

Bolton Council

Report to: COUNCIL

Date: 24TH FEBRUARY 2010

Report of: DIRECTOR OF CORPORATE RESOURCES Report No:

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DIRECTOR OF CORPORATE RESOURCES

Report Title: **2010/11 Budget Report**

Purpose:

1. To consolidate Service Budgets to provide the Council's overall 2010/11 Budget
2. To show the transactions on the Collection Fund for Bolton MBC
3. To report on the Financial Arrangements Accounts for 2010/11

This report has been updated to incorporate the decisions of the Budget Executive meeting on the 15th February 2010.

Recommendations:

It is recommended that the Council approves:-

- (a) The Budget for 2010/11
- (b) The Council Tax for 2010/11

Background Doc(s):

Statement on Local Government Finance (England) Revenue Support Grant for 2010/11 and related matters papers dated 20th January 2010.

1. **BACKGROUND**

- 1.1 At the meeting of The Executive on the 11th January 2010 initial budget guidance was approved. This guidance was based upon the following:
- (a) That the Executive note the updated Revenue Budget position for 2010/11
 - (b) That the Environment option to reduce Street Cleansing frequencies not be taken
 - (c) That all Other services be asked to deliver the full 5% savings
 - (d) That the Director of Corporate Resources provides a further report to include updated budget figures to the Executive in February for final consideration of the 2010/11 Revenue Budget
- 1.2 At the Executive meeting on the 1st February 2010 approval was given to spend an additional £2M Capital on structural maintenance of roads in response to the severe weather. This was to be funded through Prudential Borrowing with the revenue financing costs of £200,000 to be built into the 2010/11 budget.
- 1.3 Also at the 1st February Executive, the Leader of the Council gave an undertaking that, in light of the impact on the roads of the severe weather over Christmas/New Year, the proposed strategic budget redirections for Environmental Services relating to a reduction in unclassified footway maintenance (£70,000); a reduction in unclassified carriageway maintenance (£99,000) and a reduction in the urgent repairs budget (£150,000) would be reconsidered at the Executive's budget meeting on 15th February, 2010.
- 1.4 At the Budget Executive Meeting on the 15th February 2010, the following was approved:-
- (a) That in light of the continued high level of collection of Council Tax the £750,000 Collection Fund Surplus be used to reduce the Council Tax increase by 0.75% resulting in an increase for Bolton Council of 1.2%.
 - (b) That the undermentioned 3 savings options identified at the January Executive relating to Highways be not taken ie.

Reduction in Unclassified Footway Maintenance	£70,000
Reduction in Unclassified Carriageway Maintenance	£99,000
Reduction in the Urgent Repairs Budget	£150,000
 - (c) That a further £50,000 be allocated to Area Forums to be spent on the Environment, this brings the total additional allocation to Area Forums to £150,000.
 - (d) That a further £200,000 be allocated to the delivery of front line Youth Services, it being noted that the identified savings option of £400,000 relating to the Youth Service will still be undertaken.
 - (e) That the remaining resources, including the £100,000 ongoing funding from 2009/10, amounting to £223,000, be held as a contingency.

- 1.5 The purpose of this report is to draw together Executive Members' responses to the Guidance, update figures as appropriate and:-
- (a) report the budget for 2010/11 indicating the major variances from the 2009/10 original budget;
 - (b) enable The Executive to recommend to the Council the level of Council Tax for 2010/11;
 - (c) show the transactions on the Collection Fund; and
 - (d) report on the Financial Arrangements Account for 2010/11.

The projected 2009/10 outturn expenditure (excluding Schools) is £223.122M and as a consequence of this, General Fund balances are expected to be approximately £7.0M at the 31st March 2010.

- 1.6 The above projected 2009/10 figures also assume spending delegated to schools will be in line with budget. School balances, as required by legislation, are carried forward for the sole use of schools.
- 1.7 Budget setting represents the final phase of the Corporate Business Planning Process for 2010/11.
- 1.8 At the time of preparing this report the Police Authority has yet to formally determine its precept. Figures have been included in this report based upon the report being considered by the Police Authority. Should the formal decision be any different to that assumed in this report then updated information will be circulated at the Council meeting.

2. 2010/11 REVENUE SUPPORT GRANT SETTLEMENT

- 2.1 The Government has recently confirmed the Final Revenue Support Grant Settlement for 2010/11 and Revenue Support Grant has been notified at £16.178M and National Non Domestic Rate contributions of £111.412M.
- 2.2 Members will recall that the Government has in the past provided additional funds via a range of special programmes covering many of the Council's services. These are known as the "Area Based Grant". The value of this funding in 2010/11 is just over £31M as set out in Appendix 6.
- 2.3 Members will also recall that when finalising the budget for 2009/10 there were a range of one-off and ongoing funding available as a contingency which was subsequently allocated. This included £0.5M for measures to respond to the economy. Of this £0.5M, £100,000 is ongoing and Members could consider agreeing that this be carried forward to support the economy in 2010/11 or allocated for an alternative purpose.
- 2.4 In the January report to the Executive, it was indicated that Council Tax collection was ahead of the original target figure for 2010/11. This performance has continued throughout January and as a result, a surplus of £750,000 is available to contribute to the 2010/11 budget. This has been incorporated in the table below.

- 3.1 The latest projection of the Council's budget is as follows:-

<u>2010/11 Initial Revenue Budget</u>	£000
2009/10 Budget	400,394
Schools Grant - Increase	5,273
Building Schools for the future	500
Non Schools	
Inflation	3,665
Capital Financing (including additional for Highways)	1,000
Pay Review	1,500
Waste/PTA Precepts	2,490
Town Centre Swimming Pool Financing	200
Corporate Changes	1,160
Pensions	1,112
"Free" Adult Care Initiative	700
Impact of the Economy	1,000
Efficiency Savings	-7,365
Additional allocation to "front line" Youth Services	200
Allocation to Area Forums for Environment	50
Not continuing investment in the Economy	-100
Contingency	223

	412,002

Resources Available	
Direct Schools Grant	183,359
RSG/NNDR	127,590
Council Tax at 1.2%	100,303
Surplus on Collection Fund	750

	412,002

- 3.2 Executive Members have been considering their response to Budget Guidance in the current cycle. Copies of the Executive Member reports are included on the agenda.

Overall Budget Changes

- 3.3 **GM Organisations** – A series of Challenge meetings have been held with each of the AGMA organisations in order to ensure that budgets are as low as is appropriate. The outcome of these meetings along with other changes put forward by other Greater Manchester Bodies has identified the following:

Waste Disposal – the Waste Disposal Authority's overall budget had been estimated at an increase for Bolton of 13%.

PTA Levy – the levy is now estimated to be 5.6%.

- 3.4 The 2010/11 budget is analysed by service in Appendix 1 and subjectively in Appendix 2.

- 3.6 Members will be aware that I have provided advice on the recommended level of Balances to be maintained as part of previous reports. The full detail including an identification of financial risks is set out in Appendix 8. However, in summary this advice is as follows.
- 3.7 Currently it is estimated that Balances as at the 31st March 2010 will be £7.0M. My advice to Members is that I recommend, as a minimum, Balances of £7.0M or higher should be maintained based upon my understanding of the risks and financial issues facing the Council and the proposals around the Budget, as identified in this report. Should Members wish to agree any additional items for growth or for savings not in this report, then I will need to advise Members as to whether or not those proposals would result in an increase in the financial risk facing the Council and therefore a need for a higher level of Balances to be set as a minimum. This I will do at the meeting.

Overall Budget

- 3.8 Based upon the assumptions set out in this report, I consider that the Council's Budget is robust. Should any additional items not included in this report be agreed as part of the 2010/11 Budget, I will further advise Members of the robustness of these items at the meeting.

The issues/options for consideration by members are as follows:-

- i) **The savings identified by services.**
- ii) **The level of Council Tax to be set for 2010/11.**

- 3.9 Any further changes would have the following impact:-

		Council Tax		Budget Change
	%	Band A	Band D	£000
CT Change	0.10	£0.80	£1.20	99
	0.25	£1.99	£2.99	248
	0.50	£3.99	£5.99	495
	1.00	£7.99	£11.98	991

4. THE FINANCIAL ARRANGEMENTS ACCOUNT

- 4.1 This account deals with the strategic financial transactions which fall outside the remit of any one Service.
- 4.2 The transactions on this account are set out at Appendix 3 along with a brief explanation of major changes.

5. CONSULTATION

- 5.1 The views and comments of the representatives of the Non Domestic Ratepayers and the public who either attended the special Budget Consultation Events or commented by e-mail or post, are included in a separate report on this agenda.

6. PARISH PRECEPTS

- 6.1 The individual parish precepts are shown below with comparative figures for last year.

	2009/10	2010/11
	£	£
Blackrod	36,233	36,233
Horwich	202,365	202,365
Westhoughton	135,841	135,841

7. **AMOUNT TO BE RAISED FROM COUNCIL TAX**

- 7.1 As required by the Local Government Finance Act 1992, the Parish Precepts need to be added to Bolton's budget requirement. The recent Government statement has provided final figures for Revenue Support Grant (£16.178M) and National Non Domestic Rate (£111.412M). It should be noted that the National Non Domestic Rate next year is 40.7p in the pound for small businesses and 41.4p in the pound for larger businesses.

8. **COUNCIL TAX 2010/11**

The figures in the following paragraphs are based upon a Council Tax increase for Bolton Council of 1.2%.

Police and Fire Authority Precepts

- 8.1 The Fire and Civil Defence Authority precept has been approved. The Precept for the Police Authority has been estimated as follows:-

	Band A	Band D	Increase
	£	£	%
Police	£96.22	£144.33	7.5%
Fire and Civil Defence	£35.10	£52.65	2.5%

- 8.2 On the basis of a total budget requirement of £229.017M the balance to be raised from Council Tax is £100.677M as shown below:-

	2009/10		2010/11	
	£000s	£000s	£000s	£000s
Bolton		222,309		228,643
Parish Precepts		374		374
Budget Requirement		222,683		229,017
LESS				
Collection Fund		0		750
		222,683		228,267
LESS INCOME				
Revenue Support Grant	23,222		16,178	
National Non Domestic Rates	100,608	123,830	111,412	127,590
Balance to be raised from Council		98,853		100,677

- 8.3 The Council Tax base for tax setting purposes is 82,700 band D equivalent properties.

- 8.4 The basic amount of Council Tax for the part of the Council's area where no Parish Precepts apply but including for the Police and Fire and Civil Defence precepts, is £939.89 for a Band A property and £1,409.83 for a Band D property.
- 8.5 The level of Council Tax for 2010/11 represents an increase of 1.2% for Bolton Council's services and 1.9% with the inclusion of the Police and Fire Service Precepts. For the majority of properties in Band A the increase is under £18 for the year or 34p per week.
- 8.6 The Council Tax bases for tax setting purposes for the Town Council areas are as follows:-

**Tax Base in Band D
Equivalents**

Blackrod	1,704
Horwich	6,778
Westhoughton	7,998

- 8.7 The resultant additional Council Tax in each Town Council area for Band A and Band D properties are as follows:-

	Additional Council Tax Band A £	Additional Council Tax Band D £
Blackrod	£14.17	£21.26
Horwich	£19.90	£29.86
Westhoughton	£11.32	£16.98

- 8.8 The above figures relate to Band A and D properties. The table below shows the total Council Tax for all Bands in the various areas:-

Band	Blackrod £	Horwich £	Westhoughton £	All Other Areas £
A	£954.06	£959.79	£951.21	£939.89
B	£1,113.07	£1,119.76	£1,109.74	£1,096.54
C	£1,272.08	£1,279.72	£1,268.27	£1,253.18
D	£1,431.09	£1,439.69	£1,426.81	£1,409.83
E	£1,749.11	£1,759.62	£1,743.88	£1,723.12
F	£2,067.13	£2,079.56	£2,060.95	£2,036.42
G	£2,385.15	£2,399.48	£2,378.02	£2,349.72
H	£2,862.18	£2,879.38	£2,853.62	£2,819.66

For information Appendix 5 sets out a comparison between the level of Council Tax in 2009/10 and 2010/11 (for those areas which do not include the Parish Council Precept) and the percentage of properties in each band.

- 8.9 Many households (currently 58,686 out of 116,949) will receive reduced Council Tax bills through their Benefits and Personal Discounts. For Council Tax the maximum support through Benefits is 100%. Some households will, therefore, not pay Council Tax. This will be highlighted on their bill. Consequently at this stage it is not possible to give an average bill.

- 9.1 The Budget contained in this report assumes that the Council Tax is set at the Council Meeting on the 24th February 2010. Should the Council not be able to set the Council Tax on that day then a weeks delay will put back the processing and distribution of Council Tax bills which will incur additional costs.

10. RECOMMENDATIONS

- 10.1 It is recommended that the Council approves:-

- (a) The Budget for 2010/11
- (b) The Council Tax for 2010/11

GENERAL FUND SUMMARY

	2009/10 Original Estimate	2010/11 Original Estimate
Service Controllable Budgets	£000	£000
Childrens Services	214,829	219,853
Adults & Community Services	67,041	65,072
Environmental Services	24,681	25,335
Development and Regeneration	4,102	3,547
Housing	3,406	3,343
Central including IPTA and WDA Precepts +	64,586	72,050
Capital Financing	21,750	22,802
Net Expenditure	400,395	412,002
Parish Precepts	374	374
Sub Total	400,769	412,376
Income		
Revenue Support Grant	23,222	16,178
National Non Domestic Rate	100,608	111,412
Direct Schools Grant	178,086	183,359
Collection Fund Transfer	98,853	101,427
TOTAL	400,769	412,376

+ Includes unallocated resources.

SUBJECTIVE ANALYSIS

	2009/10 Original Estimate	2010/11 Original Estimate
Expenditure	£000	£000
Employees	308,773	318,838
Premises	35,601	35,675
Transport	19,777	20,318
Supplies & Services	76,191	80,757
Agency	92,513	100,258
Transfer Payments	73,386	73,826
Capital Finance	21,746	22,802
Expenditure Gross	627,987	652,474
Income		
Govt Grant	128,009	129,073
Other Contributions	58,432	63,214
Customer & Client Receipts	33,062	33,430
Rents	5,940	5,987
Interest , Dividends and Distributions	2,149	1,403
Income Gross	227,592	233,107
Redirections		-7,365
Net Expenditure *	400,395	412,002
** Before Direct Schools Grant of	178,086	183,359

THE FINANCIAL ARRANGEMENTS ACCOUNT

	2009/10 Original £000s	2010/11 New £000s	Comment
Corporate Financing Cost	21,746	22,802	Includes cover for Highways and Town Centre Pool
Transferred Debt	1,365	1,365	
Airport Dividend	-275	-275	
Airport Rent (Net)	-333	-325	
Waste Disposal	12,440	14,041	Confirmation Awaited
Land Drainage Precept	125	136	Confirmation Awaited
Transport Precept	17,130	17,649	Confirmation Awaited
Former Employee Pensions	1,067	1,077	
Pay and Grading Provision	6,500	8,000	
Interest / Contributions / Car Parks	-3,830	-2,401	No LAGBI / Reduced Interest Recs
Equal Pay		1,200	
Building Schools for the Future	750	1,250	
Debt Management	150	150	
Adult Redirections Contingency	250		One off in 2009/10
Investment in the Economy	250	0	
Effects of the Economy		1,000	
Inflation Provision Held Centrally	1,600	2,200	
Contingency		473	
Miscellaneous	20	20	
Recoverable	-55	-55	
Recharges	27	29	
Total	58,927	68,336	

COLLECTION FUND

	2009/10 Original £000	2009/10 Revised £000	2010/11 Budget £000
Expenditure			
Bolton	98,854	98,854	101,427
Police	11,037	11,037	12,021
Fire and Civil Defence	4,223	4,223	4,386
Total Expenditure	114,114	114,114	117,834
Income			
Council Tax	114,114	114,980	116,968
Surplus/(Deficit) for year	0	866	(866)
Balance Brought Forward	0	0	866
Balance Carried Forward	0	866	0

COUNCIL TAX (NON PARISH COUNCIL AREAS)

Band	Properties %	2009/10 £	2010/11 £	Increase £
A	51.9%	£922.39	£939.89	£17.50
B	16.9%	£1,076.12	£1,096.54	£20.42
C	15.0%	£1,229.85	£1,253.18	£23.33
D	8.4%	£1,383.59	£1,409.83	£26.24
E	4.3%	£1,691.05	£1,723.12	£32.07
F	1.8%	£1,998.52	£2,036.42	£37.90
G	1.5%	£2,305.98	£2,349.72	£43.74
H	0.2%	£2,767.18	£2,819.66	£52.48

Currently 58,686 households out of 116,949 receive personal discounts and/or full or part benefit towards their Council Tax.

EXTERNAL/SPECIAL FUNDS 2010/11 (Provisional Figures)

Area Based Grant	2010/11 £000
14-19 Flexible Funding Pot	88
Adult Social Care Workforce (formerly HRDS & NTS)	823
Care Matters White Paper	331
Carers	1,490
Child Death Review Process (DCSF)	44
Child & Adolescent Mental Health Services	594
Child Trust Fund	12
Children's Social Care Workforce (formerly HRDS and NTS)	105
Children's Fund	947
Choice Advisers	37
Climate Change (new for 2009/10)	22
Cohesion	140
Community call for Action/Overview Scrutiny Committee	2
Connexions	3,127
Designated Teacher Funding (new 2009/10)	19
Environmental Damage Regulations (new 2010/11)	-
Economic Assessment Duty (new 2010/11)	65
Education Health Partnerships	87
Extended Rights to Free Transport	112
Extended Schools Start Up Costs	374
Learning Disability Development Fund	278
Local Involvement Networks	165
Mental Capacity Advocate Service	173
Mental Health	977
Positive Activities for Young People	953
Preserved Rights	333
Secondary National Strategy – Behaviour and Attendance	68
Secondary National Strategy – Central Co-ordination	196
Preventing Extremism	288
Primary National Strategy – Central Co-ordination	174
Respect/Youth Task Force	55
School Development Grant (LA Element)	1,731
School Improvement Partners	140
School Intervention Grant	89
School Travel Advisors	36
Stronger Safer Communities Fund (CLG)	-
Stronger Safer Communities Fund (Home Office)	378
Supporting People Administration	150
Supporting People Grant (non ringfenced)	9,101
Sustainable Travel General Duty	23
Teenage Pregnancy	199
Working Neighbourhoods Fund	7,056
Young Peoples Substance Misuse Grant	40
Young Peoples Substance Misuse Grant Partnership	150
Total	31,172
Non ABG Specific Grants	
Drug Intervention Programme (ringfenced)	1,030
GRAND TOTAL	32,202

This lists the specific grants that the Council received which have now been brought together under one overall "Area Based Grant" which is no longer specifically ringfenced by Government to any individual service.

DRAFT SUBSTANTIVE COUNCIL TAX RESOLUTION

- (i) That the following recommendations of the Executive on 15th February 2010 be approved:-
- (a) the Revenue Budget for 2010/11;
 - (b) the Capital Programme for 2010/11; and
 - (c) the Investment and Prudential Indicators and Treasury Strategies 2010/11.
- (ii) That it be noted that, at its meeting on, 11th January 2010, the Executive calculated 82,700 Band D equivalents as its Council Tax base for the year 2010/11 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under Section 33(5) of the Local Government Finance Act 1992.
- (iii) That in accordance with regulations made under Section 34(4) of the Local Government Finance Act 1992 the Council calculate the following amounts for the under-mentioned parts of its area:-

Parish Councils

The Parish of Blackrod	1,704	Band D equivalents
The Parish of Horwich	6,778	Band D equivalents
The Parish of Westhoughton	7,998	Band D equivalents

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year 2010/11 for dwellings in those parts of its area to which one or more special items relate.

- (iv) That the following amounts be now calculated by the Council for the year 2010/11 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
- (a) £709,501,707 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act
 - (b) £480,484,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
 - (c) £229,017,707 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act as its budget requirement for the year
 - (d) £128,340,484 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant, increased by the amount of the sums which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the Local Authorities (Funds) (England) Regulations 1992 under section 99(3) of the Local Government Finance Act 1988 (Collection Fund Surplus)

(e) £1,217.38

		being the amount at (c) above less the amount at (d) above, all divided by the amount at (ii) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year
(f)	£374,439	being the aggregate amount of all special items referred to in Section 34(1) of the Act, each individual parish precept being:-
		Blackrod £36,233
		Horwich £202,365
		Westhoughton £135,841
(g)	£1,212.85	being the amount at (e) above less the result given by dividing the amount at (f) above by the amount at (ii) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates
(h)	<u>Part of the Council's Area</u>	
	Parish of Blackrod	£1,234.11
	Parish of Horwich	£1,242.71
	Parish of Westhoughton	£1,229.83

being the amounts given by adding to the amount at (g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned at (f) above divided in each case by the amount at (iii) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i)	<u>Part of the Council's Area</u>				
	<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
		£	£	£	£
	A	£822.74	£828.47	£819.89	£808.57
	B	£959.86	£966.55	£956.53	£943.33
	C	£1,096.99	£1,104.63	£1,093.18	£1,078.09
	D	£1,234.11	£1,242.71	£1,229.83	£1,212.85
	E	£1,508.36	£1,518.87	£1,503.13	£1,482.37
	F	£1,782.60	£1,795.03	£1,776.42	£1,751.89
	G	£2,056.85	£2,071.18	£2,049.72	£2,021.42
	H	£2,468.22	£2,485.42	£2,459.66	£2,425.70

being the amounts given by multiplying the amounts at (g) and (h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands

- (v) That it be noted that for the year 2010/11 the Greater Manchester Fire and Civil Defence Authority and the Greater Manchester Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Authority

<u>Valuation bands</u>	<u>Greater Manchester Fire & Civil Defence Authority</u>	<u>Greater Manchester Police Authority</u>
------------------------	--	--

A	£35.10	£96.22
B	£40.95	£112.26
C	£46.80	£128.29
D	£52.65	£144.33
E	£64.35	£176.40
F	£76.05	£208.48
G	£87.75	£240.55
H	£105.30	£288.66

- (vi) That, having calculated the aggregate in each case of the amounts at (v) (i) and (vi) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2010/11 for each of the categories of dwellings shown below:-

(i) Part of the Council's Area

<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
	£	£	£	£
A	£954.06	£959.79	£951.21	£939.89
B	£1,113.07	£1,119.76	£1,109.74	£1,096.54
C	£1,272.08	£1,279.72	£1,268.27	£1,253.18
D	£1,431.09	£1,439.69	£1,426.81	£1,409.83
E	£1,749.11	£1,759.62	£1,743.88	£1,723.12
F	£2,067.13	£2,079.56	£2,060.95	£2,036.42
G	£2,385.15	£2,399.48	£2,378.02	£2,349.72
H	£2,862.18	£2,879.38	£2,853.62	£2,819.66

- (vii) That the Director of Corporate Resources be delegated authority to collect revenues and disburse monies from the relevant accounts.
- (viii) That it be noted that the Government have set a National Non-Domestic Rate of 40.7p in the pound for small businesses and 41.4p in the pound for larger businesses for the financial year 2010/11.
- (ix) That the Council's current policy in respect of discretionary relief for charitable organisations be reaffirmed and that the Director of Corporate Resources be delegated authority to determine applications for such relief.
- (x) That War Disablement Pensions and War Widows' Pensions be disregarded for the purposes of the Council Tax Benefit (General) Regulations 1992.

- (xi) That the minutes of the proceedings of the meetings of the undermentioned Executive Members' recommendations on various associated budgetary matters be noted:-

Adult Services	20 th January 2010
Children's Services and Looked After Children and Safeguarding	1 st February 2010
Corporate Resources	19 th January 2010
Development, Regeneration & Skills	18 th January 2010
Housing, Neighbourhoods and Regulation	10 th February 2010
Environmental Services and Cleaner, Greener Safer	25 th January 2010

- (xii) That the minutes of the proceedings of the undermentioned Scrutiny Committees regarding their consideration of specific policy budgets be noted:-

Adult Services	10 th February 2010
Children's Services	11 th February 2010
Corporate Issues	8 th February 2010
Development & Regeneration	1 st February 2010
Environmental Services	10 th February 2010

Report to: THE EXECUTIVE

Date: 15TH FEBRUARY 2010

Report of: DIRECTOR OF CORPORATE
RESOURCES

**Report
No:**

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Report Title: **GENERAL FUND BALANCES/FINANCIAL RISKS**

Purpose:

To outline the Director of Corporate Resources advice on the Financial Risks facing the Council and the appropriate level of Balances to be maintained.

Recommendations:

That the minimum level of Balances for 2010/11 should be £7.0M or higher if possible.

Background Doc(s):

1. INTRODUCTION

The council maintains two types of Revenue reserves, earmarked reserves and general reserves (Balances). Earmarked reserves are set aside for specific purposes/commitments whereas general Balances are maintained to support the overall Council's cashflow and meet any unforeseen contingencies/demands.

This report considers the current level of general Balances, evaluates the reasons why Balances are maintained (i.e. the financial risks facing the Council) and provides advice on the appropriate level of Balances to be maintained by the Council in the light of Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

2. NEED FOR GENERAL BALANCES

Whilst the Council's annual Budget provides resources to meet any known liabilities or expenditure requirements, Balances are amounts which are set aside to meet unexpected changes in the Budget and to finance demands for resources which cannot be predicted and are assessed on the basis of the financial risks facing the Council.

The requirement for Balances is acknowledged in statute with Section 32 of the 1992 Local Government Finance Act requiring Authorities to have regard to the level of Balances needed to meet estimated future liabilities when calculating their Budget requirement. The Chief Finance Officer has the responsibility to ensure that the Council maintains a balanced Budget with powers under Section 114 of the 1998 Local Government Finance Act to report to the Council should its liabilities be in danger of exceeding its resources. Equally, the External Auditor has a responsibility to review and report on the Council's financial standing. Further requirements within the 2003 Local Government Finance Act reinforce the above with additional monitoring and reporting responsibilities.

In drawing together the Council's capital and revenue budgets and three year financial strategy, the level of general Balances and Financial Risks are always carefully considered. The provision of an appropriate level of Balances is therefore a fundamental part of prudent financial management.

3. MINIMUM LEVEL OF RESERVES

The Audit Commission recommend that Authorities should maintain Balances equivalent to 3% of their Budget, for 2010/11 this would amount to approximately £12M. However, whilst this is recommended guidance, the decision on the appropriate level of Balances is one for the Council, with advice from its Director of Corporate Resources, to determine. There are several factors/financial risks that need to be taken into account in considering what is a prudent level of Balances:

i) Revenue Contingencies

The Council does not maintain a general contingency within its revenue budget but relies on in year savings and Balances to meet any unexpected demands. For example, a pay award 0.5% more than that allowed for in the Budget would cost £650,000, excluding Teachers, or £1.3M including Teachers. A price variation of 0.5% would cost £1M.

ii) Interest

In recent years the Council has been successful in managing the interest that it pays out/receives and savings in this area have generally added to Balances. However, fluctuations in interest rates cannot be totally forecast and given the Council's overall debt of over £368M, an unexpected increase in interest rates would increase the Council's costs.

iii) Capital

The Council now has a significant capital programme in the order of £84M per annum. Within the capital programme there are no contingencies and whilst the programme is actively monitored and managed, there is the potential for a demand on Balances from any capital overspend. In addition because of the economic climate there may be difficulties in generating the level of Capital Receipts assumed in the capital programme. For 2010/11 this has been included at £2M.

iv) Economic Climate

The current downturn in the general economic climate will create pressures for the Council in several ways. Demand for services, particularly those to support business, support those who are unemployed and to process benefits are likely to increase. In addition, several of the income/revenue streams may be affected by reduced demand/take up. Both the above items have been reflected in the budget but the change in demand cannot be absolutely forecast and therefore there may be changes in cost/income levels during the year.

v) Un-predictable Demand Led Expenditure

Significant parts of the Council's Budget, particularly in Social Care Services and Education are "demand led" and as we have seen in previous years, can create significant demands for increased expenditure during the year.

vi) Emergency Planning

The Council is required to maintain provision to meet the cost of emergencies that cannot be met from main Budgets or by Insurance. Significant costs on emergencies are met by Central Government under the "Bellwin Scheme" but these are only triggered once the Council's expenditure has exceeded a pre-determined limit (currently £786,000). Costs above this limit are covered by Central Government but only up to 85%.

vii) Unexpected Demands

Balances also need to provide sufficient resources to meet unexpected demands, particularly those that result from a legal decision, a change in Government legislation or a determination of Government legislation. In recent years the Council has had to fund several major issues of this nature.

viii) Service Deficits

Balances are also required to offset any Budget deficits carried forward or generated during the year by services as allowed under Financial Regulations.

ix) General Risks

It is also important to weigh up the general risks facing the Council and evaluate what any potential financial impact may result from these risks. The Director of Corporate Resources and the Council's Risk Manager have undertaken a review of these risks. The areas with a potentially significant financial impact are as follows:

Economic Climate
Special Funding Programmes Ending
Potential Equal Pay Claims

These have been taken into account in the overall evaluation of the minimum level of Balances to maintain.

x) Specific Issues

Equal Pay

Members will be aware that in order to mitigate some of the Equal Pay risk facing the Council, offers were made to staff who potentially were able to make a claim. This was very successful and the majority of staff accepted the offer.

However, some staff have lodged claims with the Council on a range of Equal Pay issues which may result in a Court case. Whilst the Council would rigorously defend against these claims, it is possible that some may be successful. These will take several years to go through the Court process but may ultimately result in some additional costs to the Council.

The Council will need to make provision against such claims over the next few years.

4. REVIEW OF 2010/11 RESERVES POSITION

In setting the 2009/10 Budget the range of factors outlined in this report were also taken into account. The Balances forecast at the end of 2009/10 are £7.0M.

The review of the last 12 months does not suggest that there are any additional factors to take into account in 2010/11, other than the change in the economic climate which is reflected in (iv) above. In addition the Equal Pay situation continues with the Council receiving new claims each year. Because of these factors I am recommending that the minimum Balances should remain at £7.0M.

5. DIRECTOR OF CORPORATE RESOURCES ADVICE ON THE MINIMUM LEVEL OF BALANCES

Section 25 of the Local Government Act 2003 requires the Director of Corporate Resources to report to the Council when it is setting its Budget/Council Tax on the "robustness of the estimates" and the "adequacy of the reserves".

Equally the Council should not hold usable Balances at too high a level as this would not be making the most effective use of the Council's overall resources when faced with significant demands for increased levels of service. However, Balances at upto £12M would not be regarded as inappropriate.

At this point in time, bearing in mind the above and the size of the Council's Budget at £412M and based upon no additional financial risks being included in the Council's Budgets for 2010/11, I would recommend that a minimum level of Balances for the Council to maintain would be £7.0M (but if possible should be at a higher level).

6. CURRENT POSITION ON GENERAL BALANCES

The level of general Balances predicted to be available at 31st March 2010 are £7.0M.

Use of Balances

Any future use of Balances above the recommended level are best used to support "one off" initiatives/investment. Any significant use of Balances to meet the ongoing costs of services can only be sustained for one year and as a consequence, in the following year that use of Balances must be replaced either by savings in Budgets or an increase in Council Tax. Each £1M used in Balances would equate to a 1% increase in Council Tax the following year.

7. SUMMARY

The report has set out the various factors that influence the level of Balances which must be maintained to meet any unexpected increases in expenditure or shortfall in income during the year. The Director of Corporate Resources advice is that as a minimum Balances should be maintained at £7.0M but if possible should be at a higher level.

2010/11 SAVINGS OPTIONS – Adult & Community Services Department

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
ADULT SOCIAL CARE/STRATEGY AND COMMISSIONING			
Externally Commissioned care services No inflation uplift on external contracted services across the independent & voluntary sector.	0	0	300
Commissioned care services (efficiency target) To review all contracts due to expire during 2010 and consider whether they are renewed. To identify any current contracts that through review and monitoring may be able to deliver efficiency savings and/or are able to be re-tendered.	0	0	400
Review Home Care Pricing Framework Changes to the pricing framework.	0	0	400
Social Care Vacancies Delete vacancies within the supported housing network	15	0	300
Short term care & Impact of Service Changes To remove some short term respite provision, plus the full year effect of the relocation and redesign of services previously delivered at the Lillian Hamer site and the full-year effect of the Home Support review savings	0	0	660
Residential care Reduce residential care budget, in line with general trend of reducing demand for long term care	0	0	387
Charging for discretionary services Increase charges for Community Meals and Transport by 50p for meals and transport, respectively	0	0	100
Social Care - Supplies and Services No inflation on supplies/services budgets	0	0	50
Service Review – Business Development Restructure inc. transfer out of responsibility for Childrens' Social Care ICT support	2	2	53
Service Review – Commissioning and Contracts Restructure to recognise set up of a new team made up of staff from across ACS, redesigned to meet future shape of social care and associated service areas	3	2	13
Social Work Placement			

Final year of savings from option in 08/09 to cease providing adult social work placements	1	0	30
Paper Reduction Strategy	0	0	15
Energy Efficiency Realising savings from corporate initiatives across ACS property portfolio	0	0	5
Asset Management Strategy Property savings from closure of buildings	0	0	50
TOTAL ADULT SOCIAL CARE/STRATEGY & COMMISSIONING 5% target = £2.763m	21	4	2,763
CULTURE AND COMMUNITY SERVICES			
Adult Education Diminishing severance payment costs, from savings options in previous years	0	0	20
Citizens' Advice Bureau Contract End of contracted service	0	0	29
Staffing in Libraries and Museums Completing review work, including realising savings already made following work in-year and full year impact of 09/10 options	4	3	226
Bookfund No inflation on Book Fund	0	0	8
Arts - Supplies and Services No inflation on supplies/services budgets	0	0	3
Albert Halls Additional business / income from the Pupil Referral Units and Mere Hall	0	0	35
TOTAL CULTURE 5% Target = £321k	4	3	321
Community Safety Maximising management fee income and realising the savings from revised senior management arrangements	0.5	0	18
TOTAL ADULT AND COMMUNITY SERVICES 5% Target = £3,102M	25.5	7	3,102

2010/11 SAVINGS OPTIONS – Children’s Services Department

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
<p>Connexions / Education Social Workers</p> <p>Integration of the two services, moving towards a district based model of service with services being based within schools</p> <p><i>Following a comprehensive review of the Connexions and ESW Services, this option relates to the integration of the two services to improve the outcomes for Children and Young People, including attendance, NEETS and attainment; with services being hosted in schools. 69 staff received “at risk” letters, most will be accommodated into new posts in new structure, worst case scenario 15 redundancies.</i></p>	5	15	400
<p>Youth Service</p> <p>Establishment of an integrated 5 to 19 Youth & Play Service, leading to targeted youth support with coordinated and integrated positive activities</p> <p><i>Establishing an integrated 5 to 19 Youth and Play Service which builds on initial VFM service improvements and new locality delivery models. This review will reduce the level of management within both current services and will deliver co-ordinated and integrated positive activities and targeted youth support. Restructure to bring Management and Youth and Play Services. 12 staff issued with “at risk” letters, worst case scenario 7 redundancies.</i></p>	0	7	400
<p>Business Support Services Review</p> <p>Further integration of business support services, building upon strategic options from previous years</p> <p><i>Savings have been achieved in previous financial years resulting from the integration of business support across the Department and this option relates to further integration, yielding ongoing efficiency savings.</i></p>	4	Range of 2-6 posts	130

Student Awards Budget reduction emanating from the transfer of responsibility for the student awards scheme from Local Authorities to Central Government <i>The workload in relation to the administration of student awards is decreasing as the scheme comes to an end and this proposal relates to reducing the budget accordingly.</i>	0	2	40
Integration of Information Management Efficiencies resulting from the integration of information management functions across the Department <i>There are significant requirements for the production of statutory information and information which facilitates performance monitoring and business planning. Currently this information is compiled in various areas of the Department and the integration of these functions will result in efficiencies of £100,000 per annum.</i>	2	Range of 1-3 posts	100
Accommodation review Review of accommodation requirements in relation to office based services, including reducing the number of buildings occupied and the adoption of more flexible working <i>In accordance with the corporate aim to reduce accommodation costs across the Council, this option relates to a review of the existing accommodation requirements in relation to office based services. Options for achieving the saving will be to reduce the number of buildings occupied and the adoption of a more flexible approach to the use of office space.</i>	0	0	100
Joint Finance Unit restructure – implemented in year Budget adjustment to reflect restructure adopted in 2009 <i>In April 2009 the Executive Member for Children's Services approved a restructure of the Departmental Joint Finance Unit which yielded a budget reduction of £16,000 per annum.</i>	0	0	16
North West Collaborative – implemented in year Collaboration has ceased	0	0	10
Publicity & marketing Reduction in base budget funded marketing <i>A review of the amount of budget funding used for publicity and marketing will be undertaken with an objective of either reducing costs incurred or identifying alternative funding sources.</i>	0	0	50

Families Information Service			
Budget adjustment to reflect restructure	0	0	79
<i>A revised process for the administration of the Families Information Service was adopted in April 2009 at reduced costs of £79,000.</i>			
Cash Limited Budgets			
Review of cash limited budgets across the Department	0	0	200
<i>Cash limited budgets, which are spent on day to day supplies, services and materials, will be reduced by £200,000 across the Department and through improved efficiency in procurement and effective financial management ongoing savings will be achieved.</i>			
Review incomes levels for services provided			
Review of income levels in relation to services across the Department	0	0	264
<i>This strategic option relates to a review of the amounts of income recovered to fund ongoing services, either through increases in grant income to fund services or increased charges for traded services that are not fully recovering the costs incurred.</i>			
PHSE			
Elimination of duplication in the provision of PHSE services	0	1	50
<i>This option relates to efficiencies through reductions in the management of provision of Personal Health Social Education (PHSE) AND Citizenship services.</i>			
TOTAL CHILDREN'S SERVICES DEPARTMENT	11	28-34	1,839

2010/11 SAVINGS OPTIONS – Development & Regeneration Department

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
Senior Management Structure Review the senior management structure within the department	1	0	95
Management of Cash limited Budgets Review all controllable budgets with a view to limit the rate of inflation applied and renegotiation of procurement contracts.	0	0	50
Reducing accommodation at Silverwell - The new lease has now been signed for Silverwell	0	0	40
Joint Procurement Pilot (This option is concerned with the procurement of furniture packages for people moving into social housing. The plan being that we will work with the Manchester Procurement Team to bulk buy these packages, thus reducing the cost to the Department). We currently spend around £500k per annum on furniture packages. A 6% saving, considered conservative, will produce savings of £30,000 per annum. This will allow a full overhead allocation to the furniture package scheme, providing general fund savings elsewhere in the department.	0	0	30
Planning Division Value for Money Review (This option is concerned with a full service review of the planning and building control services. Leading to a redesign of the service and a reduction in headcount) The savings of £100,000 are net of redundancy costs and after addressing the income shortfall.	9.4	15.4	100
<u>Bolton at Home</u> Sheltered Housing Review The savings from the Sheltered Housing Review in 2010/11 will come from a switch in the funding of the services. It is currently funded by Supporting People, General Fund, HRA and charges to customers. The intention is to fund the majority of the service from a service charge which would be eligible for housing benefit, a support charge eligible for Supporting People and a direct contribution from the HRA to cover the warden's landlord responsibilities. This should	0	0	88

yield £300k of savings to Supporting People and a 2 year saving to the General Fund of around £180k. It is also intended that charges to customers will need to rise by 1% more than inflation in each of the next two years to make the service fully self funded.			
TOTAL DEVELOPMENT & REGENERATION DEPARTMENT	10.4	15.4	403

2010/11 SAVINGS OPTIONS Environmental Services Department

Title/Description	Staff Impact		Saving £000
	Vacancies	Redeployment/ Redundancies	
Bin Framework Agreement <ul style="list-style-type: none"> New contract agreement for procurement of all bins working with Warrington Borough Council - to pay £6 less per bin 	None	None	29
Income Optimisation: <ul style="list-style-type: none"> Changes to charging structure for bulky waste collections 	None	None	30
Highways and Engineering Services Vacancy Management <ul style="list-style-type: none"> Part Year Effect following deletion of 2 vacancies in 09/10 	2	None	31
Procurement Review <ul style="list-style-type: none"> Renegotiation of a variety of rates for plant and materials 	None	None	100
Out of hours arrangements <ul style="list-style-type: none"> Changes to out of hours arrangements without reducing cover 	None	None	36
Review of Minor Works Activities <ul style="list-style-type: none"> Reduce the planned programmes for 2010-11 	None	1	60
Reduce Surface Dressing Budget <ul style="list-style-type: none"> Reduce the planned programmes for 2010-11 	None	None	30
More flexible arrangements for job designations following BPR exercises. <p>An example of this is within the pest control service. As a result of business process reengineering the team will deliver the service with 1 less member of staff. (3 to 2).</p>	None	None	68
Vacancy Management within Neighbourhood Services <ul style="list-style-type: none"> All these posts are currently vacant. 	6	None	149
Greenspace Management Review	-	None	115

<ul style="list-style-type: none"> • Review of allotments including generation of income • Review of contributions to external schemes and partnerships • Review landscape design & development's charging structure • Renegotiation of rates for uniforms 			
Policy and Performance Divisional Review	2	None	78
<ul style="list-style-type: none"> • Realignment of division • Vacancy management 			
Department Wide	5 (identified to date)	None	139
<ul style="list-style-type: none"> • Additional anticipated vacancy management 			
Remove the Street Lighting Renewals Budget	None	None	68
<ul style="list-style-type: none"> • Remove the revenue budget for the replacement of the out-dated concrete street lighting columns 			
Reduction in Grounds Maintenance Standards	None	3	82
<ul style="list-style-type: none"> • Reduce the amount and frequency of up-keep: <ul style="list-style-type: none"> - around the Borough's open spaces, grass verges and roads - on playing fields 			
Sub-Total	15	4	1,015
Less Repayment of overspend			-200
TOTAL	15	4	815

2010/11 SAVINGS OPTIONS - Chief Executive's Department

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
Area Working The Service currently operating effectively with 5 Area Co-ordinator posts (Grade 9) Establishment has 6.	1		40
Policy Performance & Partnerships Reorganisation of division has resulted in re-distribution of workload saving a vacant Democratic Services Officer post.	1		28
Human Resources Dispersal of the HR Shared Service Centre completed 2009 savings achieved.			65
Legal Completion of the work on voluntary registration of title deeds resulting in corporate benefit to the Council. The solicitor carrying out this work will return to work within the trading account in 2010/2011.			30
Regulatory Services This service is undertaking a fundamental VFM review which will result in a significant restructure. There are, however, a number of vacant posts which may be removed ahead of the full review to release savings.	3		90 3 grade 8 posts + on-cost
Marketing & Communications Reorganisation of the Communications and Marketing Team releasing 4 vacant posts	4		140

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
<ul style="list-style-type: none"> Media Officer Marketing Officer, Children's Team Marketing Bolton Manager 			
Reduction in print costs for Scene			60
Directorate Management Team	2		100
Full year effect of deletion of Assistant Chief Executive post and Assistant Director, Civic & Administration			
TOTAL CHIEF EXECUTIVE'S DEPARTMENT	11		553

2010/11 SAVINGS OPTIONS CORPORATE RESOURCES DEPARTMENT

Title/Description	Staff Impact		Saving
	Vacancies	Redeployment/ Redundancies	£000
Customer Services Income – additional revenue generated through either campaigns delivered by Access Bolton, or from trading with other Councils to deliver services on their behalf ie HB Assessment Work, we have in the last year done work on behalf of Preston, Luton and Windsor & Maidenhead Councils.	n/a	n/a	30
Summons Income – annual review of the costs awarded to the Council as a consequence of issues summons for non-payment of Council Tax, this would require an increase from £74 to £77.	n/a	n/a	30
Housing Benefits Staffing - Reduction in staffing establishment in Housing Benefits – a vacant team leader post following a minor change on roles and responsibilities of various teams, resulting in the disestablishment of the Verification Framework Team	1	n/a	32
Access Bolton - Reduction in the staffing establishment of Access Bolton as the district enquiry offices start to deliver services from various Libraries – this saving results from no longer needing to double resources to prevent lone working	1	n/a	22

Printing Costs – Reduction in the costs of printing and postage by the Revenues & Benefits Service, the printing saving is a result of reviewing the contract for printing all Council Tax, Business Rates and Benefits documentation. The contract has been brought back from current provider and will now be delivered by the Councils Publishing Services. The postage element is a result of the migration of payment for Housing Benefit from cheque to BACS, and the issue of notification by e-mail.	n/a	n/a	55
Housing Benefits Overpayments - The collection of Housing Benefit Overpayments, savings resulting from the transfer of responsibility for Rent Rebate Overpayments from Bolton at Home and the subsequent reorganisation of the delivery of the service.	n/a	n/a	100
Savings from repayment of Oracle business case - Additional savings achieved in previous years have achieved the repayment of the Oracle business case early, enabling annual savings to be delivered from 2010/11	-	-	45
Procurement savings - Benefits achieved from partnership working with Manchester City Council, resulting in the reduction of off-contract spend and savings through the tendering process	-	-	80
Rationalisation of Payroll Function - Efficiencies gained from standardising processes allowing the restructure of the section following the move to monthly payroll – implemented during 2009	2	-	40
Rationalisation of Accounts Payable - Efficiencies gained from streamlined processes in payments section enable a reduction of one post	1	-	20
Cash limited Budgets - A range of administration budgets across the department	-	-	35
FM Contract Extension Negotiations - We have negotiated a saving of £90,000 in year 1 of the three year extension on the existing contract. This has no effect on the levels of service provided by the supplier. These savings relate to firewall and voice administration. Savings increase by a further £80,000 in 2011/12 and a further £80,000 in 2012/13.			90
Corporate ICT Post - The proposal is to reduce the overall ICT resource by 1 post by re-organising the structure of the Division and realigning responsibilities.	1		40
Income Generation - Through project management and business analysis the ICT Division are generating an additional £20,000 income. This is recovered from individual Service Development Projects, which are funded either from earmarked reserves, capital or external funding.			20
Property Services Management – The deletion of 1 Senior Management post in the Property Services Division	1		55
Accommodation - Initial savings in accommodation costs from the movement of Property Services to Howell Croft House			9
TOTAL CORPORATE RESOURCES	----- 7 -----		----- 703 -----
TOTAL – CENTRAL DEPARTMENTS	----- 18 -----		----- 1,256 -----

