	£52,001 to £68,000
Band D	£68,001 to £88,000
Band E	£88,001 to £120,000
Band F	£120,001 to £160,000
Band G	£160,001 to £320,000
Band H	More than £320,000

Damping

'Damping' is used to describe the way limits are applied to the effect on grant funding of changes to the distribution formulae or data used. Minimum increases, floors, on Formula Grant changes from one year to the next are now the damping mechanism.

Floor damping

A method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a fixed level of increase in grant. The grant increases of authorities who receive more than the floor are scaled back by a fixed proportion to help pay for the floor.

Formula Grant

Comprises Revenue Support Grant and redistributed business rates.

The Local Government Finance Settlement

The Local Government Finance Settlement is the annual determination of formula grant distribution as made by the Government and debated by Parliament. It includes:

- the totals of formula grant;
- how that grant will be distributed between local authorities; and
- the support given to certain other local government bodies.

Net Revenue Expenditure (NRE)

This represents an authority's budget requirement and use of reserves.

Non-Domestic Rates

See business rates.

Precept

This is the amount of Council Tax income county councils, police authorities, parish councils and fire authorities need to provide their services. The amounts for all local authorities providing services in an area appear on one Council Tax bill, which comes from the billing authority.

Precepting authority

This is an authority which sets a precept to be collected by billing authorities through the Council Tax bill. County councils, police authorities, fire authorities and parish councils are all precepting authorities.

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Reserves

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Expenditure

Expenditure financed by Government grants, council tax and use of reserves.

Revenue Support Grant (RSG)

A Government grant which can be used to finance revenue expenditure on any service.

Ring-fenced grant

A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.

Specific Grants

Grants paid under various specific powers, but excluding formula grant or area based grant. Some specific grants are ring-fenced.