

Executive

15 February 2011

Report of the Director of Customer and Business Support Services

Financial Strategy 2011-2017

Summary

- 1 This paper presents the Financial Strategy 2011-2017 including the detailed Revenue Budget proposals for 2011/12. There are separate reports on the agenda covering the capital budget and the treasury management strategy. The proposals in this paper present a balanced budget for the council for 2011/12 with a council tax freeze and the following key features:
 - a. Transfer of grant income totalling £14,404k from service specific and area based grants into formula grant calculations
 - b. Removal of direct service grant funding amounting to £5,729k, which is supported by savings proposals
 - c. Revenue investment of £9,836k, giving total increased revenue costs of £29,969k.
 - d. The funding for the revenue investment will be achieved through:
 - i Revenue savings. The council has undertaken a very rigorous and challenging exercise to propose revenue savings of £12,990k
 - ii Efficiency savings from the full year effect of the 2010/11 More for York programme of £2,451k
 - iii Revenue savings to match the loss of direct service government grant funding amounting to £5,729k
 - iv An additional £653k from an increased base over which the council tax is levied
 - v Meeting a net £382k of one-off expenditure from the collection fund surplus available
 - vi Utilising the remaining £618k of collection fund surplus which will be replaced with increased full year effect of savings in 2012/13
 - vii Additional formula grant funding of £5,198k
 - viii New grant of £120k (lead flood local authority grant) to support the council's enhanced role as it takes on responsibility for leading the co-ordination of flood risk management in the area under the Flood and Water Management Act 2010
 - ix £1,828k supplementary grant from the government from setting a council tax increase of 0% (£0.00);

- e. A net revenue budget of £123,900k, which will be funded by:
- i Council tax income of £73,132k
 - ii Government grant of £49,768k
 - iii Collection fund surplus adjustment of £1,000k;
- f. Funding for pupil led aspects of education, primarily schools, of £107,076k to be met by the Dedicated Schools Grant;
- g. A comprehensive consultation exercise has been undertaken as part of the budget process. The recommendations in this report are based on a set of proposed growth and savings items which when amalgamated with the grant settlement, the council tax freeze grant and a zero council tax increase produce a balanced budget. In considering whether or not to accept any of these additional proposals Members need to take due cognizance of the need to ensure that any amendments to the budget are balanced, that is
- savings and growth must either equal each other, or
 - the net value of savings and growth changes must be corrected via appropriate transfers to or from reserves, or
 - the net value of savings and growth changes must result in equivalent adjustments to the council tax levied by the council, or
 - the net value of savings and growth changes must be reflected in adjustments to the fees and charges levied.
- 2 The directorate savings identified are likely to result in approximately 170 fte posts being lost. Every effort will be made to redeploy the staff affected. However, these proposals will enable the council to maintain and continue to improve its existing quality services (such as education and social care) whilst investing in core priorities and areas of need.
- 3 It is useful to put this in the context that in 2010/11 York had the second lowest Band D equivalent council tax of all 55 unitary councils, it had the lowest spend per head and received the 9th lowest government grant per head.
- 4 In addition to known commitments there are increasing volume and price/cost demands on services, particularly in adult social services and in waste:
- landfill tax increase of £8 per tonne per annum will add around £440k to costs
 - A further £1,255k has been incorporated to fund increased demand for adult services, including complex cases, and for home care contracts.
- 5 The total non-schools directorate growth allowed for in the proposed budget is £9,836k. A full list of these pressures is shown at Annex 3.
- 6 To help fund the rising budget pressures, the withdrawal of central government funding and keep council tax down the non-schools budget proposals include efficiency savings and income generation proposals of £21,170k. A full list is shown at Annex 4.

- 7 Members should note that there are a number of potential expenditure pressures which may materialise in 2011/12 but which cannot at this stage be quantified with any certainty. Whilst there was only one on-going allocation made during 2010/11 from the general contingency of £585k the unallocated balance has been crucial in providing funding for issues that have arisen in year. The proposed base budget contingency provision of £400k is recommended for 2011/12 based on financial issues that face the council next year.
- 8 The medium term plan sets out the forecast expenditure plans for the council for the following five years compared with projected levels of grants and council tax. It identifies the need for efficiencies/savings of around £10m per annum. It is clear that the council faces a number of significant pressures in coming years resulting in the need to deliver efficiency savings whilst ensuring service quality is maintained and improved. A number of key assumptions are made within the financial plans, and these are set out later in this report.
- 9 The budget as set out continues significant investment in a range of council priorities and provides for affordable investment in a range of pressures and priorities facing the council. Medium term planning has been enhanced through the revised strategies, which seek to ensure prudent and affordable financial planning over the longer term. The impact of the budget proposals is considered within the report, with specific reference to council priorities, the economic downturn and consultation.
- 10 The strategy takes particular account of the economic downturn, this is important in terms of risk and also in terms of the council making a positive contribution to dealing with the economic situation. In terms of risk various factors are considered, including particularly levels of income, e.g. car parking and treasury management. Additional information is included in the section on budget impact assessment.

Budget Principles

- 11 Directorates have identified options for savings for consideration by the Executive portfolio holder based on four key principles. Each of these principles will bring benefits for the citizens of York, and each will guide us as we tackle the realities of significant budgetary changes in the months and years to come.

Create

- a opportunities for our citizens and communities, our businesses and educational establishments to prosper and thrive

Protect

- a the most vulnerable members of our community - older people, people with disabilities and, children - by ensuring that the services with which we provide them are the very best possible

- b all citizens by ensuring that vital council services that secure their well-being continue to be delivered and that all customer groups receive equal outcomes
- c the financial interests of our residents by not raising the amount of Council Tax they pay in 2011/12
- d staff by ensuring wherever possible that we provide security of employment.

Partner

- a increase public participation in decision-making and service delivery
- b bring together service provision from a range of agencies at a local level so that individuals, community groups and voluntary bodies can shape and prioritise and even take control of delivering services that are needed at a local level.
- c with the voluntary and community sector; health services, and city partners in the police, fire service, education and business to join up services and make the most of all the resources within the city
- d cost and quality of services are important to CYC - where we cannot match both the cost and quality of service offered by other providers we will consider using the community and voluntary sector, staff co-operatives or the private sector to deliver services.

Efficiency

- a we will continue to monitor spend and drive costs down
- b we will rationalise and reshape services to make them as efficient as possible
- c get better value from our non salary spend through effective procurement

Department Overviews

12 The following sets out an overview of each department and how each will meet the principles set out in paragraph 11.

12.1 Overview

Adults, Children and Education Services will:

- continue to provide high quality services and safeguarding for vulnerable children, maintaining a budget of £13.4 million
- continue to invest £175m per year to provide the highest quality services which prioritise safeguarding and maximise the achievement of all young people.
- maintain our commitment to providing an excellent schools service for the city which supports outstanding academic achievements.
- work with partners to ensure the ongoing delivery of youth services for all young people with particular focus on those in greatest need
- continue to support adults with their social care needs and enable them to manage their own care & support and maintain their independence as much as possible, with continued funding of £67.1m pa

- invest £7.9m over 5 years in providing additional facilities to promote independent living for vulnerable adults
- continue to spend £22.9m on services for disabled people
- invest an additional £3.5m in the care needs of disabled adults and older people in ways which promote independence and personalisation
- invest £6.65m over the next five years in additional facilities and grants for disabled people.
- invest £1.25m over five years in technology in the homes of vulnerable adults to maintain their independence

City Strategy will continue to:

- spend over £8m revenue and £2m capital on local transport initiatives including concessionary fares, subsidised bus services and improving local highway, cycling and pedestrian facilities
- provide a high quality planning service including a refreshed development management service, building control and land charges service
- seek to reduce the carbon footprint of the council and wider city.
- invest c£2m in economic development initiatives including maintaining the city centre as a key economic driver as well as supporting employers and small business across the city.
- produce and maintain strategic plans for the city on economic development, spatial planning and transport.
- manage the council's property asset base.

Communities and Neighbourhood Services will:

- spend £12m on services which improve wellbeing for residents and attract visitors to the city for the arts, festivals and music, sports, leisure, play, libraries and adult learning. Also provide quality public spaces in our parks and communities
- work with partners and communities to provide modern high quality frontline services in neighbourhoods in the city
- spend £24m on the cleanliness of our Environment, the condition of the cities roads, collecting and recycling our waste and providing parking facilities in the city
- spend £34m pa on the provision of housing services in the city for those in need. We will invest a further £28.9m on council houses over the next five years, including upgrades to kitchens, boilers and aerials.
- work with partners to ensure there are low levels of crime and antisocial behaviour, and that business premises are properly regulated. Provide quality registration and bereavement services

Customer and Business Support will:

- continue to manage the finances, the workforce, the technology, the procurement of goods and services and the legal and democratic service to provide essential support services for all front line services as well as providing excellent, accessible customer services.

Office of the Chief Executive will:

- continue to manage the procurement of goods and services, the council's strategy partnerships and communications, manage the councils' business change programme and deliver corporate support for performance management and business intelligence, provide essential support services for all front line services.

12.2 Create

Adults, Children and Education Services will:

- create modern, state-of-the-art residential facilities for older people

City Strategy will:

- recognise the investment and jobs that developers bring to our city. We will continue to support them by making improvements to the way in which our planning services work. A new chargeable pre-application service will be introduced to advise on how national, regional and local planning processes could apply to any proposal. In addition the council will provide a point of contact to support an application through all its stages.
- continue to find ways to support the promotion of the city as a tourist attraction and will increase the number of markets and events held in 2011.

Communities and Neighbourhood Services will:

- secure opening of the Barbican as a high profile international venue
- support the bid to become a UNESCO City of Creative and Digital media
- develop a foyer scheme facility for young people, which will reduce homelessness, and reduce the long term cost of these services

Customer and Business Support will:

- create an internal service to provide temporary staff which will reduce the cost of hiring external short term staff and create job opportunities in the city.

Office of the Chief Executive will:

- create jobs in the city by supporting the creation of an internal service to provide temporary staff which will reduce the cost of hiring external short term staff

12.3 Protect

Adults, Children and Education Services will:

- integrate early intervention services for children (including Education Welfare) to provide more joined-up & targeted support to those who need it. This integrated approach to getting early support to children & families is more cost effective to provide in itself but also means fewer children will need (more costly) social care support at a later date.

- rationalise how Children's Centres are run to improve efficiency and make best use of the money and resources available, ensuring that these resources are prioritised towards the most vulnerable children & young people.
- increase the number of local foster carers to maximise the local placement of children in care and also reduce the costly spend on Independent Fostering Agencies and other out of area placements.
- continue to provide support for young people throughout the city, for example through the Castlegate facility in the city centre.
- reshape music services to provide opportunity for all pupils in schools in the city
- by taking an "early intervention" approach to social care, we will provide an expanded reablement service to enable customers leaving hospital etc. to regain their independence, reducing or removing their need for ongoing care. This both promotes independence and freedom for customers and reduces long-term care costs to CYC.
- create greater choice for older people to enable them to remain in their own homes through the use of assistive technology with £1.25m to be spent on Telecare over five years

City Strategy will:

- continue to drive down carbon emissions and support sustainability in the city by improving energy management across the council's buildings and facilities.
- the Park & Ride service has been key in reducing congestion and in safely transporting residents and visitors to the city centre. A 50p charge for concessionary pass holders will be introduced to reduce the burden on lost concessionary fare funding. The council will continue to provide significant out of town free parking and to safely transport approximately 1.5million people into the city centre and back.

Communities and Neighbourhood Services will:

- work with community, and voluntary groups across the city to ensure the funding provided is used effectively
- continue to provide grant funding to the Museums Trust and Theatre Royal working towards a reduced rate to ensure the continuation of the facilities in the city.
- increase occupancy of allotments bringing more land into cultivation
- spend £16m per year to keep our streets clean and safe, to remove rubbish and litter, to maintain our excellent record on recycling and Improve recycling facilities in the city
- invest £1m over the next 5 years In new technology solutions to reduce our energy usage
- invest a further £23.6m over the next 5 years in the council's roads, bridges and drains in addition to an annual repair budget of £4.1m
- work with partners and communities to increase the recycling rate in the city by at least 1%

- use £2.5m funding secured by building affordable new home on council owned land to provide essential housing services.

Customer and Business Support will:

- streamline all support services to ensure that they deliver the best possible support to frontline services
- increase the range of services that can be accessed online.

Office of the Chief Executive will:

- protect core services by streamlining all support services to ensure that they deliver the best possible support to frontline services.

12.4 Partner

Adults, Children and Education Services will:

- work with voluntary and community groups to expand their involvement in providing universal services for young people.
- partner with other authorities to provide School Improvement services or rationalise and market York's excellent-rated service to other authorities.
- work with all city partners and voluntary sector and community partners to join up services at a local level
- work with health professionals to reshape health and social care services for older people
- work with partners to maximise availability, quality and cost-efficiency of social care services.
- work with all city partners and voluntary sector and community partners to join up services at a local level

City Strategy will:

- continue to provide grants to organisations who work with us to support economic development and tourism in the city. Given the reduction in the council's funding from government, there will be proportionate reductions in the level of grants provided to others.
- work with other councils to find ways of delivering services jointly to reduce cost and maintain quality services to residents. In particular we plan to work with neighbouring council's to exploit York's traffic management expertise.
- work with schools and parents to ensure the ongoing provision of cycle training for children and young people as part of our commitment to healthy lifestyles and sustainability.

Communities and Neighbourhood Services will:

- work with all city partners and the voluntary sector and community partners to join up services at a local level, remove duplication and provide services focussed on the needs of local people.
- ensure that local communities, voluntary sector organisations and partners have the opportunity to develop and deliver their own solutions for a wide range of services.

- expand the Explore Library model, creating central community hubs where community groups can utilise the space and we will increase voluntary and community engagement in delivering the service.
- increase community engagement and community management in parks and open spaces
- work with all city partners and the voluntary sector and community partners to join up services at a local level, remove duplication and provide services focussed on the needs of local people.
- ensure that local communities, voluntary sector organisations and partners have the opportunity to develop and deliver their own solutions for a wide range of services.

Customer and Business Support will:

- set up a trading company to provide support services to other public sector organisations and making savings as a result of economies of scale.

Office of the Chief Executive will:

- create focussed prioritised relationships with partners that enable us to work closely together in future
- support the setting up a trading company to provide support services to other public sector organisations and making savings as a result of economies of scale.

12.5 Efficiency

Adults, Children and Education Services will:

- reduce costs by integrating and rationalising our management structures and support functions
- maximise the use of The Glen Children's Respite Home and Wenlock Terrace Children's Home, making best use of them by selling vacant places to other authorities to provide income whilst also enabling us to keep the facility available for local use.
- restructure adult education services to reduce management and administration costs
- ensure that charges for discretionary services like music services and arts consultants cover the full cost of providing them.
- reduce costs by integrating and rationalising our management structures and support functions
- reduce the unit cost of providing residential care for older people by renegotiating contracts to reduce spend on the procurement of goods & services in our elderly persons' homes and improve rotas of care staff to achieve the most efficient use of our resources.
- increase the "personalisation" of social care, providing customers with more choice and control over their care by reducing the cost of high quality care services and home support services to customers.
- make sure charges to customers are clear and transparent and reflect the actual costs of service.

City Strategy will:

- continue to remove duplication and inefficiency in our services
- reduce costs through improved procurement of services.
- reduce management posts and other posts following a review of all services.
- where the council is using its own vehicles to transport residents across the city, we will consider how spare seats could be offered to Dial & Ride customers.
- renegotiate the cost of concessionary bus services and subsidised bus services.

Communities and Neighbourhood Services will:

- streamline management structures and use innovative technologies and business processes to deploy staff more efficiently and reduce the need for temporary staff and overtime.
- consolidate the procurement of services and supplies to reduce spend on items such as construction materials, transport and fleet contracts and public convenience cleaning services.
- simplify the maintenance of parks and open spaces through re-landscaping of existing green areas.
- provide online and electronic community publications and communications in order to improve community engagement and reduce costs.
- ensure that charges for discretionary services cover the full cost of providing them.
- streamline management structures and use innovative technologies and business processes to deploy staff more efficiently and reduce the need for temporary staff and overtime.
- consolidate the procurement of services and supplies to reduce spend on items such as construction materials, transport and fleet contracts and public convenience cleaning services.
- modernise the parking service to introduce customer focussed shift patterns and new ways of making payment online or by phone.
- highways maintenance will be provided more effectively by managing and scheduling the repairs in line with the classification of the road and the extent of the damage
- ensure that charges for discretionary services cover the full cost of providing them.

Customer and Business Support will:

- rationalise and streamline all teams within customer and business support services
- continue to reduce the cost of goods and services through commercial rigorous procurement to control demand and ensure the Council gets the best deals available from its non salary spend
- reduce the cost of internal communications
- consolidate customer consultation activity across the Council
- further improve debt management and recover more debt.

Office of the Chief Executive will:

- reduce the number of managers at all levels across the organisation, saving £2.3m
- rationalise and streamline all teams within office of the chief executive services
- continue to reduce the cost of goods and services through commercial rigorous procurement to control demand and ensure the Council gets the best deals available from its non salary spend
- reduce the cost of internal communications
- consolidate customer consultation activity across the council.

REVENUE BUDGET 2011/12 - DETAILED ANALYSIS

Background

- 13 The base for the 2011/12 budget is the council's net revenue budget for 2010/11 of £117.050m. The medium term financial strategy (MTFS) for 2011/12 (presented to the Executive on 16 November 2010) included the following key assumptions:
- a 0% council tax rise, with support provided by central government at a level equivalent to a 2.5% rise
 - b formula grant to be reduced by 7% per annum (28% over 4 years)
 - c specific grants and area based grants to be reduced by between 7% and 10% per annum, but to be funded by reprioritisation of existing resources, or reduction in service
 - d pressures classed as 'unavoidable' to be funded corporately, including any pay and pension costs, Treasury Management implications and investment to support the waste PFI project.
- 14 Further to these assumptions, directorates have been working throughout the summer to assess needs for investment in services, including areas that are causing issues in 2010/11, such as the rising demand in adult social care and issues related to the economic downturn. Any resultant gap was to be funded by saving made as part of the council's efficiency programme.
- 15 The financial context for the 2011/12 budget has been significantly impacted by:
- a Worldwide recession leading to central government deficit reduction plan
 - b Unprecedented reductions in public sector spending
 - c At the same time we have unavoidable ongoing financial pressures arising from
 - i Increasing number of older people, living longer and requiring care and support services for longer
 - ii An increase in the number of severely disabled children who require intensive support into and throughout adulthood
 - iii Reductions in income from council services as people have less money to spend
 - iv Reduction in funding of subsidised bus travel for older people
 - v Increased cost of waste disposal
 - vi Impact of changes to pensions and national insurance legislation

- 16 The Council's 2011/12 budget has been developed within the constraints of the extremely challenging financial climate, the government's Spending Review and provisional finance settlement information. In particular:
- a Total reductions in government funding of 28% over the next four years, heavily frontloaded with York's grant being cut by 13.3% in 2011/12.
 - b 22 grants, worth £14,404k in 2010/11 and with an indicative value of £11,493k in 2011/12, have been rolled into the formula grant.
 - c The increase in formula grant in the provisional settlement, including the grants transferred in, is only £5,198k, leaving a shortfall in funding of £9,206k between the two years.
 - d 23 grants, worth £8,200k in 2010/11, have been transferred to the new Early Intervention Grant, for which the council will receive £6,350k in 2011/12 a further shortfall of £1,850k.
 - e 21 grants, worth £13,685k in 2010/11, have been incorporated within the Dedicated Schools Grant (DSG). The provisional DSG for 2011/12 is £106,564k, an increase of £13,659k from the 2010/11 level (subject to pupil number adjustments).
 - f There are a further five grants (worth £759k in 2010/11) as yet still under review.
 - g Against these pressures Executive were advised in December that directorates would need to find savings of approximately £15m to be able to set a balance budget for 2011/12.
 - h In addition, other grants (worth £5,729k in 2010/11) which formerly were direct grants to service areas have been cancelled, creating additional financial pressures in directorates.
 - i While the Council has been penalised over the past few years by the workings of the floors and ceilings within the formula grant mechanism, for 2011/12 this same process will offer the protection of a damping gain of £2,508k.
 - j The Council will receive a further reduction in formula grant of £5,040k in 2012/13.
- 17 Against these funding reductions the Council has been offered a sum of £1,828k per annum for each year of the Spending Review period if the council tax level in the area is frozen for 2011/12 at the 2010/11 level. At the same time the threat of 'capping' local authorities who decide to raise council tax levels or net expenditure above a level yet to be determined by the government has not been removed. York currently has the second lowest Council Tax of all Unitary Authorities.
- 18 The 2010/11 revenue budget monitoring process has identified areas of activity that currently have insufficient capacity to deal with the increased demands on those services. In addition consideration has been given to the Councils top priorities, and the need to ensure that key front line areas of activity, particularly

those in respect of adults and children, can continue to be provided. From this analysis, specific areas of investment will be proposed within the Councils 2011/12 budget , in particular within the following areas :

- Increasing demand on adult social care services
 - Impact of economic downturn on the Council's income generating services
- 19 The proposed budget for 2011/12 reflects the need to direct investment into these areas in order that planning and monitoring of service delivery and improvement can take place against an adequate resourcing platform.
- 20 In addition, the Council recognises that adequate provision needs to be created within the budget to ensure that the continuing financial impact of the economic downturn can be contained effectively. Following detailed review of economic pressures both on front line services and the Council's Treasury Management function, it is proposed that money will be set aside within the budget to contain the impact of these pressures.
- 21 In order to create the financial capacity to enable adequate investment in these priority areas the budget strategy has been based around certain key financial management principles. A fundamental maxim of the strategy is that Directorates have been made clearly responsible for the robust and effective self-management of their existing financial resources and that restraint has been expected in putting forward requests for additional growth in budget to be funded corporately.
- 22 Directorates have been expected to contain their net expenditure within clearly defined and strictly enforced cash limits with a clear expectation that Directorates self manage all non-exceptional budget pressures within this cash limit. These pressures include the anticipated cost of the pay award and any incremental increases due in year. Explicitly linked to self-management within defined cash limits has been the requirement for directorates to demonstrate the re-allocation of budgets in order to contain internal financial pressures.
- 23 York has a strong track record of delivering Value for Money and initiated an innovative efficiency programme, More for York, which is on track to deliver £9m savings from the work undertaken in the current year so it is well place to meet the financial challenges set out above.
- 24 The provisional funding settlement for 2011/12 was released on 13 December 2010 and final details were published on 31 January 2011. As a result of the spending cuts announced in the Spending Review, York suffered a reduction of 15.6% in funding.
- 25 In previous years York has been subject to a top slicing of its grant in order to ensure that all authorities receive a minimum increase. However, because of changes to a number of the formulae used to calculate grant, this year's distribution has altered significantly and York now finds itself below the floor,

which is a negative 15.2%. This has resulted in York receiving an additional £2,508k in floor damping funding.

- 26 York receives £245.41 of formula grant per head of population compared with the unitary average of £382.23.
- 27 In arriving at the budget proposals to be recommended to Council consideration has been given to the savings and growth proposals considered by the individual Executive Decision Making Sessions (EDMS) meetings and the representations thereon, as well as the responses to the budget consultation exercise.
- 28 Members of the Executive will be asked to recommend the expenditure and income proposals in this budget paper for the approval of full Council on 24 February 2011.

Expenditure Pressures & Budget Position

- 29 Annex 1, summarised in Tables 1 to 5, sets out the latest estimate of the budget position for 2011/12, using the funding assumptions described in the earlier section and the savings and growth being recommended to Council. Annex 2 summaries the same information on a directorate basis.

Expenditure Requirements	2011/12 £'000
Net Expenditure Budget for 2010/11	117,882
Less: One-off Funding for non-recurring items	-832
Starting Expenditure Requirements for 2011/12	117,050
Add: Direct Grants transferred into formula grant	14,404
Adjusted Starting Expenditure Requirements for 2011/12	131,454
Expenditure Pressures in 2011/12	
Unavoidable and corporate non-schools expenditure pressures	5,476
Priority investment	1,109
Directorate loss of direct government grants	5,729
Directorate growth funded via reprioritisation	2,809
One-off growth	442
Total Expenditure Pressures	15,565
Total Expenditure Requirements for 2011/12	147,019

Table 1 - 2011/12 Expenditure Requirements

- 30 The corporate, priority investment and directorate spending pressures and growth proposals are outlined in Annex 3 and summarised in Table 2.

	Proposed Ongoing	Proposed One-off
	£'000	£'000
Unavoidable and Corporate Growth		
Treasury management	1,131	0
Increments and pay and grading appeals	1,995	0
Increase in pension fund costs, redundancy payments and national insurance	1,950	0
Contingency fund	400	0
Total unavoidable and corporate growth	5,476	0
Priority Investment		
Waste	750	
Reduced Yorwaste Dividend	230	
Revenue costs of new capital schemes	129	
Total priority investment	1,109	0
Directorate Growth funded via Reprioritisation		
Adults, Children and Education loss of direct grant	5,729	0
Adults, Children and Education	1,449	0
City Strategy	760	0
Communities and Neighbourhood Services	0	202
Customer and Business Support Services	0	240
Office of the Chief Executive	600	0
Total directorate growth	8,538	442

Table 2 - 2011/12 Summary of Growth

- 31 Annex 3 lists growth proposals totalling £9,836k split between base budget of £9,394k and one-off budget of £442k. Within this, £6,913k relates to recurring directorate pressures, including both the priority investment items listed above and directorate growth funded via reprioritisation. The proposed funding for the one-off growth items is £60k from one-off saving with the remainder being funded from the surplus available from the collection fund (which is also one-off income, see paragraph 54 for further information).

Unavoidable and Corporate Growth

Treasury Management (£1,131k)

- 32 The council has to make provision within the revenue account to fund the interest paid and principal repayments on any borrowing it undertakes. Overall there is a growth proposal for £1,131k in the treasury management budget due to the increase in interest paid on borrowing in line with the capital investment requirements of the capital programme. There is little impact from the principal repayments of debt known as the minimum revenue provision and interest earned remains low in the historically low investment interest rate environment.

- 33 The MRP represents the minimum amount the council must set aside to repay its debt, rather like the principal element of a mortgage repayment. This is calculated as a percentage of the council's capital financing requirement. The capital financing requirement reflects the council's underlying need to borrow for a capital purpose. Further detail on treasury management is included in a separate report on this agenda.

Other Unavoidable and Corporate Growth (£4,345k)

- 34 The job evaluation exercise resulted in a twelve grade structure with four levels within each band. 2011/12 is the final year that will include incremental payments for staff appointed at the bottom of the grade as part of that process. It should be noted that these pressures were included within the appropriate EDMS report and are included within the departmental analysis in Annex 2.
- 35 The latest valuation of the North Yorkshire Pension Fund was as at 31 March 2010, and this provides the revised employer contribution rates for the three year period from 2011/12. York's pension fund deficit is now estimated at £102.96m compared to the last valuation figure of £95m. The Fund's actuary has allowed employers to increase their deficit recovery period to a maximum of 30 years in response to the steep cuts in funding arising from the Spending Review.
- 36 At the time of the 2007 valuation York's employer contribution rate was 18% of pensionable payroll, comprising 12.3% for future service and 5.7% to contribute to the deficit. The actuary has amended his methodology and the deficit is now expressed as an actual monetary amount rather than a percentage of pay. This reflects his assumption that payrolls are likely to reduce over the following three years as the impact of spending cuts are felt.
- 37 In order to limit the pressure on budgets York has extended its deficit recovery period to 26 years (all other North Yorkshire authorities are at 30 years). The future service element has reduced to 12.2% of pensionable payroll and the annual payment that must be made to reduce the deficit for 2011/12 is £4,962k. It is expected that this will translate to an overall increased employer contribution rate of 19% for 2001/12. However, the requirement for an annual payment to be made (and therefore only the 12.2% service element is attributable to any savings) will in effect reduce the amount that can be saved from a number of staffing related savings. In addition there will be a need to make provision for payments to the fund relating to cost of early retirement arising from redundancies. The estimated cost of all these changes is £1,500k.
- 38 A sum of £450k is provided to fund the net effects of the 1% increase in the employer contribution rate for national insurance and rise in the weekly threshold for contributions. This figure is a prudent estimate based on current pay commitments to cover the net overall pressure created by these changes.
- 39 The contingency budget for 2010/11 was set at £585k. Of the £420k released during the year only £20k is an ongoing allocation - the remainder has provided funding for issues that have arisen in the year. The base budget remaining of

£565k has been offered up as a saving for 2011/12. It is recommended that the minimum level for 2011/12 is a contingency in the sum of £400k. This is based on a risk assessment of all the financial issues that face the council next year, including income reductions in the current economic position continues.

Priority Investment

- 40 The council has experienced cost pressures during 2010/11 due to demographic and demand-led changes which will have continuing impact in 2011/12. At the same time there are other pressures that result from council and government priorities. Each of these has been separately addressed during the preparation of the budget and is detailed below. It should be noted that these pressures were included within the appropriate EDMS report and are included within the departmental analysis in Annex 2.
- 41 In order to avoid increasing landfill tax liabilities and penalties the council is undertaking a joint procurement exercise with North Yorkshire County Council (NYCC) for a waste processing facility to reduce the amount of waste landfilled. In the meantime, the government has confirmed that landfill tax will increase by £8 per tonne from April 2011. Further investment costs arise from the implementation of the approved waste strategy refresh report and from further promoting the need to reduce landfill and increase recycling and for anticipated LATS penalties. Altogether £750k is being invested.
- 42 The dividend profile anticipated from Yorwaste shows a marked downturn on the previous levels and the amount included in the base budget. The budgeted level is £430k whilst the anticipated dividend is likely to be £200k, resulting in a budget pressure of £230k.
- 43 Adult social care costs are increasing due to demographic changes, increased demand and known costs associated with individuals with complex needs transferring from Children's Services. Three schemes are being developed which will provide long term solutions for individuals with complex needs and support the agenda of moving away from residential care to more personalised outcomes of care based in the community, which put the individual at the heart of the care planning and management process. Provision is also made to fund the current level of unbudgeted take up of Direct Payments being experienced in 2010/11, and which will allow the Council to continue to meet its statutory responsibilities in this area. In addition the Council is expecting to be able to access, in conjunction with the Primary Care Trust (PCT), £2m of additional government funding in 2011/12. The expectation is that this funding will be used on a partnership basis to manage the additional costs of projected demographic increases in the adult care population in the city. Provision is also included for a supported living scheme for 21 clients at Mayfield Court. In total increased investment of £1,449k is being made to meet all these demands.
- 44 Other areas where investment is being made is to cover the revenue costs of schemes in the council's capital programme, the cost of the local elections in

May 2011 and the approved cost of the More for York programme team within OCE; as agreed by the Executive on 2nd November 2010.

Directorate Budget Growth and Investment

- 45 As set out in paragraphs 21 and 22 directorates identified cost pressures relating to price inflation, increments, additional costs following the implementation of the pay and grading review, loss of direct service grant and other areas which require increased investment for which they needed to identify savings/efficiencies. The full list of the directorate growth proposals, including those that are shown as priority investment in Table 2, are detailed in Annex 4.

Funding Position

Government Settlement - 2011/12

- 46 Although the Spending Review set out a four year recovery plan the government has only set out 2 years of funding for local government with the announcement of the final 2011/12 local government finance settlement on 31 January 2011, along with the provisional 2012/13 settlement. Formula grant for 2011/12 is £49,768k, a decrease of 15.6% on 2010/11, whilst 2012/13 show a further 10.0% loss of funding at £44,728k. The decision to provide only a two year settlement allows the coalition government time to consider a total overhaul of the current distribution model.

Funding Requirements	2010/11 £'000
Existing funding	-117,882
Removal of one-off funding for non-recurring exp.	544
One-off use of collection fund surplus	288
Starting Funding for 2011/12	-117,050
Funding Changes in 2011/12	
Increase in formula grant	-5,198
Lead Local Flood Authorities Grant	-120
Contribution from collection fund surplus	-1,000
Total Additional Funding for 2011/12	-6,318
Additional council tax income received from an increase in council tax base	-653
Council Tax Freeze Grant	-1,828
Net Funding Available	-125,849

Table 3 - Funding Available 2011/12

Budget Position Summary

- 47 The above has highlighted both corporate and departmental expenditure pressures and changed funding that the council will be receiving in 2011/12. The following table shows the budget position at this stage.

	£'000
Direct grants transferred into formula grant	14,404
Corporate expenditure pressures	5,476
Priority investment	1,109
Directorate loss of direct government grants	5,729
Directorate growth requirements	2,809
Net one-off growth	442
Total Expenditure Pressures	29,969
Additional government grant	-5,198
Lead Local Flood Authorities Grant	-120
Additional council tax income	-653
Collection fund surplus	-1,000
Council Tax Freeze Grant	-1,828
Total Additional Funding	-8,799
Budget Gap	21,170

Table 4 - Budget Position Summary

Savings and Income Generation

- 48 Once again the More for York programme will be used to support the delivery of the savings. The programme will now be on a much larger scale and Directorate Management Teams will be central to delivery and managing the changes. It must be stressed that achievement of these efficiencies will not be easy to deliver but they are essential in order to deliver investment into priority areas. The scale and pace of the transformation process in coming years will be critical to the council maintaining financial stability. In addition, clearly with the future pressures on public spending, combined with known forecast increased pressures in children's care, adult care, and waste management, the council will face the need to both achieve significant transformational change, and review the overall type and level of service provision in coming years.
- 49 As required by the principles outlined in paragraph 11 directorates have put forward savings of which £19,929k is being recommended, including the full year effect of the 2010/11 More for York programme, with a further £60k to fund items of non-recurring expenditure, giving a total of £19,989k. Net corporate efficiency savings, comprising the removal of budgets for 2010/11 pay award and contingency not utilised for recurring expenditure, of £1,365k have also been identified. Annex 4, summarised in Table 5, details the £21,170k of individual savings and income generation proposals on a directorate basis.

	2010/11 £'000
Adults, Children and Education	-11,430
Communities and Neighbourhood Services	-4,219
Customer and Business Support Services	-1,528
City Strategy	-1,978
Office of the Chief Executive	-650
Net Total of Savings	-19,989
Corporate Savings	-1,365
Total Savings	21,170

Table 5 - Saving Proposals

- 50 The savings proposals above, if accepted, will reduce the establishment by approximately 170 fte posts, although some of these are part-time and some are currently vacant. It is not possible to calculate a cost in terms of redundancy or early retirement as staff may be redeployed into other posts. Comments from the Assistant Director of Customer & Business Support Services (Customers & Employees) on the implications of these proposals in terms of posts lost and possible redundancy situations are detailed later in this report.

Council Tax and the Collection Fund

- 51 The existing components of the current (2010/11) band D council tax for a CYC resident are shown in the Table 6. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

	£
City of York Council	1,090.85
North Yorkshire Police Authority	204.55
North Yorkshire Fire Authority	62.10
TOTAL	1,357.50

Table 6 - Make Up of 2010/11 Council Tax

- 52 The recommendation made in these papers is that from April 2011 the CYC element of the council tax will remain at £1,090.85, hence allowing the council to claim the council tax freeze grant.
- 53 The collection fund is the ring-fenced account where all council tax is credited. This account can either be in surplus or deficit at the year-end, depending on whether the authority has managed to collect more or less than it originally anticipated and the growth in property numbers. If there is a surplus, the funds are used to reduce the council tax. If in deficit, a higher council tax must be set and the taxpayer must fund the shortfall. All major precepting authorities share in any surplus or deficit on the fund; York's share of the surplus in 2010/11 is 80.48%.

- 54 For a number of years, due to high collection rates and the buoyancy of the housing market, York's collection fund has been in surplus. During 2009/10 and 2010/11, despite the current economic position but also reflecting the fact that there are increased numbers of accounts paid through the benefits system, the position has been maintained. As a result a one-off contribution towards the council's budget of £1,000k is being made, which is being used partially to fund the non-recurring growth items identified in Annex 3 and partially to fund expenditure which will be funded by the full year effect of 2011/12 savings from 2012/13 onwards.

Fees and Charges Proposals

- 55 Detailed proposals for fees and charges were included in each directorate's budget EDMS papers in February 2011 and as such are available in the Members library. The vast majority of proposals have taken account of such factors as current retail price indices, possible impact on customer numbers, knowledge of business and current market conditions and benchmarking exercises.

Reserves

- 56 Table 7 shows the position on the general fund reserve which, it is anticipated, will be £6.752m by the end of 2011/12. These figures are based on the assumption that Members agree the recommendation in paragraph 54 to use the collection fund surplus to fund non-recurring growth proposals. In the longer term the council's budget should not rely on one-off funds to support recurring expenditure, but it is good financial practice to use such funds to support one-off expenditure. It should be noted that the figures below assume that there will be no requirement to fund an overspend against the 2010/11 budget and the year-end position will change depending on how the final out-turn compares to this estimate.

	2010/11 Projected Out-turn	2011/12 Budget
	£'000	£'000
General Fund Total at end of year	6,752	6,752
Prudent Minimum Reserves	5,893	6,095
Headroom (+)/Shortfall (-) in Reserves	+859	+657

Table 7 - Projected General Reserves

- 57 Formerly CPA guidance recommended a prudent level of reserves should be 5% of the net non-schools revenue budget. For 2011/12 this would be equal to 5% of £125,713k, or approximately £6,286k.
- 58 However, in line with best practice the council also undertakes a targeted calculation taking into account identified risks and known commitments. In considering what level of general purpose balances that should be held it has been determined that the prudent level must include provision for such

eventualities as the Bellwin scheme costs of two major disasters in a financial year, 2% of the council's net revenue budget, a shortfall in council tax income of 0.5% and sufficient to cover the highest level of departmental overspend in prior years.

- 59 The total from the risk based calculation is that the prudent minimum level of reserves should be £6,095k compared to the former CPA guideline figure of £6,286k. Details of the forecast levels of the general fund reserve are shown in Annex 5, together with an update of future levels of the council's venture fund.

General Contingency

- 60 In order to meet any unforeseen or currently unquantifiable costs which may arise during the financial year, the council sets aside a contingency amount in the budget. This is a prudent way to ensure that unforeseen costs do not result in any substantial overspends against budget, which would impact on council reserves or require in-year cuts to be made. Since decisions to release contingency funds are reserved to the Executive it also allows a clear and transparent decision to be made about the release of contingency funds based on information provided in reports to the Executive. Due to the uncertainty of the size and nature of the issues and indeed whether some of them will happen at all, the level of funding provided is less than the total potential demands.
- 61 The general contingency for 2011/12 will need to be set at a level to allow the council to cope with some potentially significant financial issues, which are at this stage not fully quantifiable as well as any implications of the government's change agenda. A level of £400k is recommended.
- 62 In the context of the estimates provided above and the difficulties of forecasting whether or not the economic downturn will continue it is recommended that Members set a contingency for 2011/12 of £400k.
- 63 The contingency included in the 2010/11 budget was £585k which, apart from £20k used for recurring expenditure, has been used to fund one-off items of expenditure, with the remaining sum held against overspending areas. Whilst this has not been allocated to schemes in the year it has been referred to in current year budget monitoring reports as being used to offset the pressures across all areas, and the monitoring reports have identified this specifically. The base figure remaining of £565k has been offered up as a saving. If the contingency amount is agreed at £400k there is a need for a growth item of the same amount.

Adopting Changes to the Proposals

- 64 Details of service budgets and plans were provided to Members as part of the EDMS papers for consultation. Included in those papers were a number of items identified as to be proposed to the Executive. The recommendations in this report are based on a set of proposed growth and savings items which, when amalgamated with the grant settlement and a zero council tax increase, produce a balanced budget.

- 65 At Executive or Full Council Members are invited to move amendments in order to either
- a. to make amendments to, delete or enhance the list of budget options that are proposed
 - b. to alter the council tax level, taking account of the information about possible capping and allowing for the fact any increase in council tax will mean that the council tax increase grant of £1,828k will be lost, thus increasing the council tax by at least 2.5%.
- 66 Members also need to take due cognizance of the need to ensure that any amendments to the budget are balanced: that is savings and growth must either equal each other; or be corrected via appropriate transfers to or from reserves; or result in equivalent adjustments to the council tax levied by the council; or reflect adjustments to the fees and charges levied.

Housing Revenue Account (HRA)

- 67 There is a separate budget report for the HRA which is attached at Annex 6. The result of all the adjustments outlined within the report is an in-year surplus of £383k. Together with the projected brought forward working balance of £9,189k this leaves a working balance of £9,572k on the account.
- 68 This surplus is broadly in line with that forecast in the HRA business plan. The HRA surplus needs to remain on the account to be reviewed once the HRA business plan is updated to reflect both the budget detailed in this report and the 2010/11 outturn position. Members are reminded that the HRA surplus is needed to fund expenditure in future years.
- 69 A major reform of HRA finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed. At the time of writing the details of the proposed self financing offer had only just been received and officers are working through the detailed implications on the HRA business plan and future funding streams.

Dedicated Schools Grant (DSG) and the Schools Budget

- 70 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2011/12).

71 The council itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the Schools Forum limited contributions can be made to the following areas:

- Combined budgets supporting every child matters objectives where there is a clear educational benefit.
- Prudential borrowing, where overall net savings to the schools budget can be demonstrated.
- Some SEN transport costs, again only when there is a net schools budget saving.

72 There are also strict limits (central expenditure limits [CEL]) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside mainstream schools, or to provide targeted allocations during the financial year to maintained schools.

73 Annex 7 sets out the budget proposals for the DSG and schools budgets, which will give £4,657 per pupil.

Funding Available within the DSG

74 The funding available includes the estimated 2011/12 DSG allocation of £107,076k, an early estimate of funding for post 16 pupils from the YPLA of £6,722k, the estimated level of the pupil premium for York schools of £1,241k and an estimated surplus carry forward from 2010/11 of £100k. The figures are prior to the outcome of the January 2011 pupil census, and will be further updated when this data is available.

Balancing the Schools Budget

75 Annex 7 shows that there is headroom available within the schools budget of £758k. This figure is still prior to a precise assessment of pupil numbers being made following the January pupil census. If final pupil numbers vary from those currently estimated the impact will be felt both in the level of DSG to be received from the DfE and in the level of funding that will need to be allocated to schools through the LMS Funding Formula. The Executive will be provided with an update of the decisions and comments made by the Schools Forum.

Precepts

76 In addition to the council tax to be charged by the City of York, the overall charge must include the precepts from the Police Authority, Fire Authority and parish councils. Due to the timing of this report these precepts are not yet available but will be included in the report which is considered by full Council on 24 February.

- The Police Authority will be meeting on 7 February 2011 to determine its precept and council tax charge
- The Fire Authority will be meeting on 10 February 2011 to determine its precept and council tax charge.

- 77 Table 10 demonstrates both the cash and percentage increase in 2010/11 for these which resulted in a total band D council tax for a York property of £1,357.50.

	2009/10 Charge £	Increase (£)	2010/11 Increase (%)	Council Tax
CYC	1,062.17	28.68	2.70	1,090.85
Police	199.17	5.38	2.70	204.55
Fire	60.89	1.21	1.99	62.10
Total	1,322.23	35.27	2.67	1,357.50

Table 10 - Headline Council Tax Figures for City of York Area

- 78 There are 31 parish councils within the City of York Council area. Of these 30 have notified the council of their precepts for 2011/12 at an average increase of 3.47%, however there is a wide range of variations from a reduction of 9.86% to an increase of 33.33% in the individual precepts.

National Non Domestic Rates (NNDR)

- 79 In April 2010 the two NNDR multipliers were 41.4p in the pound for normal properties and 40.7p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). In April 2011 the multipliers will increase to 43.3p (by 4.6%) and 42.6p (by 4.7%) respectively.

THE FINANCIAL STRATEGY 2012-2017

- 80 The medium term revenue plan is based on an analysis of the key influences on the council's financial position and an assessment of the main financial risks facing the council. Attached, as Appendix 1 is the background to the Financial Strategy, including information on its purpose, links, priorities and issues, objectives and financial context. The financial forecast is set out below and the individual components of it are discussed in more detail in the following sections.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
RESOURCES					
Variation in Grants	5.04	1.00	3.00	3.00	3.00
Increase in Council Tax (1%)	-0.73	-0.74	-0.75	-0.75	-0.76
TOTAL VARIATION IN RESOURCES	4.31	0.26	2.25	2.25	2.24
INDICATIVE ALLOCATIONS					
Cash Allocations in budgets (pay/prices) 1% in 2012/13; 2% from 2013/14	1.31	2.63	2.67	2.74	2.78
Treasury Management	0.60	0.60	0.30	0.30	0.30
Pension Deficit	0.25	0.25	0.25	0.25	0.25
Waste PFI	0.75	0.75	0.75	0.75	0.00
General Demographic Pressures	1.50	2.50	2.50	2.50	2.50
Contingency Sum	2.00	2.00	2.00	2.00	2.00
TOTAL ADDITIONAL PRESSURES	6.41	8.73	8.47	8.54	7.83
Financial gap to be met from efficiencies and other savings	10.72	8.99	10.72	10.79	10.07

Table 11 - Revenue Plan 2012-2017

- 81 The figures outlined in Table 11 show the scale of the financial gap that will have to be met from efficiencies and other savings. In broad terms this is estimated at some £10m per annum, equivalent to almost 8% reduction in net

expenditure. It should be noted that many of the savings proposals set out in this report will have full year implications in 2012/13. Therefore these will contribute towards meeting a part of the forecast shortfall in 2012/13.

- 82 This sort of scale of reduction is very much in line with the forecasts of other public sector organisations, and clearly represents a major challenge for the council. Members should note the statutory advice of the Director of Customer and Business Support Services in paragraphs 126 to 137 in this context.
- 83 The council will need to plan effectively for the achievement of these efficiencies, in order to ensure continued financial stability of the council. This will require both a major programme of transformation/efficiency (which the council has embarked upon through More for York) and also a complete review of all areas of activity, the range of services provided, and the scale of such provision. Further regular reports to the Executive will be required over the coming year to consider these issues.

Variations In Grants and Council Tax

- 84 This assumes a reduction in general grant funding amounting to £5,040k in 2012/13, as indicated in the finance settlement, and further reductions in grant funding, estimated at £1,000k in 2012/14 and £3,000k for other years, as indicated in the Spending Review with council tax increases of 1%. Clearly these forecasts are merely for planning purposes, but they are based upon the broad objective that the medium term plan should not be based upon excessive council tax rises and the likely continuing reduction in central government funding. Ultimately it will be for Members to consider the balance between council tax and spending pressures, but an effective plan should promote the development of choices, rather than making an assumption that a high level of council tax will be the solution.

Cash Allocations

- 85 An increase of 1% for both pay and prices is assumed for 2012/13 with 2% for future years, recognizing both the general trend on pay and prices at present, but also the need to keep cost pressures to manageable levels in future years.

Treasury Management

- 86 For a very long time the council has had good treasury management performance. In recent years this has become excellent with our borrowing rates being among the lowest in the country and loans almost always being taken out at market low points. Investments have outperformed market benchmarks and cash flow has been very strong, although more could still be done in terms of the timeliness of income collection. This performance and the interest earned is now built into our interest and borrowing budgets and we have to achieve it in order to meet our budget expectations. With the global economic situation there is risk that this will not be achievable and the reliance on continuing with this level of performance over future years cannot be guaranteed.

- 87 The capital programme is funded from a combination of sources including grants, borrowing, capital receipts and revenue contributions. The current state of the economy and the general depressed property market make it an unfavourable time to be disposing of high value assets and this results in pressures being placed on capital receipts values being realised as discussed in the capital report. In addition, as there are no further surplus assets to dispose of to fund new capital expenditure requirements, the use of revenue contributions to fund capital expenditure on a permanent basis was introduced as part of the 2009/10 budget process. Due to the current pressures on all budgets across the council revenue contributions are not always available, therefore prudential borrowing is used as an alternative form of funding. This has resulted in growth in the treasury management budget to allow for a certain level of capital expenditure to be supported in line with the levels set out in the Capital Programme Budget report.
- 88 Further growth in revenue will be needed to fund the proposed capital programme for 2011/12 to 2015/16 and these assumptions will be incorporated into the council's medium term financial strategy, but will clearly need to be considered/reviewed as part of each years' budget setting process. In particular it may be that additional capital receipts are identified over coming years which would reduce the need for prudential borrowing, and also some capital schemes within the programme are still subject to detailed business cases being considered by the Executive, and as such some of the assumptions for future years will potentially change.

Deficit on the Pension Fund

- 89 When issuing the latest valuation of the North Yorkshire Pension Fund as at 31 March 2010, as explained in paragraphs 35 to 37 the actuary has changed the methodology for recovering the deficit funding element of the calculation from being incorporated in a percentage of payroll costs to an annual charge. The annual charge is scheduled to increase by £250k per annum over the period of the review.

Waste Management

- 90 There are significant cost pressures facing the waste management budget over coming years. Landfill tax is currently increasing by £8 per tonne per annum and the landfill allowances regime limits the amount of biodegradable municipal waste that the council can dispose using landfill. On current forecasts the council may not achieve the landfill allowance trading scheme (LATS targets) in 2011/12 and very unlikely to meet the target in 2012/13. This will mean the council will then have to buy LATS permits or pay fines of £150 per tonne. This is a consequence of the landfill allowance falling significantly to 20,640 tonnes by 2020. In current estimates this will cost the council £2,570k in landfill tax increases and potentially cost £3,600k in LATS fines over the next three years
- 91 On 9 December Full Council agreed to the award of a long-term Waste Management Service Contract to Amey Cespa. The contract, which is subject

to Amey Cespa receiving satisfactory planning approval, will treat the councils waste that is currently sent to landfill by

- Mechanical and Biological treatment to remove additional recyclates,
- Anaerobic Digestion of organic waste and
- thermal treatment of other waste resulting in the production of electricity.

92 The service will remove future LATS liabilities to the council and take away the risks of increasing landfill tax.

93 Full council agreed to set aside £750k for five years 2011/12 to 2015/16 in order to fund the long term costs of the new contract. This budget will also allow for the increases in landfill tax and to support the purchase of Landfill Allowances that will be needed in the period prior to operation (currently assumed to be in 2014/15). The council is currently monitoring developments within the local area particularly around anaerobic digestion plants to determine whether short-term contracts can be secured to divert waste until such time as the PFI facility comes on stream. However, if short-term solutions can not be secured, then the council will be looking to purchase LATS permits.

General Demographic Pressures

94 Nationally there are projections of significant demographic pressures expected over the next 10 - 15 years with respect to both the older peoples population and people with learning disabilities. York starts with a slightly above average older population for England and a 17% increase in the number of over 65s is expected by 2015 along with a 6.5% increase in the number of adults with a learning disability. The impact of this growth in the client base will be further magnified should historic increases in the average cost per client also continue. Alongside this a number of actions have been taken to control social care costs. In order to maintain a balanced budget into the future it is imperative that these actions are successfully monitored and delivered. Adult Social Services face a number of significant challenges and changes, mainly related to personal choice and funding agenda and the procurement of services. The Council's response to these issues and the changing demographics is critical to its future financial stability.

95 Services providing housing related support are currently funded by the Supporting People Grant. This grant has transferred into Formula Grant from 2011/12 and is therefore subject to a 13% reduction in its level. The grant is used to fund a range of services, including warden call, sheltered housing, homelessness support workers and support to vulnerable adults including victims of domestic violence.

Contingency Sum

96 A sum of £2,000k is included for each of the next 6 years, based upon past experience which suggest that there are always a number of pressures that emerge which cannot be identified at this stage. This also allows for proper

financial planning, and ensures the council is fully prepared for changes in financial circumstances.

IMPACT ASSESSMENT OF THE 2011/12 BUDGET PROPOSALS

97 The budget set out aims to tackle a variety of issues. Clearly it aims to be prudent and to set medium term plans which are set out in the report. However, a financial plan is more than just about the numbers, it is about how resources are allocated and what impact that allocation has upon a range of issues. The following sections bring together how this budget has contributed to the following:

- Council Priorities
- Feedback from consultation
- Economic downturn
- Sustainability
- Equalities

Council Priorities

98 The budget proposals contained within this report will support the achievement of the council's overall objectives in many ways, specific initiatives include;

- investment of £445k for issues that arise due to the economic downturn (Thriving City)
- investment in energy improvements and carbon reduction schemes in the capital programme (Sustainable City)
- investment of £1,499k in elderly care and Future Prospects (Inclusive City).
- Investment in the capital programme on highway maintenance (Safer City).
- cuts in administration, including staffing and back office savings, and increasing the scope of the council's ambitious efficiency programme (Effective Organisation).

Feedback from Consultation

99 As with previous years we have asked residents what services they value and where they would wish CYC to continue providing the levels of service they receive now and where they think we should reduce spending. This year steps were taken to reduce the cost of the Budget Consultation, whilst ensuring that it was statistically reliable. Budget questions were included in Your City and available online. Residents were also able to give their views through a separate online budgeting tool - YouChoose. The consultation generated a statistically reliable response of 738 for Your City and 465 for YouChoose.

Your City Questions - This was based upon 3 questions

- 60% of residents would choose to meet the budget challenge through higher fees and charges, 44% through reductions in service and only 30% of residents through increased Council Tax.

- People are more willing to pay increased charges for Planning, Parking and Leisure facilities than they are for Homecare services.
- In deciding whether budgets for different services should stay the same or be reduced, residents were more likely to say that funding for social care services, community safety and street based services should remain the same – 85% Children’s social care, 75% crime prevention and community safety, 76% Adult social care, 76% waste and recycling, 74% road and footpath maintenance and 70% street cleaning.
- Residents were more willing to reduce spending on a broad range of leisure and culture services and on young peoples services and transport with 64% reducing sport and leisure facilities (including events and activities), 63% reducing theatres and museums, 47% reducing parks and open spaces, 45% reducing libraries, 42% reducing young peoples services and 41% reducing transport services.

You Choose Questionnaire - This was an interactive online tool that asked residents to identify how to make £15m savings by either increasing/decreasing Council Tax, spend or fees and charges on a range of services.

- Perhaps because residents were asked to identify total savings they were generally much more likely to reduce expenditure in all areas. However the same pattern of preference as in Your City was repeated with 98% of residents reducing the budget for Council support and public engagement, 92% reduced leisure and culture budgets, 89% reduced Adult Social Care budgets, 81% reduced Children’s Social Care budgets whilst community safety was reduced by 74% of residents.
- In terms of service efficiencies and saving money, respondents were very supportive of all the options. A review of the authority’s fleet vehicles was supported by 82% of respondents, sharing services with partners by 78% and outsourcing services to external suppliers by 57%.

Face to face consultation - In early November 2011 members of our citizens’ panel, talkabout, attended a public event aimed at providing them with an understanding of the council’s funding situation and the budget challenges facing the city. Following discussions attendees were then encouraged to give us their views on the budget setting through the Your City questions and YouChoose online survey. In addition to this consultation with businesses took place towards the end of January 2011 with members of the Business Forum and York Professionals. The main issues raised by businesses were:

- Parking charges in the city centre compared to charges (or lack of) for shopping centres outside the city centre
- Local companies and training / apprenticeships for 16-18 year olds given more consideration in procuring work
- Age related concessions, including a review of the age concessions are made available in line with the changing population
- Ensuring standards for planning are maintained during economic downturn rather than making it easier for developers
- Staff to identify savings in their own areas, due to their knowledge

- Protecting pay for those on lower earnings (under £21,000) is important for the city to prosper
- Ensuring York residents still have access to the universities in the city after the restriction on tuition fees is lifted.

- 100 At a meeting of the Youth Council in early January 2011 members were asked to consider which services should have their funding stay the same and which could be considered to have their reduced (question taken from the Your City questionnaire). Of the 18 young people who attended the meeting, all agreed that the budget should remain the same for children's social care, community safety, services for young people and housing and homelessness. Services in which the group were more likely to believe that the budget could be reduced were parks and open spaces, libraries, theatres/museums, roads and footpaths and transport.
- 101 At its meeting on 14 July 2010, Effective Organisation Scrutiny Committee received a report on the Budget Strategy for 2011/12 and on the Medium Term Financial Planning for 2012/13 to 2014/15. The Scrutiny Committee applauded the proposals for earlier and enhanced consultation on the budget strategy and commended the fuller consultation proposals to the Executive.
- 102 In accordance with constitutional practice, at its meeting on 6 December 2010, Scrutiny Management Committee considered what level of budget it considered appropriate in the coming year to support scrutiny reviews. The Committee took into account existing levels of spend in 2010/11, some areas of likely spend in 2011/12 and the councils overall financial position. In the light of those considerations, the Committee agreed to recommend that, for 2011/12, the Executive maintain the current levels of funding for supporting scrutiny reviews at £15k.

Responding to the Economic Downturn

- 103 The financial strategy addresses the economic downturn in a number of ways. Within the separate report on the capital programme and referred to within this report, the impact of declining capital receipts is considered. This has major implications for the council and in order to provide for a balanced capital programme and to limit the extent of borrowing, the council will need to make prudent revenue provision to support the capital programme.
- 104 The revenue budget also considers the impact on a range of budgets and this includes car parking and the commercial portfolio charges, where income is likely to suffer. The budget for treasury management also considers the impact of reduced interest rates.
- 105 The continuing extent and impact of the economic downturn will be constantly monitored throughout 2011/12 and the council will endeavour to respond wherever possible or practicable to any events as they arise.

Sustainability

- 106 The council is making further investment in recycling in an effort to keep landfill to a minimum and is also continuing to support the joint waste PFI project with NYCC. The relocation to a new building will allow the council to rationalise numerous smaller buildings that are less energy efficient in a variety of ways compared to a single purpose modified and redesigned building. The new accommodation will be central to the council's strategy in meeting its carbon reduction.

Equalities

- 107 An equality impact assessment has been completed on the overall impact of the budget proposals and this is available as a supporting document to this report. This has been developed as a result of Equality Impact Assessments for services which are undergoing changes, and following consultation with groups with protected characteristics on the range of proposals. The impact assessment has highlighted that growth proposals will have a cumulative beneficial impact on groups with protected characteristics. Some savings proposals will have a cumulative negative impact on older and younger people who are disabled and their carers, these proposals also impact on other customer groups. The negative impacts are being mitigated through careful implementation and the positive targeting of growth funding at these groups. Members of the Executive are asked to:
- prioritise growth expected to have a positive effect on older and younger people who are disabled, and their carers
 - consider savings expected to have a negative effect on the groups mentioned above, last
 - regarding increases in fees and charges, particularly in adult social care, ask Officers to make appropriate provision for people from the groups above, especially those who have limited financial means
 - in cases where service provision is passed on to independent providers, ask Officers to ensure that contractual agreements ensure that people from the groups above receive the same level of service as before or better.

Specialist Implications

- 108 The following implications apply to this report:

Financial

- 109 These comprise the body of the report.

Human Resources (HR)

- 110 Implications are identified against each of the individual growth and savings proposals listed in Annexes 3 and 4 where appropriate. In summary the budget proposals could result in the reduction of around 170 FTE posts. The HR implications will be managed in accordance with established council

procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate redundancies, such as flexible working, early retirement and finding suitable alternative employment for at risk staff. Where consideration is being given to the transfer of services to another provider TUPE will apply, which will protect the terms and conditions of employment of transferring staff.

Risk Management

- 111 Attached at Annex 8 is a schedule of risks connected to the budget; these will be monitored regularly throughout the year.

Legal

- 112 The Council is required to set a Council Tax for 2011/12 before 11 March 2011. It may not be set before all major precepts have been issued or before 1 March 2011, whichever is the earlier. This decision is reserved to Council and cannot be taken by the Executive or delegated to officers, although the Executive has to recommend a budget to the Council. These comments are intended to apply to both the Executive meeting and the subsequent Council meeting. Before setting the level of the tax, the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.
- 113 In addition, following the implementation of the Local Government Act 2003, the Council's Chief Financial Officer (under s151 Local Government Act 1972) is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council must have regard to the report when making decisions about the calculations in connection with which it is made. The Chief Financial Officer is also obliged to report to the Council if in relation to the previous financial year it appears that a controlled reserve is or is likely to be inadequate. A controlled reserve is one where the Secretary of State has, by regulation, defined the appropriate minimum level of reserve. The s151 officer must report the reasons for that situation, and the action, if any, which he considers it would be appropriate to take to prevent such a situation arising in relation to the corresponding reserve for the financial year under consideration. No Regulations defining controlled reserves have been made.
- 114 In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users

against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. A failure to follow these principles would open the Council to judicial review.

- 115 Members have a fiduciary duty to the council tax payers and others in the local authority's area. This means that members must behave responsibly in agreeing the budget. Members have no authority to make anything other than a balanced budget.
- 116 Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.
- 117 In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the Director of Customer and Business Support Services as Chief Financial Officer. Members are obliged under the Code of Conduct to have regard to the advice of the Chief Finance Officer and Monitoring Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities. In addition, if Members wish to re-instate savings recommended by the Director of Customer and Business Support Services in order to balance the budget, they must find equivalent savings elsewhere.
- 118 The Director of Customer and Business Support Services is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 (as amended) to ensure that the council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. He is in addition subject to the requirements set out in paragraph 113 above.
- 119 Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified in the Local Government and Housing Act 1989. The law in relation to the council's borrowing has been changed by the Local Government Act 2003. The previous regime of capital controls was abolished and the Council is now required to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.
- 120 In setting the council tax for the next financial year and in agreeing the council's budgetary requirements, the Council also needs to take into account the fact that the Government still has power to cap local authority budgets under the Local Government Act 1999. The government may either set a maximum

amount for the budget in the forthcoming year or put an authority on notice to set a maximum budget in the next financial year. If the government proposes to cap the council, the council will be given a short period to put its case. If the cap is then confirmed in the current year, this could require the authority to revisit its budget decisions and would be likely to require rebilling of council tax.

- 121 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. If an Executive member has arrears outstanding for two months or more, they are prevented from taking any part in such a decision. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.
- 122 The importance of setting a balanced budget cannot be over emphasised. Members have a duty to consider this seriously and to endeavour to reach a decision which, if not in accordance with the advice of the s151 officer has at the very least taken his advice conscientiously into account. Members are also required to act reasonably and this duty extends to their conduct in the meeting agreeing the Budget. Members should endeavour to agree a balanced budget and the level of council tax. The immediate consequence of the Council being unable to set a balanced budget would be that the council tax could not be set. The Chief Financial Officer has a statutory duty under section 114 of the Local Government Finance Act 1988 to issue a written report if he considers that a decision taken by the Council would be unlawful and likely to cause a financial deficiency. If the Council could not set a balanced budget by the statutory deadline then a report under section 114 would have to be issued. This would then act to prevent the Council entering any new agreements which may involve the incurring of expenditure until such time as the Council had met to consider the report.

Crime and Disorder

- 123 None other than as identified in the growth and savings proposals in this report.

Information Technology (IT)

- 124 None other than as identified in the growth and savings proposals in this report.

Property

- 125 None in this report.

Statutory Advice From the Director of Customer and Business Support Services/Comments

- 126 The Local Government Act 2003 places responsibilities upon the council's Chief Finance Officer to advise the council on the adequacy of its **reserves** and **the robustness of the budget proposals** including the estimates contained in this document. This section also addresses the **key risks** facing the council in relation to current and future budget provision. The following paragraphs give my views on the budget (both 2011/12 and beyond), reserves and general robustness of the process
- 127 The proposals in this budget give a balanced budget for 2011/12 and give consideration to the financial years 2012/13 to 2016/17. The council has taken many steps to try to put itself on a firmer long-term financial position, with longer term planning and improved budget monitoring. Full scrutiny of the budget proposals for 2011/12 has taken place and I believe that a proper risk assessment of a range of issues has been conducted.
- 128 There are significant savings contained within the budget proposals, reflecting the scale of the challenge facing the council. There should be no understatement of the scale of this challenge, both in terms of next year and beyond. Clearly, there are risks in the achievement of some of the proposed savings, and in assessing the risk of savings proposed, I cannot guarantee that every single proposal will be achieved. I do however consider the overall package to be prudent, and I am assured of the robustness of the projected savings, and the extent of rigour in their calculation. They do however represent a major challenge to deliver, one that will only be achieved through full commitment across the organisation. Very careful monitoring of the progress of the savings programme will be essential. A risk assessment related to the individual savings proposals has been conducted, and discussed with senior management.
- 129 I consider that the overall estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable, albeit demanding. The council has made provision for a number of corporate financial pressures, such as impact of capital programme, landfill tax, pay and pensions implications. This overall package is a realistic approach in dealing with the financial pressures facing the council next year. In addition the major financial pressures being experienced during 2010/11 have been addressed through significant additional investment. There is an area of risk in that no provision is included in the budget for any pay award in 2011/12, and clearly if there was to be a pay award the council would need to address this issue. There are no proposals that significantly affect terms and conditions of staff, for whilst such negotiations are ongoing it is not considered proper or prudent to include such proposals prior to full discussion/consultations being undertaken.
- 130 Looking ahead there remains a range of very significant pressures for the future. The Spending Review set out planned further reductions in government funding, and the major challenge facing the council in coming years will be to

secure further savings and for cost pressures to be managed effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities.

- 131 Key to tackling these medium term challenges will be the need for the council to continue to review all areas of expenditure, and have clear medium term plans. In addition to continuing to find efficiencies, the council will need to consider the level and type of service it provides, as the scale of financial savings required in future years can not be met from true efficiency alone. There is likely to be a need for reductions in the scope and level of services provided by all public sector organisations in coming years, and this needs to continue to be planned for at an early stage. Meeting the financial challenges facing the council in coming years will require the council to think very carefully about its core priorities, how it works with its partners and key stakeholders, and its overall provision of public services.
- 132 In terms of reserves, there are no proposals contained within this report that use reserves. It is particularly important that there is continual review of reserves. The scale of pressures on the 2010/11 budget are placing a potential further call on reserves, though overall I believe that the council will come in on budget for 2010/11 and this is reflected in the budget monitoring report presented to Executive at this same Executive meeting. There remains a risk that I may need to advise Members of the need to consider increasing reserves at some point in the medium term dependent upon risks. The current recommended minimum reserves are £6,095k and assuming the current budget is achieved on budget, the estimated level of reserves at end of March is £6,752k. I strongly advise Council not to reduce levels of reserves below the minimum level, and consider that having some "headroom" in the minimum reserves would be advantageous.
- 133 The decision on the adequacy of the level of reserves is linked to the general robustness of the budget process and the council's systems of budgetary control and risk management. These need to ensure that the council will not be exposed to any unforeseen major financial problem requiring the use of reserves to resolve. In considering the overall budget position, I have taken assurance over the recent track record of the council to manage expenditure within budget, and the fact that in very recent times financial pressures have been identified early in the financial year and through concerted action across the council the position has been brought in line with budget. The council's strong financial management, and financial control, has been commented upon by external auditors recently.
- 134 The government have announced that they will again consider capping councils who they feel are raising council tax levels excessively. The capping criteria they use are based on budget growth and council tax increases. The government have set aside money to fund councils who set a zero council tax increase a sum equivalent to a 2.5% increase, but the budget growth capping criteria is still a threat. They do not publish the criteria they will use until after we will have set our budget.

- 135 Based upon the receipt of the council tax freeze grant I would advise that Members should be setting a nil council tax increase due to the financial benefits of this in relation to the Council Tax Freeze Grant. In reaching their final decision Members need to consider that if the council were capped it would bring with it reputational damage and potential costs of re-billing which are estimated at £170k.
- 136 I also would highlight the separate capital programme report, and the issues that are set out within that. In particular, the capital plan has some significant implications in terms of the revenue budget in coming years, and both programmes will need to be carefully managed in terms of ensuring proper provision is made in the medium term. I would stress however that the overall balance in terms of capital investment, levels of borrowing, and revenue implications (and the impact on revenue expenditure) is something that is for Members to determine.
- 137 I am aware that as with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of proposals. In that respect, I would highlight that I would amend/add to my statement if a decision was proposed that lead to the council's reserves falling below the minimum level (assuming the current budget comes in line with budget). In addition, any other amendments I would consider against the scale of the overall budget and depending upon the extent of the amendment I may revise my statement. It goes without saying that amendments that may reduce contingencies, or which set further savings targets, will inevitably add to the overall risk. That is not to say that such amendments would cause me to amend my statement as I would only do this if I considered the change in risk was significant.

Recommendations

- 138 Members are asked to consider the appropriate levels of council tax that they wish to see levied by the City of York Council for 2011/12. In doing so they should pay due regard to factors such as:
- a expenditure pressures facing the council in 2011/12 as detailed at Annex 1, including the loss of departmental grant income;
 - b the impacts in 2011/12 of the growth requirements and savings proposals outlined in Annexes 3 and 4;
 - c medium term financial factors facing the council as outlined in the report;
 - d the levels of reserves projected to be held at the 31 March 2011, 2012, 2013, 2014, 2015, 2016 and 2017 (Annex 5);
 - e significant future pressures identified;
 - f the statutory advice from the Director of Customer and Business Support Services;

- g the need to ensure that any adjustments to these proposals are self-balancing within the requirements laid down by the Director of Customer and Business Support Services as the council's responsible financial officer.
- 139 In light of these considerations Members are asked to recommend to Council approval of the budget proposals as outlined in this report, and set out in detail within the financial strategy. In particular:
- a the net revenue expenditure requirement for 2011/12 of £125,728k (£123,900k after deducting the grant assistance to keep the council tax rise to zero), as set out in Annex 1;
 - b the housing revenue account proposals outlined in Annex 6;
 - c the dedicated schools grant proposals outlined in the report;
 - d the revenue growth proposals of £9,394k on-going for 2011/12, plus one-off growth of £442k, outlined in Annex 3;
 - e the revenue savings proposals of £21,170k for 2011/12 outlined in Annex 4;
 - f use of prior year collection fund surplus of £1,000k;
 - g Note the medium term financial strategy projections that indicate the need for savings/efficiencies in future years of £12m per annum.
- 140 The effect of approving the income and expenditure proposals included in the recommendations would result in a £zero (0%) increase in the City of York element of the council tax. It is intended that the total council tax increase including the parish, Police and Fire Authority precepts, will be agreed at the full council meeting on 24 February 2011.

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Report Approved

Date 04/02/11

Specialist Implications Officer(s) Human Resources

Name

Title

Tel; No. Extension

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers

Medium Term Financial Strategy - Executive

3rd Finance and Performance monitoring report - Executive

Executive Member Decision Session reports and minutes February 2011

Government Grant settlement papers

Equality Impact Assessment

Consultation Results

Annexes

1 Summary of Budget

2 Directorate Analysis of Budget Proposals

3 Growth and Reprioritisation

4 Saving Proposals

5 Estimated Reserve Balances

6 Housing Revenue Account budget report

7 DSG and the Schools Budget

8 Risk Assessment and Sensitivity Analysis

Appendix

Financial Strategy