



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Cabinet

Tuesday, 21 December 2010

6.00 pm

**Pittville Room, Municipal Offices, Promenade, Cheltenham,
GL50 9SA**

Membership	
Councillors:	Colin Hay (Cabinet Member Corporate Services), Steve Jordan (Leader of the Council), Andrew McKinlay (Cabinet Member Sport and Culture), John Rawson (Cabinet Member Built Environment), Klara Sudbury (Cabinet Member Housing and Safety), John Webster (Cabinet Member Finance and Community Development) and Roger Whyborn (Cabinet Member Sustainability)

Agenda

SECTION 1 : PROCEDURAL MATTERS

1. APOLOGIES
2. DECLARATIONS OF INTEREST (Pages 1 - 2)
3. MINUTES OF THE LAST MEETING (Pages 3 - 10)
4. PUBLIC QUESTIONS AND PETITIONS

SECTION 2 :THE COUNCIL

There are no matters referred to the Cabinet by the Council on this occasion

SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEES

There are no matters referred to the Cabinet by Scrutiny Committees on this occasion

SECTION 4 : OTHER COMMITTEES

There are no matters referred to the Cabinet by other Committees on this occasion

SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS

- 5. QUARTERLY BUDGET MONITORING REPORT 2010/11 - POSITION AS AT NOVEMBER 2010** (Pages 11 - 28)
Report of the Head of Financial Services
- 6. GENERAL FUND REVENUE AND CAPITAL REVISED BUDGET 2010/11 AND INTERIM BUDGET PROPOSALS 2011/12 FOR CONSULTATION** (Pages 29 - 74)
Joint Report of the Cabinet Member Finance and Community Development and the Chief Finance Officer (to follow)
- 7. HOUSING REVENUE ACCOUNT REVISED BUDGET 2010/11 AND INTERIM BUDGET PROPOSALS 2011//12 FOR CONSULTATION** (Pages 75 - 90)
Joint Report of the Cabinet Member Finance and Community Development and the Chief Finance Officer (to follow)

SECTION 6 : BRIEFING SESSION

- Leader and Cabinet Members

8. CABINET MEMBER BRIEFINGS

SECTION 7 : DECISIONS OF CABINET MEMBERS AND OFFICERS

Member decisions taken since the last Cabinet meeting
- Disposal of Six Ways Hall

9. CABINET MEMBER DECISIONS

SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION

Contact Officer: Rosalind Reeves, Democratic Services Manager, 01242 774937
Email: democratic.services@cheltenham.gov.uk

Public Information

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CHELTENHAM BOROUGH COUNCIL

CABINET

DATE:

DECLARATION OF INTEREST

NAME _____

You are asked to complete this form if you intend to declare an interest in connection with any item on this agenda.

Please hand any completed form to the committee administrator at the meeting.

You are reminded that you are still required to declare your interest orally at the commencement of the committee's consideration of the matter.

Agenda item	*Personal interest	*Prejudicial Personal interest	Nature of interest

* The Council's Code of Members Conduct explains what is a 'Personal Interest' and a 'Prejudicial Interest'. The Code is set out in Part 5A of the Council's Constitution.

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Cabinet

Tuesday, 7th December, 2010

6.00 - 7.10 pm

Attendees	
Councillors:	Colin Hay (Cabinet Member Corporate Services), Steve Jordan (Leader of the Council), Andrew McKinlay (Cabinet Member Sport and Culture), John Rawson (Cabinet Member Built Environment), Klara Sudbury (Cabinet Member Housing and Safety), John Webster (Cabinet Member Finance and Community Development) and Roger Whyborn (Cabinet Member Sustainability)

Minutes

1. APOLOGIES

None received.

2. MINUTES OF THE LAST MEETING

The minutes of the last meeting had been circulated with the agenda.

Upon a vote it was unanimously

RESOLVED that the minutes of the meeting held on the 16 November 2010 be agreed and signed as an accurate record.

3. DECLARATIONS OF INTEREST

None declared.

4. PUBLIC QUESTIONS AND PETITIONS

None received.

5. CHELTENHAM FESTIVALS SCRUTINY WORKING GROUP

The Chairman advised members that the report of the Cheltenham Festivals Joint Working Group (CFJWG), had previously been reviewed by both Social & Community and Economy & Business Improvement Overview and Scrutiny Committees.

He noted a technical correction to item 5.6 of the original report, which had been amended to reflect exactly, recommendation 5 of the report. The report had been amended and republished but not before the papers for this meeting had been circulated.

Councillor Duncan Smith, Chairman of the CFJWG introduced the report as circulated with the agenda.

The Scrutiny Committees recognised that the relationship between the Council (CBC) and Cheltenham Festivals (CF) was important to both organisations, but

acknowledged that it had changed over time. The 3 year Community Investment Grant to CF from CBC was coming to an end, at a time when CF were embarking on an ambitious 3 year business plan and as such a joint working group was established.

The group had met 8 times in the last 18 months, 3 of which were joint meetings with CF. Members had included Councillors Smith and Hay (previously Rawson) from Social & Community and Councillors Barnes and Surgenor (previously Hutton) from Economy & Business Improvement.

The terms of reference (2.2 of the report) set out the remit for the group.

Initial meetings were side tracked by the tender exercise CBCs new Box Office system at the Town Hall. There was some disagreement about the needs of each organisation and a number of meetings focussed on achieving a mutually beneficial compromise. Ultimately CF had additional requirements to those of CBC and as such took the decision to purchase their own Box Office system (Tessitura). Despite this, the group supported the decision of the Cabinet Member Sport and Culture to purchase INFX as the system of choice for the CBC.

The focus then returned to the 3 year business plan of CF. The group had concerns about some of the assumptions that had been made within the business plan. Whilst CF was independent of the Council, there was an expectation from the community that it would support CF were it required, so ultimately the group wanted assurances that the plan was financially deliverable and managed risks appropriately.

Concerns of Officers and Members with regards to the financial projections made by CF in the business plan were raised with them (Appendix 2 of the O&S report) and both were satisfied that the projections were sound and robust, but clearly the financial crisis posed an element of risk.

A number of key issues were identified that the group felt needed to be resolved urgently in order to allow progress (3.7 of the report).

Growth assumptions were largely based on increased use of the gardens and whilst CF were confident that discussions with Officers were at an advanced stage, members were acutely aware that nothing had been formalised. This would need to be agreed by the end of the year in order to allow sufficient time for CF to make adequate arrangements for the 2011 Festivals.

Catering arrangements at the Town Hall had been an issue for CF in the past, though this had improved in recent times. CFs future plans called for a degree of flexibility, which the current arrangements did not offer. The contract would be reviewed in 2012 and it was important that CF, as a key stakeholder, were involved in this process.

The group established that the current CF Board were both willing and eager to be included in future discussions around the management or commissioning of cultural activities in Cheltenham.

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Members were referred to the six recommendations of the working group and Councillor Smith offered additional comment to those items that had not yet been covered.

Recommendation 3 – there was uncertainty from seemingly all parties (CF, Officers and Cabinet Members) about the extent of the financial impact on CBC with CF having purchased their own Box Office system. This needed to be clarified.

Recommendation 5 had been put forward as a request of CF rather than a recommendation of the working group. CF had appreciated the current budget situation of CBC but had asked that any reduction to their grant (£109k) be delayed until 2012. CF were forecasting a breakeven year in 2011, followed by 2 years of profit in which they felt they would be better equipped to deal with a reduction.

Recommendation 6 – the working group felt that it was imperative for CBC to reduce the level of involvement and monitoring. The suggestion was that a standing group of 3 members, drawn from the Social & Community Scrutiny Committee be established, as it was agreed that this was a more appropriate level than that currently undertaken.

He highlighted that a separate working group of the Social & Community had been established to review the 3 year Community Investment Grants. This group had looked at CF, the Everyman Theatre and MAD Youth and were satisfied that CF were performing well.

Councillor Smith thanked all Members and Officers for their involvement in the working group and commended CF for their openness, which had been to their credit.

The following responses were given by Councillor Smith to questions from members of Cabinet;

- 2011 would be a pivotal year for CF. If the decision were taken to reduce the grant to CF by £71k (the lost commission to CBC as a result of CF having purchased their own Box Office system), this could jeopardise CFs projections. The working group had not been tasked with finding alternatives for recouping this loss to the council and he was unwilling to comment on behalf of members.
- The Arts Council did not directly match fund £1 for £1 of local authority funding but he had been assured, privately, that were the council to cease funding CF, this would impact the level of Arts Council funding. This would be a particular problem, given that once the 2012 Olympics had passed, it was anticipated that there would be more funding available to organisations like CF.
- The working group had been assured by CF that discussions with Officers about increased use of the gardens had been ongoing for sometime and that these discussions had been positive. CF had indicated that planning for 2011 festivals would start at the end of December and without agreement from CBC by this point, it would be impossible to start planning. The Council needed to take responsibility

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for taking this forward. The fear was that larger events would be held outside of Cheltenham in venues that could accommodate them.

The Chairman then invited Cabinet Members to have their say.

Cabinet Member Sport and Culture offered his perspective. He reiterated thanks to those that had been involved in the working group for their hard work over the last year, noting that he had been impressed by the approach of members and their knowledge.

He expressed his support for CF and what they wanted to achieve, not least because a successful CF was a successful Cheltenham. He then offered his view on each of the recommendations of the working group.

He supported recommendation 1, agreeing that the gardens could be used more flexibly, he did not feel that the current arrangements were sustainable. CF and residents would be included in discussions and the council would need to be comfortable that the decision was for the benefit of Cheltenham as a whole rather than solely CF.

It was accepted that there had been some issues with the inflexibility of the current catering contract at the Town Hall. These arrangements would be reviewed in 2012 in order to address any difficulties and this would then be re-tendered.

There was some confusion about the financial impact on CBC as a result of CF purchasing their Box Office system and the impact of any resulting cut to their grant to CF. The impression had been given that any reduction would directly impact CF, however, they actually paid the council £93k for use of the CBC Box Office and as such would now receive £93k directly. A reduction of their grant from the council of £71k (real term cost to the council) would still see them making £22k and therefore, it should be seen as a cost neutral exercise. This had always been a clause within the current Service Level Agreement and CF were made aware of the impact of their decision to purchase their own system before it was taken.

Recommendation 4 was sensible, however, Cheltenham's cultural offering was not the sole domain of CF and therefore, others, including the Play House and Everyman Theatre would need to be included.

In relation to recommendation 5, the fact was, the council did not have the budget that it once did and it would be inappropriate to promise anything to anyone at this point. All recipients of grants from the council would be reviewed.

Recommendation 6 was another sensible one. There needed to be a process in place and a small group of people with background knowledge and ongoing access to information was a valued suggestion.

Cabinet Member Sustainability thanked the working group for the thoroughness of their review and a comprehensive report and expressed his support for a successful CF as a regular patron of the Literature Festival.

He felt it was important to expand on the issue of the gardens. The wording (3.7 of the report) implied that agreement should be achieved by the end of the calendar year, but this was not feasible given the number of people that needed to be included. This matter would be discussed in greater detail at Council (13 December 2010) when a petition relating to the use of Imperial Gardens would be considered and debated. Admittedly discussions were ongoing with CF but January would see the start of consultation with other stakeholders. The plan included with the Council papers clearly demonstrated the area available for use in 2011 and no policies had been changed. Any change would require in depth discussions with many people and any decision would take consideration of CFs aspirations as well as other stakeholder opinions and be for the benefit of all in Cheltenham. Another consideration would need to be visitors to the Town, for whom the Gardens were of great interest.

Cabinet Member Finance and Community Development felt that it was clearly the case that the council needed to create circumstances for CF to be fully independent but stressed that support over the last 5 years equated to almost £1 million.

He acknowledged the importance of the catering arrangements and use of the gardens to CF, highlighting that the gardens were for all, not just the monopoly of CF.

CBC were facing a financial crisis not of their own making and nothing and nobody could legitimately be excluded from consideration. Having attended some meetings of the working group, members had stated that they were unwilling to commit to maintaining funding levels.

Cabinet Member Built Environment confirmed that as a non-voting CBC representative on the CF Board he had not felt it necessary to declare an interest. He saw CF as a big success story for the Town, they had developed with increasing independence and maintained levels of success throughout a difficult financial climate. CF brought business into the Town, generated jobs and revenue for the Council (venue hire / car parking).

The relationship between the Council and CF had changed from parent organisation to that of a business partner and as such the council needed to consider what package of support could be offered to CF.

Certain events, at the Literature Festival in particular, had sold out very quickly and there were a large number of customers who could not be accommodated. He accepted that CF did not have the monopoly of the gardens and suggested that perhaps when works to the Art Gallery and Museum were completed, that improvements to the Town Hall could be considered.

He acknowledged that there was a lot to think about and asked that people weren't reticent about what had been achieved, the council needed to consider what it could do to assist CF to flourish whilst he accepted the difficulties it faced.

The Chairman accepted two questions.

Councillor Driver queried why the tents that were erected by CF were in situ for 107 days but only used for 20 days. The Chairman confirmed that this had been a unique situation in which the tents had stayed erect between festivals.

Mr David Stennett from the Friends of Imperial Square and Gardens queried if his understanding that CF will be responsible for addressing damage to the gardens was correct. Cabinet Member Sustainability confirmed that this would be the case and that he was aware of the issues in Imperial Gardens, following the Literature Festival, however, Officers had advised that the conditions were not suitable for laying seed or turf and as such the situation was being monitored with a view to it being addressed at a more appropriate time.

The Chairman thanked the members of the working group for their hard work and suggested that Cabinet were not in a position to take the recommendations forward at this time but could certainly note them, as well as the discussion that had taken place at the meeting.

Upon a vote it was unanimously

RESOLVED THAT Cabinet note the report of the Joint Overview and Scrutiny Festivals Working Group and whilst not in a position to agree the recommendations at this time, they will be taken into account at the point at which matters to which they relate are considered further.

6. 2010/11 TREASURY SEMI ANNUAL REPORT

The Principal Accounting Technician introduced the report as circulated with the agenda. He explained that since the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice, there was a need to produce two outturn reports rather than one, as in previous years.

The report outlined the current levels of lending and borrowing for the Council and the Officer highlighted specific points from within the report.

Cabinet Member Finance and Community Development had what he said were obvious points to make. Whilst interest rates were low, quantitative easing had, had an impact on inflation.

Upon a vote it was unanimously

RESOLVED THAT in compliance with the requirements of the CIPFA Code of Practice, the report, which summarised the treasury management activity during the first six months of 2010/11, be noted by Cabinet.

7. HALF YEAR PERFORMANCE REPORT

The Cabinet Member Corporate Services introduced the report as circulated with the agenda, which provided members with an overview of the council's performance at the half-way stage of the year.

A new performance regime had started earlier in the year and this had become more useful as time had progressed.

This had been considered by the Economy & Business Improvement (E&BI) Overview and Scrutiny Committee who had raised a number of issues;

The way in which it was populated and monitored admittedly there was room for improvement.

Areas over which the council did not have direct control should be clearly identified.

Quarter 3 was due to end in a matter of weeks and yet it was only now that Quarter 2 data was being considered, though this had ended in September.

A specific performance issue raised by E&BI had been absence levels, which whilst above target, were not dissimilar to other local authorities.

The Cabinet Member Corporate Services felt strongly that all Overview and Scrutiny Committees should review performance data relating to their individual areas, rather than the sole responsibility lying with E&BI.

The Chairman confirmed that it was an evolving process and commended Officers for the presentation of the data. An underlying concern of his was that the detailed performance did not always match the overview performance. He wouldn't disagree that all Overview and Scrutiny Committees should see the performance data.

Upon a vote it was unanimously

RESOLVED THAT copy form agree decision text

RESOLVED THAT the corporate performance of the organisation at the end of Quarter 2 be noted by Cabinet.

8. CORPORATE RISK REGISTER

The Cabinet Member Corporate Services introduced the report as circulated with the agenda and stressed the importance of Cabinet being aware of the corporate risks which may impact the council.

He acknowledged that there were some issues and improvements that could be made, suggesting that the data should be presented in the order of, score first, then details of mitigation, the revised score and finally it should indicate when the mitigation has been actioned.

The Chairman echoed the importance of Cabinet reviewing the register, if only to satisfy themselves that the Assistant Directors were managing risk appropriately.

Cabinet Member Built Environment was pleased to see that risks were being managed and ultimately removed from the register.

There were no further risks identified at this stage.

Upon a vote it was unanimously

RESOLVED THAT the report be noted by Cabinet, with no further risks identified.

9. BRIEFING FROM CABINET MEMBERS

Leader Briefing

The Leader advised that he had attended the Gloucestershire Conference where the partnership structure had been discussed.

He confirmed that phase 1, the review of the leadership structure, had been completed and as a result the GSP, CESB and ABG were being replaced with a Leaders Board. Membership would include the 7 council Leaders, chairs of the Police Authority and PCT as well as 2 Chief Executives, 1 County and 1 District.

This had been generally supported but there had been debate about the lack of voluntary sector input and this was a concern shared by Cheltenham and Gloucester. A task and finish group would look at the best approach to include the voluntary sector.

Phase 2 would see CBC review how their partnerships worked.

The Leader confirmed that he had received a letter from the Electoral Commission, who having reviewed the performance of the Returning Officer, confirmed that all expected standards had been met. This was good news.

The South West Regional Structure was being reduced, the proposal being, that only South West Employers and a small lobbying structure be retained.

Councils had been asked if they supported this, which the Leader confirmed he did, especially lobbying and stressed that leaving would trigger £58k worth of pension liability for CBC.

Cheltenham's provisional response had been that they wished to retain the South West Employers and their final response was required by the 18 January 2011.

10. CABINET MEMBER DECISIONS

The Chairman confirmed that there were no further decisions taken in addition to those set out on the agenda.

The Cabinet Member Sustainability expanded upon the decision he had taken (Leckhampton Hill and Charlton Kings Common Higher Stewardship Application).

Moving from Entry Level Stewardship to Higher Level Stewardship was potentially quite exciting for the Council. Whilst up to now, at Entry Level, some positive outcomes had been achieved, this had required 20% funding by the Council, with Natural England meeting the other 80% of costs. The Higher Level Stewardship would provide greater opportunities to develop the area and would enable the Council to apply for 100% funding. This would also include a grant from Natural England of approximately £10k per annum, which admittedly was not a large sum but given that there were minimal associated costs to the Council, this was an added benefit.

Chairman

Cheltenham Borough Council

Cabinet – 21st December 2010

Budget Monitoring Report 2010/11 – position as at November 2010

Accountable member	Councillor John Webster, Cabinet Member for Finance and Community Development
Accountable officer	Paul Jones, Head of Financial Services
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	To update Members on the council's current financial position for 2010/11 based on the monitoring exercise at the end of November 2010. The report covers the council's revenue, capital, treasury management and the housing revenue account. The report identifies any known significant variations (minimum £10,000) to the 2010/11 original budget and a position statement on major schemes.
Recommendations	<ol style="list-style-type: none"> 1. Note the contents of this report including the key projected variances to the original 2010/11 budget which have enabled the council to deliver a balanced revised budget. 2. Note the intention to recommend to council as part of the budget proposals for 2011/12 to transfer the interest due from its Icelandic deposits (as detailed in paragraphs 3.6 to 3.8) to the Interest Equalisation Reserve to offset any future impairment's that may arise on these deposits.

Financial implications	As detailed throughout this report. Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154
Legal implications	None directly arising from this report. Contact officer: Peter Lewis, Peter.Lewis@teWKesbury.gov.uk, 01684 272695

<p>HR implications (including learning and organisational development)</p>	<p>Zero recruitment is in place until end March 2011. Managers and HR Advisors are working together to ensure vacancies are managed effectively. The Executive Board consider and agree all business cases for any exceptions to the zero recruitment based on clear criteria. Assessment will be made to see if any vacancies can be turned into permanent establishment savings.</p> <p>Contact officer: Julie McCarthy , julie.mccarthy@cheltenham.gov.uk, 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1.</p>
<p>Corporate and community plan Implications</p>	<p>Key elements of the budget are aimed at delivering the corporate objectives within the Corporate Business Plan.</p>
<p>Environmental and climate change implications</p>	<p>None.</p>

1. Background

- 1.1 This report provides the third monitoring position statement for the financial year 2010/11. The purpose of this report is to notify members of any known significant variations to budgets for 2010/11 and highlight any key issues, allowing members to take action if required. The report has been used to construct the revised budget for 2010/11 included within the separate report on the interim budget proposals for 2011/12.
- 1.2 The previous budget monitoring report to the end of August 2010 projected an overspend for the year of £801,700. As a direct result of that projection, Cabinet and the Senior Leadership Team (SLT) instigated an immediate recruitment freeze and a rigorous approach has now been adopted for future approval for any recruitment requests. In addition, officers have been instructed to reduce spend on supplies and services to essentials for the remainder of the financial year.
- 1.3 It is therefore pleasing to report that these measures have enabled the council to address the potential in year budget deficit and deliver a revised balanced budget which does not require a contribution from general balances.

2. Net revenue position

- 2.1 The table below summarises the net impact of the variances identified on the overall 2010/11 revised budget position.

Significant budget variances (> £10,000)	Overspend / (Underspend) £	Para. ref:
Net reduction in employee costs	(412,800)	2.2 – 2.7
Net reduction in service costs / operational expenditure	(163,000)	2.8 – 2.19
Net reduction in income	436,800	2.20 – 2.41
Treasury Management	140,800	3.9 – 3.14
Interest on Icelandic deposits	(331,500)	3.6
Transfer to Interest Equalisation Reserve	331,500	3.7
Reduced contribution to General Balances	(1,800)	
Total projected variance to original budget	-	

2.2 Employee costs 2010/11

There is an expected net saving in employee costs of £412,800 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:

- 2.3 The 2010/11 original budget included a target of £400,000 from salary savings to be made throughout the council from vacant posts arising during the year. An initial assessment of vacant posts (i.e. staff turnover) in the first seven months of the year coupled with the decision to put in place a recruitment freeze for the remainder of this financial year indicate that this budget saving is likely to be exceeded by £113,800 in 2010/11.
- 2.4 The original budget for 2010/11 was set with the assumption of a 1% pay award, whereas it has now been agreed nationally that there will be a pay freeze. The resultant saving to the council is £161,400 in 2010/11.

- 2.5** Back-funding of the pension fund deficit in 2010/11 is met by a 10.31% contribution on gross pay. Therefore if gross pay is reduced by no pay award or from staff vacancies or post deletions then the council's contribution to the fund is consequently reduced. This reduction is estimated at £114,200 compared to the original budget.
- 2.6** There is a forecast saving in employee costs at leisure@ of £48,400 as a result of restructures undertaken during the year within the customer services and operations teams. These savings have been built into the revised budget and the 2011/12 base budget.
- 2.7** Increased rates of pay to casual staff and enhanced payments to staff working on bank holidays have resulted in additional expenditure of £21,800 during the year. This is as a result of recognising the need to make nationally agreed bank holiday payments and fully implementing agreed terms and conditions under the single status review. £7,000 of this relates to back pay owed from 1st October 2008 to 31st March 2010. The remaining amount has been incorporated into the 2011/12 original budgets.
- 2.8 Net reduction in service costs / operational expenditure**
There is an expected net decrease in service expenditure of £163,000 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:
- 2.9 Procurement**
As a direct result of the projected overspend forecast within the last budget monitoring report, officers were instructed to reduce spend on supplies and services to essentials for the remainder of the financial year. It is therefore pleasing to report that to date £346,100 has been identified as a saving on this budget head for this financial year. This will more than offset the original target of £120,000 from procurement savings identified in the original budget.
- 2.10 Debt management brokerage**
Treasury Management strategy for 2010/11 has been to borrow over short term periods as market rates have been very low. Because the number of loan transactions has increased, the brokerage charges are higher than the original budget. The revised budget for 2010/11 has been increased accordingly by £10,000.
- 2.11 One HR**
The shared service with Tewkesbury BC for Human Resources was anticipated to result in a saving of £57,200 in 2010/11, resulting from the merging of the two teams. This amount, included in the original budget for the year, will not be received as the shared service will no longer be going ahead. However one-off income of £26,700 has been received from Tewkesbury BC and Forest of Dean DC for consultancy work, reducing HR income by a net £30,500.
- 2.12 Audit and Assurance**
On the 1st October 2009 Audit & Assurance Services for Cheltenham Borough Council joined with Internal Audit from Cotswold District Council as a formal partnership and is expected to make a saving of £42,400 in 2010/11 as a result of de-commissioning costs being funded in 2009/10. This has now been built into the 2010/11 revised budget.
- 2.13 Concessionary Fares**
Cheltenham Borough Council is a member of the Gloucestershire County Council's countywide concessionary travel scheme. The cost allocations for the countywide scheme are controlled by the consultants (JMP), who provide administrative support for the County Council as the administering authority. A financial settlement with the major operator, Stagecoach, covering all of the districts for the financial years 2008/09 to 2010/11. However the Council is likely to be left with a funding shortfall in the region of £62,700 in 2010/11 to fund the increased journeys undertaken by concessionaires on bus services provided by other operators. This reflects fare increases and continued growth in use of the scheme, despite the Government's recent announcement to phase in an increase in the age of eligibility for bus passes. There is, however, an anticipated saving in

the year on Taxi Vouchers of £7,000, leaving an expected net overspend on this cost centre of £55,700.

2.14 Leisure@

There is an expected overspend of £10,000 in the goods purchased for resale expenditure account, against the original 2011/12 budget. Increased trading activity has resulted in higher levels of income in recent years. The income budget has been increased in 2010/11 to reflect increased profits, but the expenditure budget for the purchase of merchandise has remained at the same level. This has now been increased to reflect the level of expenditure incurred in order to generate this profit.

2.15 Utilities

There is a forecast overspend in utilities budgets of £101,400 in 2010/11. Demand increased during 2009/10 as a result of an exceptionally cold winter. It is now anticipated that a similar winter will be experienced and so estimated demand has been increased to accommodate this. Day-to-day usage has increased at certain sites and another cold winter has exacerbated the rising cost.

2.16 NNDR

Due to reduced demand and hence falling income on car parks throughout the town a reduction was made by the Valuation Office on the charges payable for NNDR in 2010/11 which resulted in savings of £17,900. The Prince of Wales Stadium also saw a reduction in its rateable value after a successful appeal, resulting in a further saving of £11,000.

2.17 Other premises related costs

A saving of £35,900 is anticipated, primarily due to controls applied on non-essential building repair and maintenance costs for the Municipal Offices and miscellaneous properties throughout the Borough

2.18 3rd party on-street parking

There is a managed saving of £30,700 from a review of the allocation of employee costs between the off-street and on-street parking functions.

2.19 Grass verges

Full cost recovery from Gloucestershire County Council for the match funding of replacement trees within the Borough has contributed a £5,000 saving. Careful control of costs and reduced mowing activity due to summer weather conditions has resulted in a further reduction in expenditure of £22,800, primarily associated with employee costs and overtime payments.

2.20 Net reduction in income

There is an expected net reduction in income of £436,800 for 2010/11. This has been incorporated into the revised 2010/11 budget and includes the following main variations to the original budget:

2.21 Off-street Car Parking Income

Income from off-street parking is composed of two elements – fines and fees. In considering fine income we need to include the actual income paid and also the potential income that could result from bailiff action to recover unpaid fines. The combined figures from both sources suggest that fine income is considered likely to fall short of the profiled budget, resulting in an annual shortfall of £135,000. The number of ticket sales compared with the same period last year remains lower and if this trend continues throughout the year, this will result in an annual fee income shortfall against budget of £301,500. The VAT increase in January being set at 20% will generate a further shortfall of £22,700 against the final quarter's budgeted turnover.

2.22 The income targets for 2010/11 were optimistically increased by £122,000 against a number of proposed initiatives relating to off-street parking. The new Head of Integrated Transport & Sustainability has undertaken a review of current initiatives and their deliverability. He is confident

that the following new income streams will be delivered:

- £7,500 from Royal Well car park (formally Chapel Walk); and
- £2,000 Synagogue Lane car park

2.23 Unfortunately, this still leaves another predicted net shortfall of £112,500 and a total projected parking income shortfall of **£571,700**.

2.24 Officers have been in discussion with Cabinet regarding parking variances and it is proposed that there will be a significant adjustment to income projections for 2011/12. This will close the gap between actual income achieved this year and the budget targets set in 2010/11. This will also reduce the risk of any repeated income shortfall from car parking revenues in 2011/12 against budget.

2.25 Regent Arcade

The long outstanding reconciliation exercise is made up of 3 elements; head rent, service charge and a capital contribution for the recent refurbishment. The head rent and service charge saving of £32,700 is made up as follows.

2.26 Head rent is overspent by £19,000, but is offset by an underspend on the service charge of £51,700 which is less than anticipated, as the outcome of our negotiations was better than forecast. This was due to successfully removing the landlord's claims for improvement costs from the settlement calculation, which are not allowed under the terms of the service charge agreement. In addition to the above net settlement, there is a capital settlement with regard to the refurbishment works to the Regent Arcade in the sum of £516,800. This will be funded on the basis of £350,000 from the Capital Reserve and £166,800 from the Property Repairs and Renewals Reserve.

2.27 Land Charges fees

Land Search fee income is below target, mainly due to a change in government advice regarding personal searches which now need to be 'free of charge' – these were previously charged at £22. Full search enquiries have remained level for the last 4 months. If this trend continues, fees will be approximately £40,000 below target. If there is an upsurge in the market the predicted deficit may reduce.

2.28 Recycling Income

New contract negotiations have resulted in increases in the price of recycle and hence recycling credits. This increase in income (£77,100) reflects the recent industry price increases, which are anticipated to remain buoyant throughout the remainder of the financial year.

2.29 GCC Schools contract

A number of schools have opted out of this contract, resulting in the income target not being achieved. Although showing a net loss of £35,900, the contract contributes £62,400 to divisional and corporate overheads. A contract review will take place prior to 2011/12.

2.30 Green Waste

An underspend of £65,600 represents the net predicted saving on the introduction of the new chargeable garden waste recycling scheme in the current financial year. Incorporated in this net position is an assumed level of 5,000 sales that will occur before the financial year end. Failure to achieve the anticipated level of sales and hence income will adversely affect this predicted net saving.

2.31 Trade waste

The under recovery of income for the Trade Waste service reflects the current competitive economic situation, with contracts lost due to downsizing, business closures and increased competition. Although savings are made on the cost of disposal via landfill charges due to

reduced activity, there is an anticipated net loss of £58,300 on trading in the current financial year.

2.32 Property rents

Income from General Fund property rentals has exceeded budgeted expectations by £26,500 due to better than anticipated take up of vacant commercial properties, following successful marketing activity e.g. Berkeley Mews shops and Enterprise Way industrial units. Further additional income has been generated from the letting of ground floor space at the Municipal Offices to HM Revenue & Customs from September 2010.

2.33 Depot occupancy – Tewkesbury Borough Council / Printwaste

Additional income of £34,600 is being generated from renting land and buildings at the Swindon Road Depot to Tewkesbury Borough Council and Printwaste.

2.34 Montpellier Café / Central Cross Drive Cafe

The net surplus from these trading outlets has increased by £12,700 due to the fair summer weather which helped increase turnover.

2.35 Central Cross Drive Cafe

Expenditure on agency labour and supervision to resource this facility during the summer months will exceed budgetary expectations by £15,000. This is primarily due to the requirement to facilitate the operation for one additional year pending the outcome of the report of the Assistant Director Operations relating to potential future operating options.

2.36 Stronger Communities – Housing Standards

There is an anticipated shortfall of £17,500 in the housing standards budget, in the Houses in Multiple Occupation register fees. The income budget for these fees has been approved at £43,500 for 2010/11, but is anticipated that the annual income achievable is approximately £26,000 based on the current number of properties and fees set. This shortfall has been factored into the revised budget 2010/11. The current fee structure for Gloucestershire is currently being reviewed by the local district authorities and any price increase will be reflected in future budgets.

2.37 Leisure@

There is an expected surplus in income of £30,000 for 2010/11, which has been built into the 2010/11 revised and 2011/12 original budgets. Leisure@ is performing well in terms of some key objectives, filling vacant space in the halls has been the main contributor accompanied by a general increase in volumes of trade.

2.38 Art Gallery & Museum and Tourism

Based on income generated to 31st October 2010, it is expected that there will be a total shortfall of income in the Art Gallery & Museum and Tourism service of £23,700 for the full trading year 2010/11. This includes £17,300 shortfall in shop trading, against a budget of £58,300. This is due to a down turn in business and reduced operations pending the closure of the museum for redevelopment.

2.39 The expected shortfall also includes £7,900 in catering income, due to the temporary contract in place for the AG&M café, pending the closure for redevelopment of the museum. The level of sales is such that minimal commission is expected to be payable to the Council In 2010/11.

2.40 Council Tax court fees and legal costs

The council's general fund receives income from court costs arising from the recovery of unpaid council tax and business rates. There is a projected shortfall of £16,000 on the original income budget of £170,000 due to the number of court summonses issued being less than originally anticipated. This reflects an increase during the year in arrangements made to reschedule payments, resulting in less recovery action having to be taken.

2.41 Area Based Grant

The Area Based Grant which is an un-ringed fenced grant from central government has increased

by £11,800 from that proposed in the original budget primarily to take account of the new provisions placed on council's to accept petitions.

3. Treasury Management

3.1 Icelandic Banks

Members will recall the Council has outstanding loans with the Icelandic owned banks Glitnir, Landsbanki and Kaupthing, Singer & Freidlander (KSF).

- 3.2** The situation with regards to money outstanding with both Glitnir and Landsbanki is unchanged since the last report. Data is being collected to enable court cases on priority status to proceed, but it is unlikely a definitive decision on this will be made until mid 2011.
- 3.3** As regards the money outstanding from KSF, the latest information indicates a recovery rate of 79p in the £ (roughly the mid point in the range of 75 – 84p). In the 2009/10 accounts, based on the best information available at the time, we had assumed a recovery rate of 71p in the £.
- 3.4** The capitalisation direction we received in 2009/10 allowed us to treat the estimated losses on the Icelandic banks as capital expenditure, in effect borrowing the money and spreading the cost over 20 years. In the case of KSF we capitalised a loss of 29p in the £ (i.e. 100 – 71p in the £).
- 3.5** The increase in the amount likely to be recovered is 8p in the £ or £230,000. However, since we had borrowed to cover a loss of this amount via a capitalisation direction, the extra money should now be used to reduce the borrowing. This will be done in 2010/11 by making a voluntary revenue provision to capital financing of £230,000. This will reduce annual debt payments for the next 19 years (beginning in 2011/12) by £12,000 per annum. This reduction has been taken into account in the budget proposals for next year.
- 3.6** In accordance with proper accounting practice the council must credit the revenue account each year with the interest due from the Icelandic banks. The proportion of interest not likely to be received is then included within any 'impairment' charge to revenue, which reflects the loss in value of the investments. Since the council has reflected the current estimated losses in the loans, by impairment charges made in 2008/09 and 2009/10, the interest due for the year represents additional income. In 2010/11 the interest is estimated at £311,500.
- 3.7** It is recommended, however, that the interest due in 2010/11 and future years is transferred to a reserve to cover any additional losses which may arise in the value of the deposits and/or to reduce the borrowing arising from the capitalisation of the losses. For example, if it is determined that the council's deposits with Landsbanki do not have priority status then a further loss of around £2.3 million would need to be charged to revenue. If this occurred the council would apply for a further capitalisation direction, however in applying for this any interest credited in the year must be deducted from the loss, in which case the interest due will be required to help cover it.
- 3.8** Any reduction in the estimated recovery rates or extensions in the repayment profiles of the loans will also result in an additional 'impairment' charge to revenue, which will need to be met from the interest due for the year. If there is any surplus interest (i.e. not required to cover additional losses), it would be prudent to use it to make voluntary revenue provisions to capital financing, reducing annual debt repayments.
- 3.9 Treasury Management Activity**
There is a predicted shortfall of interest of £21,400 to report on Treasury Management for 2010/11. However the General Fund has a £216,200 adverse variance against the 2010/11 original budget whilst the Housing Revenue Account (HRA) has a £194,800 favourable variance against the original budget. The 2010/11 revised budget will now be adjusted to reflect these likely outcomes.
- 3.10** The primary reason for the shortfall in the General Fund is that the calculation for the HRA Item 8

Credit which was estimated in December 2009 predicted the consolidated rate of interest to be 4.00% on all borrowing for this financial year. This interest rate was calculated based on a forecast that interest rates would start to rise from October 2010. Interest rates are now forecast to remain at 0.50% for at least another year and this has resulted in the consolidated rate being more likely to be 3.08%. This will result in the HRA paying £175,300 less interest to the General Fund for 2010/11.

3.11 HRA opening revenue balances for 2010/11 are higher than what was estimated when calculating this budget and also lower revenue balances are required for capital financing. This will result in the HRA receiving £19,500 more in interest from the General Fund.

3.12 Lending interest is also forecast to be down by £28,100 against the estimated budget as a rise in interest rates was forecast to commence around October 2010 but this is now unlikely to happen with the economy as it stands and with rates looking to remain at 0.50% for the foreseeable future.

3.13 Short term borrowing interest is forecast to be under spent by £6,700 against the 2010/11 budget due mainly to achieving an average rate of 0.45% against a budgeted estimate of 0.86% for all temporary borrowing.

3.14 Debt premiums

The freehold disposal of 24 Cambray Place generated a capital receipt which has been used to finance debt premiums that relate to historical debt-rescheduling exercises. This has resulted in a saving of £75,000 which has been built into the revised budget proposals and the base budget for 2011/12 and is one of the council's 'bridging the gap' initiatives.

4. Capital expenditure

4.1 Significant variances to the 2010/11 original capital budgets are as reported in the previous budget monitoring report. These revisions are reflected in the revised capital programme for 2010/11 which can be referred to in Appendix 9 within the separate report on the interim budget proposals for 2011/12.

5. Programme maintenance expenditure

5.1 As reported in the previous budget monitoring report, there are a number of significant variances to the original 2010/11 programmed maintenance budgets. The revised programme maintenance budgets have been prepared to reflect these variances. These are included at Appendix 10 of the separate report on the interim budget proposals for 2011/12.

6. Housing Revenue Account (HRA)

6.1 HRA income and expenditure

The HRA budget for 2010/11, approved in February 2010, estimated a surplus of £597,700 for the year resulting in a balance of £1,642,900 to be carried forward in revenue reserves at 31st March 2011. Significant variations identified to date are:

Category	Reason for variation	£
Saving in interest payable	Reduced interest rates (see para 3.10).	175,300
Additional interest receivable	Net impact of higher reserves and lower interest rate, partially offset by reduced mortgage interest.	12,700
Council tax on empty properties	Saving from fewer long-term voids	17,000

Rents and charges	Reduced income primarily from lower than estimated service charges	(48,500)
Reduction in subsidy payable	Lower interest rate.	52,000
Reduced requirement for revenue contributions to capital expenditure	Lower capital spend in year (see para 6.4 below).	596,000
Other net variances		6,000
Net additional resources		810,500

6.2 The outturn position for 2009/10 also showed an increased level of reserve at 31st March 2010 of £1,580,800. The impact of these variations will be to increase the forecast surplus for 2010/11 to £1,408,200 and revenue reserves at 31st March 2011 to £2,989,000. It should be emphasised that only £214,500 of the increased surplus for 2010/11 represents additional resources as the remaining £596,000 arises from capital expenditure deferred into 2011/12.

6.3 HRA Capital Programme

The capital programme for the year was approved at £4,482,000. This included an estimate of £1,000,000 for transformational improvements to existing stock in St. Pauls. This work is to be carried out in conjunction with the CBH new build programme on the estate. The project is now expected to start in January 2011 and expenditure in year will reduce to £300,000 with the balance transferring to 2011/12.

6.4 This gave an opportunity to bring forward other works, originally programmed for 2011/12, in substitution. These included £312,000 for balcony repairs and further neighbourhood works at Edward Wilson House and Scott House. However the subsequent failure of social housing contractors, Connaught and Rok, will delay completion of a proportion of these works until early in the next financial year.

6.5 Overall capital expenditure for the year is now forecast at £3,851,000 with a reduction in revenue contributions as detailed above.

7. Council tax and Business rates collection

7.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 2. This shows the position at the end of November 2010 and the projected outturn for 2010/11.

8. Sundry debt collection

8.1 The monitoring report for the collection of sundry debt income is shown in Appendix 3. This shows the position at the end of November 2010.

8.2 The invoices raised as a consequence of the Council's rechargeable repairs and voids policy are challenging to collect but represent an essential control in keeping the stock in good condition at an affordable cost. Given the nature of the charges and past recovery rates the internal audit section has previously recommended provision for bad debts be made at a rate of 90% of sums outstanding. Since the introduction of the policies a combined cash collection rate of 15.8% has been achieved (25% for rechargeable repairs to current tenants and 10% for void dilapidations). This recovery work is resource intensive and CBH is constantly reviewing methods and procedures to improve cost effectiveness. The team is currently working through a back log of write offs, provision for which has already been made in the Housing Revenue Account.

9. Conclusion

- 9.1 The net effect on the general fund of the variances reported above is neutral and it is encouraging to report that the immediate response to the last monitoring report by Cabinet and SLT and the actions put in place result in the council still being on track to deliver services within budget.
- 9.2 The continued impact of the economic recession and the uncertainty in the banking system present particular concerns for the council’s budgets. It is clearly important to ensure that budgets are more closely monitored over the coming months with a view to taking action at a future date, if necessary, in order to ensure that the council delivers services within budget.

10. Consultation

- 10.1 The work undertaken to produce this report has involved consultation with a wide number of services and cost centre managers.

Report author	Contact officer: Paul Jones, Head of Financial Services paul.jones@cheltenham.gov.uk, 01242 775154
Appendices	<ul style="list-style-type: none"> 1. Risk Assessment 2. Council Tax and NNDR collection 3. Sundry Debt collection
Background information	<ul style="list-style-type: none"> 1. Section 25 Report – Council 12th February 2010 2. Final Budget Proposals for 2010/11 – Council 12th February 2010

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	Unable to take corrective action in respect of reduced income streams.	Cabinet	June 2010	3	6	18	Reduce	In preparing the revised budget for 2010/11, SLT to consider the options for offsetting reduced income streams by analysing and reducing the level of expenditure across the Council.	December 2010	SLT	Corporate Risk Register
2.	Requirement to fund projected overspend from General Balances would result in General Balances falling below the minimum range of £1.5m to £2m set by the Chief Finance Officer.	Cabinet	June 2010	3	2	6	Accept	The immediate response to the last monitoring report by Cabinet and SLT and the actions put in place result in the council being back on track to deliver services within budget. In preparing the revised budget for 2010/11, an exercise to realign earmarked reserves will be undertaken in order to strengthen the level of General Balances.	December 2010	Chief Finance Officer	Corporate Risk Register
3.	If the council continues with its zero recruitment policy, then capacity may be impacted adversely, plus morale and motivation of employees	Cabinet	October 2010	3	4	12	Reduce	Executive Board will monitor the process, via quarterly reviews.	March 2011	Executive Board	Corporate Risk Register

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 4 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on

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Council Tax and Business Rates Collection Rates 2010 - 2011

Business Rates 2010/2011

Current Year Charges - 2010/2011			
Period	% Collected As at 30.11.10	November 2010 Target As at 30.11.10	2010/2011 Target As at 31.03.11
	81.61%	81.50%	98.45%
Comparison with 2009/2010	As at 30.11.09		% Collected 31.03.10
	80.40%		98.41%
			Top Quartile
			N/A
			Revised 2010/2011 Target As at 31.03.11
			N/A
			Comments
			The current collection rate is slightly higher than the target for the end of November and also when compared to the same time last year. The position does fluctuate month to month and we are working closely with businesses struggling to pay during the current economic climate. However, at this stage we are optimistic that we can achieve the year end target of 98.45%

Previous Years Charges Outstanding in Current Year (2010/2011)			
Period	Previous Year Debts Outstanding As at 30.11.10	November 2010 Target As at 30.11.10	2010/2011 Target As at 31.03.11
	£427,778	£380,000	£240,000
Comparison with 2009/2010	As at 30.11.09		Amount o/s 31.03.10
	£374,772		£238,568
			Top Quartile
			N/A
			Comments
			The arrears are higher than the target for the end of November and higher than at the same time last year. We are monitoring the position closely due to the effect on businesses of the current economic climate. At the moment we remain optimistic that we can achieve the year end target of £240k

Council Tax 2010/2011

Current Year Charges - 2010/2011			
Period	% Collected As at 30.11.10	November 2010 Target As at 30.11.10	2010/2011 Target As at 31.03.11
	76.60%	76.75%	98.20%
Comparison with 2009/2010	As at 30.11.09		% Collected 31.03.10
	76.75%		98.18%
			Top Quartile
			N/A
			Comments
			The current collection rate is slightly lower than the target for the end of November and also when compared to the same time last year. We continue to work with council tax payers having difficulty in paying and are monitoring collection levels closely. At this stage we remain optimistic that we will achieve our year end target which is 98.2%

Previous Years Charges Outstanding in Current Year (2010/2011)			
Period	Previous Year Debts Outstanding As at 30.11.10	November 2010 Target As at 30.11.10	2010/2011 Target As at 31.03.11
	£874,143	£950,000	£690,000
Comparison with 2009/2010	As at 30.11.09		Amount o/s 31.03.10
	£885,551		£680,499
			Top Quartile
			N/A
			Comments
			The arrears are slightly higher than the target and higher than at the same time last year. Again, we are monitoring the position closely and working with council tax payers having difficulty in paying, but at the moment remain optimistic that we can achieve the year end target of £690k

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Sundry Debtor Invoices Outstanding 2010 - 2011

Sundry Debt 2010/2011

Current Year Invoices - 2010/2011									
Period	Current Year Invoices Raised	As at 30.11.10	Current Year Invoices Outstanding	As at 30.11.10	Invoices outstanding more than a month (Exc Instalment Invoices)	As at 30.11.10	% of invoices outstanding more than one month	As at 30.11.10	Target
General Fund Invoices	6,931	£4,966,858	1,870	£806,329	119	£185,033	6.4%	Less than 10%	
HRA Invoices	1,431	£253,292	460	£125,068	355	£71,331	77.0%	Less than 50%	

Previous Year Invoices Outstanding in 2010/2011			
Period	Previous Year Invoices Outstanding	As at 30.11.10	November 2010 Target
General Fund Invoices	161	£136,031	£120,000
HRA Invoices	988	£241,232	£180,000
			2010/2011 Yearend Target
			As at 31.03.11
			£50,000
			£140,000

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Cheltenham Borough Council

Cabinet – 21st December 2010

General Fund Revenue and Capital - Revised Budget 2010/11 and Interim Budget Proposals 2011/12 for Consultation

Accountable member	Cabinet Member for Community Development and Finance, John Webster
Accountable officer	Chief Finance Officer, Mark Sheldon
Accountable scrutiny committee	all scrutiny committees
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the revised budget for 2010/11 and the Cabinet's interim budget proposals for 2011/12 for consultation.
Recommendations	<ol style="list-style-type: none"> 1. Note the revised budget for 2010/11. 2. Approve the interim budget proposals for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2011/12 (a 0% increase based on a Band D property). 3. Approve the growth proposals, including one off initiatives at Appendix 3. 4. Approve the reserve re-alignments at Appendix 8, as outlined in section 8. 5. Approve the proposed capital programme at Appendix 9, as outlined in Section 9. 6. Approve the proposed Property Maintenance programme at Appendix 10. 7. Delegate authority to the Cabinet Member for Finance to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation. 8. Seek consultation responses by a revised deadline of 22nd January 2011.

Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Mark Sheldon.</p> <p>E-mail: mark.sheldon@cheltenham.gov.uk</p> <p>Tel no: 01242 264123</p>
Legal implications	<p>As this report only proposes an interim budget for consultation purposes, there are no legal implications but several of the proposals will have employment law implications and other statutory requirements if pursued.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>
HR implications (including learning and organisational development)	<p>In the spirit of building on our positive industrial relations environment, the recognised trade unions received a budget briefing on 9th December 2010. The interim budget proposals (Appendix 4) details the savings generated from a number of restructures that have already taken place this year. Dialogue with the recognised trade unions will continue in order to ensure that the potential impact on employees are kept to a minimum and in doing so help to avoid the need for any compulsory redundancies. Many of the fte (full time equivalent) reductions shown below will be as a result of restructures, and the Council's policies on managing change and consultation regarding any redundancies will be followed.</p> <p>On going, it is important that capacity is carefully monitored and managed in respect of any reductions on FTE and reduced income streams.</p> <p>The budget proposals include the following implications for staff:</p> <p>Total reduction in staffing = 31.9fte (full time equivalent) of which 17.8fte are vacant posts, 6.6fte are redundancies, 0.5fte is shared, 4fte are to be confirmed, and 3fte seasonal therefore not required. A further planned reduction of 7.4fte will take place in 2012/13.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>

Key risks

An overall risk assessment of the interim budget proposals is contained in Appendix 1 and the risks associated with each of the proposals for bridging the funding gap are identified in Appendix 4.

During the current year, the council through its budget monitoring predicted an overspend of £800k, much of this as the result of income streams not matching target levels. There is a risk that 2011/12 will see a similar pattern of income reduction particularly if as predicted public sector cuts, inflation and other pressures reduce household incomes and the predicted economic recovery is slow. The council will need to satisfy itself that the income levels in the budget are robust and that regular budget monitoring identifies any issues at an early stage so that remedial action can be taken.

The council had been planning for reductions in funding and through its bridging the gap (BtG) programme had been planning a range of initiatives which would reduce expenditure over the life of the Medium Term Financial strategy (MTFS). As outlined above, earlier in the year the coalition government announced their intention to reduce public sector expenditure and indicated that there would be a front loading to this i.e. greater reduction in years one and two. There is now a real risk therefore that the profile of reduction in public sector grant support will impact on a planned response to the medium term financial savings, as the council needs to make cuts now and cannot wait for shared services and other commissioning initiatives to deliver their planned savings.

The government have announced the settlement for future years which helps with resource planning but it means that the council will face budget cuts in future years, and will need to identify savings to meet these cuts. Although plans are in place to meet some of these savings there are still significant shortfalls in future years and the council will need to identify how it will meet these savings targets. The council has agreed a commissioning approach but there is a risk that in delivering immediate savings there is insufficient resources to work up plans for future years. The council will need to prioritise the commissioning work plan to ensure that those areas which have the greatest opportunity to deliver savings are reviewed first.

As the council moves towards other delivery models for service provision e.g. shared services, service level agreements or contracts there is a risk that the savings which need to be found in future years fall on fewer service areas and potentially have a disproportionate impact on the retained organisation. When commissioning services the council will need to be mindful of its budget situation and consider how contracts can be flexible to new demands.

Some of the budget proposals will impact directly on the public. There is a risk that if the communication of these proposals is not handled sensitively then there will be public opposition to them. If these proposals are accepted in the final budget then there will need to be a clear communication plan with those service users about the cuts and what other alternative arrangements, if appropriate, are being made.

The audit committee at its meeting in January will look at the specific governance risks associated with the budget and feedback their views to cabinet.

Corporate and community plan Implications	The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in government funding.
Environmental and climate change implications	The draft budget contains a number of proposals for improving the local environment, as set out in this report.

1. Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which is part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2011. This report sets out the interim proposals for 2011/12.

2. 2010/11 Revised Budget

- 2.1 The budget monitoring report to the end of August 2010, considered by Cabinet on 26th October 2010, identified a potential projected overspend of £800k for the current year, 2010/11. In response, the Senior Leadership Team implemented a recruitment freeze and reviewed all unspent supplies and services budgets. As a result of the action taken, the revised budget for 2010/11 which includes projected savings in employee related and supplies and services budgets is now projected to have managed the projected overspend to zero.

3. Finance Settlement including Concessionary fares funding

- 3.1 The Government's comprehensive spending review (CSR10) in 2010 determines the level of funding for the whole of the public sector for the period 2011/12 to 2012/13. The following table summarises the headline provisional figures for the level of Government support to the Council released on 13th December 2010.

	2010/11 £m	2011/12 £m	2011/12 £m adjusted	2012/13 £m
Revenue Support Grant	1.118	1.433	1.443	
Cheltenham's share of Redistributed Business Rates	7.701	4.643	4.463	
Formula Grant	8.819	6.076	6.076	5.535
less formula grant adjustment e.g. concessionary fares	(1.632)	-	(0.046)	
Adjusted formula grant	7.187	6.076	6.030	5.535
Actual cash (decrease) over previous year		(1.111)		(0.495)
% cash cut		(15.46%)		(8.21%)

- 3.2 In the coalition Government's comprehensive spending review in October 2010, the Chancellor of the Exchequer announced that councils would receive a cut in government support of 7.1% in each of the next 4 years, a total of 28.4%. This was broadly in line with the assumptions for a reduction in government support modelled in the council's Medium Term Financial Strategy (MTFS) although the council anticipated some front loading and planned for a 10.7% cut in 2011/12.
- 3.3 The actual provisional settlement is very different. The council will receive a cash reduction in government support (revenue support grant plus share of redistributed non domestic rates) of

£1.111m, a cut of 15.46% in 2011/12 followed by a further cash cut of £495k (8.21%) in 2012/13. cumulatively, this equates to a 22.99% cut over 2 years. Funding levels for the following 2 years i.e. 2014/15 and 2015/16, have yet to be announced but it is likely that they will continue to impact on the council's finances detrimentally.

- 3.4** In announcing the provisional settlement, the local government minister Eric Pickles referred to a new measure of government support, 'revenue spending power'. Rather than measuring cash changes, this measures the total resources available to the council including council tax revenues (including parishes) and one off grants. In declaring that no council would be any worse off than 8.9% he was referring to the revenue spend rather than actual cash position. Cheltenham's calculation of this 'revenue spending power' is a decrease of 6.11%.
- 3.5** The provisional finance settlement includes the removal of £2.2m of funding for free bus service for the over 60's concessionary fares scheme as a result of the transfer of the responsibility to Gloucestershire County Council with effect from 1st April 2011. As a result, the council's top up of annual government funding for the scheme, estimated at £1m, will **NOT** be released back to the council. This will leave the council with no resources to either top up the county's proposed statutory concessionary fares scheme i.e. the current discretionary 9.00 – 9.30 period of use funded by the council or to fund the existing transport schemes which operate.

4. The Cabinet's general approach to the 2011/12 budget

- 4.1** The Cabinet's budget strategy for 2011/12, approved at a meeting on 26th October 2010, included an estimate of £2.6m for the 2011/12 budget gap i.e. the financial gap between what the Council needs to spend to maintain services (including pay and price inflation) and the funding available assuming a 10.7% cut in government support. This was subject to the outcome of the Comprehensive Spending Review (CSR10) and assumed a funded council tax freeze. The council only received notification of its actual grant on 13th December 2010 and it was worse than anticipated. The final assessment of the budget gap for 2011/12, based on the detailed budget preparation undertaken over recent months and the actual financial settlement is £2.94m.
- 4.2** The settlement was actually £245k worse than anticipated and, given the delay in its publication, has presented the Cabinet and the council's Senior Leadership Team (SLT) with an incredibly difficult task in responding to deeper and more rapid cuts, in making sound recommendations in time to publish a budget allowing for a reasonable period of consultation.
- 4.3** In preparing the interim budget proposals, the Cabinet and officers have made the following assumptions:
- Prepared a standstill budget projection under a general philosophy of no growth in levels of service with the exception of a 6 FTE planning posts, costing £130k annually, which have now been built into the base budget. These posts had previously been funded from Planning Delivery Grant (PDG) which has been withdrawn as part of the overall CSR10 settlement.
 - Provided for inflation for contractual and health and safety purposes has been allowed at an appropriate inflation rate where proven.
 - Not budgeted for pay inflation for 2011/12 or 2012/13.
 - Increased income budgets based on an average increase in fees and charges of 2.5% with the exception of property rents which have not been inflated but are now set in line with rent projections based on property leases. The Cabinet intend to freeze car park charges at current year's levels which have been shown as growth within the interim budget proposals.
 - Assessed the impact of prevailing interest rates on the investment portfolio, the implications of

which have been considered by the Treasury Management Panel.

- Removed the central savings target for procurement in recognition that these will be targeted through the GO programme.
- Built into the base budget for 2011/12, the cost of the final revised single status pay structure following the transition period and conclusion of the appeals process.
- Estimated the financial impact of the triennial revaluation by the pension fund actuary in 2010/11 resulting in increased annual costs of £286,700 wef from 1st April 2011.
- Allowed for a council tax freeze, in line with the coalition Government's request, on the basis that it will be funded through a specific grant.

4.4 However, the council has received late notification that the increase in the business rates multiplier for 2011/12 is 4.59% whereas the interim budget proposals forecast an increase of 2.5%. In light of the lateness of this notification, and the recognition that a number of our properties will qualify for transitional relief, this increase will be quantified during the course of the consultation period.

4.5 The key aims in developing the approach to the budget were to:

- Protect frontline services, as far as possible
- Reduce costs by the development of longer term plans for efficiencies over the period of the Medium Term Financial Strategy (MTFS) including work on shared services, systems thinking, reducing the cost of assets and energy usage, and the new approach to commissioning services.

4.6 There has been considerable activity during the course of the year to develop this longer term strategy for closing the funding gap. The Cabinet have worked with officers to develop the 'Bridging the Gap (BtG)' programme using the BtG group supported by the Senior Leadership team. The Cabinet's interim budget proposals for closing the budget gap in 2011/12, the result of this work, are detailed in Appendix 4 and include an assessment of the impact of these proposals over the period of the MTFS, split into:

- Decisions already made by council and therefore built into the base budget, totalling £721k.
- Proposals yet to be agreed by council which are not built into the base budget, totalling £2,219k

4.7 The Cabinet and SLT have been anticipating having to make significant savings and have been actively managing vacancies and staffing levels in order to minimise the impact of service reviews, system's thinking and savings initiatives and cuts. As a result, the reduction in staffing numbers (31.9 full time equivalents) outlined in the budget proposals have been achieved at minimal cost to the taxpayer.

5. Service growth

5.1 The Cabinet's initial approach was that, given the difficult financial situation, there should be no growth in services which has an impact on revenue expenditure except where there is a statutory requirement or a compelling business case for an 'invest to save' scheme. The growth identified in the budget proposals supported by Cabinet meets these criteria and reflect the need to invest in business processes and schemes which support the BtG programme.

5.2 The Cabinet has an aspiration to make the following one off investment, funded from LAA performance reward grant, estimated at £278k for 2011/12, subject to it being awarded and these will be confirmed in the outturn report to council in June 2011.

- £58k towards the potential liability arising from the abolition of the South West Provisional Councils
 - £50k towards match funding the £50k contribution from GCC to address youth work issues that the County can no longer fund in the way that it traditionally has.
 - £30k for community pride / big society initiatives to establish another round of Community Pride as last year, with the emphasis on enabling 'Big Society' initiatives to be taken forward, such as promoting volunteering or voluntary initiatives.
 - £30k towards supporting Cheltenham Voluntary and Community Action (VCA) at £10k a year for the next three years from the LAA Performance Reward Grant to develop the voluntary and community market through capacity building and supporting the Council to achieve its goal of being a commissioning organisation.
 - A capital contribution towards the Warm and Well scheme administered by Severn Wye Energy Agency on the basis that private sector renewal grant has been withdrawn from 2011/12.
- 5.3** The full list of proposals for growth, including one off initiatives, is included in Appendix 3.

6. Treasury Management

- 6.1** Appendix 6 summarises the budget estimates for treasury management activity taking into account the following changes, considered by the Treasury Management Panel, at its meeting on 22nd November 2010.
- 6.2** The council has been affected by the low interest rates which have remained at 0.50% throughout the year and are predicted to remain at this level for some time still. Due to our consolidated debt rate being lower this has resulted in the Housing revenue Account (HRA) paying £183,000 less interest to the General Fund for 2011/12, even though borrowing interest costs have reduced overall by £6,700.
- 6.3** The low interest rates will also affect our investment income and is estimated to fall by £74,900 in 2011/12.
- 6.4** As a result, the net impact on 2011/12 budget is a reduction in net treasury income of £236,200.
- 6.5** The council has been actively pursuing the deposits from the three Icelandic owned banks, Glitnir, Landsbanki and Kaupthing Singer and Friedlander (KSF). The situation with both Glitnir and Landsbanki is that the council's legal advisors have now filed written submissions with the Icelandic courts with regards to the deposits made in 2006, and court hearing are due to take place in early 2011. As regards to KSF we have received £1.628m back to date which amounts to 53p in the pound. The latest information we have indicates a recovery rate in the range of 75p to 84p in the pound.

7. Medium Term Financial Strategy (MTFS)

- 7.1** Prior to the comprehensive spending review, the council was estimating the MTFS funding gap to be c£4.7m based on an anticipated cut in government support of 25%. The MTFS projections will be updated for the Cabinet's final budget proposals in February 2011 taking into account the levels of Government support for the period of the CSR10 spending review.

8. Reserves

8.1 The Cabinet has taken the opportunity to review the reserves held by the council on the advice of SLT and the CFO. Some realignment of reserves, detailed in Appendix 8, are proposed to further the aims of the council including:

- Transfer £1m of the reserve realignment to increase the civic pride reserve to fund future costs including site investigations and preparation work in order to present development sites and some pump priming for Boots corner redevelopment. The council is progressing with the civic pride scheme using the Cheltenham Task Force delivery vehicle. In February 2010, a projection of the council's civic pride reserve, including external partner contributions, identified a funding shortfall for 2011/12 of c£110k. The reserve realignment will address this shortfall.
- Transfer £717k of Planning Delivery Grant (PDG) reserve to the General Reserve, given that planning posts funded from this reserve have been built into the base budget from 2011/12.
- Recently the council owned properties in Ledmore Road have been sold subject to contract and the receipt can now be used to fund the redevelopment of St Paul's and other housing regeneration schemes, in line with the council decision in July 2009. This allows for transfer of £1.3m of the Housing Capital Reserve (General Fund) which had been earmarked to support housing regeneration schemes, releasing it for other purposes.
- Transfer £300k of the reserve realignment to the capital reserve to support future capital programmes.
- Virement of £80k of the allocation to fund the sourcing strategy programme to support the organisation's business change activity in a period of significant change including the major change to an Enterprise Resource Planning (ERP) system facilitated by the GO programme.
- The sourcing strategy programme has now been closed down and the balance of unused sourcing strategy money, £274.4k, is to be returned back to the general reserve as outlined in Appendix 7. However, it is proposed that some of this money is earmarked to support potential work around the creation of shared services for revenues and benefit (£100k), subject to business case. A further £80k is to be used to support the business change flowing from the restructuring proposals around commissioning and GO programme, as outlined in the Section 4 report and agreed by council on 13th December 2010.
- More work is to be undertaken to understand both the immediate and longer term investment required to pump priming the commissioning activity which may justify a further earmarking of money or an earmarking of the general reserve, subject to business case. This may be addressed in the final budget proposals.

9. Capital Programme

9.1 The proposed capital programme for the period 2011/12 to 2015/16 is at Appendix 9.

9.2 The programme includes a provisional sum of £250k for investment in new car park management technology, which will be subject to a business case and options appraisal and investment in telephony switch upgrades, identified in the council's ICT strategy, approved by Cabinet on 22nd June 2010.

10. Property Maintenance Programmes

10.1 The proposed property repairs and maintenance programme for 2011/12 is at Appendix 10.

- 10.2** The budget proposals include a proposal to defer the increase in annual contribution of £125k to the planned maintenance reserve by one year, in response to the severe settlement position. As a result the planned maintenance programme, at appendix 10, has been reviewed to reflect the affordability envelope available.
- 10.3** The programme includes a sum of £157k towards the council's share of the costs of the refurbishment of the arcade, finalised at £517k.
- 10.4** There are a series of initiatives to reduce power consumption. The installation of voltage optimisation devices to moderate the electricity supply coming into buildings will cost £97k of which some £14k is being spent in 2010/11 for a pilot plant at Leisure@. In total these will save the Council some £15.7k pa, and reduce our Carbon footprint by 92 tonnes of CO2 p.a. Further schemes are proposed for the future costing a total of £76k - as follows:
- Replacing pool hall lights with 100w LEDs, (£27k);
 - Replacement of lighting at Regent Arcade car park (£33k); Improving cooling efficiency in server room, including replacing air-con units with evaporative cooling unit (£10.5k);
 - Extend replacement of security lighting at Depot with LEDs and install PIRs on percentage of security lighting (£5.5k).
- 10.5** In total these will save the Council an estimated £36k pa, and reduce our Carbon footprint by some 159 tonnes of CO2 p.a. Because these are initiatives that promise a payback they will be funded from the Repairs and Renewals reserve.

11. Reasons for recommendations

- 11.1** As outlined in the report.

12. Alternative options considered

- 12.1** The Cabinet have considered many alternatives in arriving at the interim budget proposals. Opposition groups will be able to suggest alternative budget proposals for consideration by council in February 2011.

13. Consultation and feedback

- 13.1** Given the scale of the level of public sector funding squeeze, the Cabinet were keen to engage with the public on where to make savings ahead of the decision making process. The results from the summer public consultation road shows and residents panels provided the Cabinet with an indication of where the Cabinet might look to protect, reduce or stop spending on services. The budget proposals take into account the response to this consultation.
- 13.2** The formal budget consultation on the detailed interim budget proposals will be over the period **22nd December 2010 to 22nd January 2011**. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period, interested parties including businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals. They will be asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committees will be invited to review the interim budget proposals in the meetings scheduled for January 2011 and any comments will be fed back to the Cabinet.

13.3 Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to consider their full implications and to be built into the budget. Accordingly, if alternative budget proposals are to come forward, this should happen as early as possible.

13.4 All comments relating to the initial budget proposals should be returned to the Chief Finance Officer by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Consultation questionnaires will be available in key locations and for completion on line via the council's website. Comments can be e-mailed to **money matters@cheltenham.gov.uk**.

14. Performance management – monitoring and review

14.1 The scale of budget cuts will require significant work to deliver within the agreed timescales and there is a danger that it diverts management time from delivery of services to delivery of cuts. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised.

14.2 The delivery of the savings workstreams included in the interim budget proposals, if approved by full council will be monitored via the BtG group.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Summary net budget requirement 3. Growth 4. Savings / additional income 5. Capital charges 6. Interest and investment income 7. Detailed reserve movements 8. Projection of reserves 9. Capital programme 10. Planned maintenance programme
Background information	<ol style="list-style-type: none"> 1. Provisional Finance settlement 2011/12

The risk				Original risk score (impact x likelihood)			Managing risk					
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register	
1.01	If the council is unable to come up with long term solutions which bridge the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision	Mark Sheldon	15 December 2010	3	3	9	R	The council has agreed a commissioning approach and the MTFs identifies a number of longer term solutions. The council will need to be mindful of capacity to deliver the savings programme	Sept 2011	Mark Sheldon		
1.02	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year	Mark Sheldon	15 December 2010	3	2	6	R	Robust forecasting is used to prepare the budget looking back on previous income targets and collection, and forecasts take into account the current economic situation. Professional judgement used on the deliverability of income targets. Once budget approved, regular monitoring of income targets will identify any issues and any corrective action which need to be taken and will be reported through the budget monitoring reports.	Ongoing during course of year	Mark Sheldon		
1.03	If when developing a longer term strategy to meet the MTFs, the council does not make the public aware of its financial	Jane Griffiths	15 December 2010	3	3	9	R	As part of the development of BtG programme there will need to be a clear communication	31 March 2011	Communications team to support the BTG programme		

	position and clearly articulates why it is making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							strategy. In adopting a commissioning culture then it will be basing its decisions on customer needs and requirements and this should help address satisfaction levels.			
1.04	There is a reliance on shared services delivering savings. If these savings do not materialise or shared service projects do not proceed as anticipated then other savings will need to be found to meet the MTFS projections.	Pat Pratley	15 December 2010	3	3	9	R	All shared services are operated under principle 2 principles, with clear business case and risk logs are maintained for the shared service projects and regularly reviewed	Ongoing during course of year	Pat Pratley	
1.05	In the past the council has used in year savings to support one off growth to fund new initiatives or unpredicted expenditure. It is unlikely that moving forward over the life of the MTFS there will be such savings and if new initiatives or unpredicted expenditure arises then the dependency on the General Reserve will intensify.	Mark Sheldon	15 December 2010	4	3	12	R	Future capital receipts may be needed to galvanise the General Reserve.	1 st December 2011	Mark Sheldon (working with SLT and Cabinet)	
1.06	If the council does not carefully manage its commissioning of services then it may not have the flexibility to make additional savings required by the MTFS in future years and a greater burden of savings may fall on the retained	Mark Sheldon	15 December 2010	3	3	9	R	Contracts, SLAs and other shared service agreements will need to be drafted and negotiated to ensure that there is sufficient flexibility with regards to budget requirements	Ongoing	AD Commissioning	

	organisation										
1.12	If the triennial review of pensions identifies that contribution rates should be greater than anticipated then this will increase the budget gap within the MTFS	Mark Sheldon	26 January 2010	3	3	9	R	MTFS based on advice received from actuary.	November 2010	Mark Sheldon	
1.07	If the levels of cuts are deeper and sooner than was suggested in the coalition Government's comprehensive spending review, the council may not be able to deliver a measured and planned response to a reduction in services.	Mark Sheldon	15 December 2010	4	4	16	Reduce	SLT work with the Cabinet using the BtG programme to deliver existing workstreams, new initiatives and accelerate the commissioning programme.	Feb 2012	Chief Finance Officer Mark Sheldon	

NET GENERAL FUND BUDGET 2010/11 REVISED AND 2011/12

GROUP	2010/11 ORIGINAL	2010/11 REVISED	2011/12 ORIGINAL
	£	£	£
Projected cost of 'standstill' level of service			
Strategic Management	406,050	379,200	342,100
Assistant Chief Executives	3,496,300	3,222,750	2,937,950
Built Environment	22,000	950,000	(1,238,700)
Community Services	47,600	1,148,400	1,180,700
Customer Access & Service Transformation	562,400	320,500	431,100
Financial Services	1,385,400	1,364,300	1,709,900
Health & Culture	4,084,500	4,345,950	3,993,950
Human Resources & Organisational Development	(33,200)	151,400	49,500
Operations	7,589,700	6,207,800	6,526,200
Business Change	17,000	646,600	554,800
Programmed Maintenance (Revenue)	811,000	751,600	351,200
Savings from procurement	(120,000)		
Savings from vacancies	(400,000)	(50,000)	(400,000)
Bad debt provision	40,000	40,000	40,000
	<u>17,908,750</u>	<u>19,478,500</u>	<u>16,478,700</u>
Capital Charges - Appendix 5	(757,600)	(900,300)	(1,159,200)
Interest and Investment Income - Appendix 6	293,600	(66,700)	529,800
Use of balances and reserves - Appendix 7	(685,353)	(1,740,303)	515,071
Proposed Growth recurring - Appendix 3			106,500
Savings / Additional income identified - Appendix 4			(2,218,500)
NET BUDGET	<u>16,759,397</u>	<u>16,771,197</u>	<u>14,252,371</u>
Deduct:			
Area Based Grant	(28,500)	(40,300)	
Revenue Support Grant in lieu of council tax freeze			(197,000)
Revenue Support Grant	(1,118,206)	(1,118,206)	(1,432,937)
National Non-Domestic Rate	(7,700,653)	(7,700,653)	(4,643,473)
Collection Fund Contribution	(33,500)	(33,500)	(59,500)
	<u>(8,880,859)</u>	<u>(8,892,659)</u>	<u>(6,332,910)</u>
NET SPEND FUNDED BY TAX	7,878,538	7,878,538	7,919,461
Band 'D' Tax	£187.12	£187.12	£187.12
Increase per annum			£0.00
Increase per week			£0.00
% Rise			0.0%
INCREASE - 2010/11 base v 2011/12 budget			40,923

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Division	Project Name	Description	Revenue Costs			Income/savings/match funding			Net revenue requirement			Capital Costs		
			2011/12 £	2012/13 £	2013/14 £	2011/12 £	2012/13 £	2013/14 £	2011/12 £	2012/13 £	2013/14 £	2011/12 £	2012/13 £	2013/14 £
SUPPORTED GROWTH (RECURRING)														
CA&ST	Telephony switch upgrade	The upgrade of the telephony software version is essential to maintain support with the manufacturer. We are unable to purchase any additional telephony licences under the current version. This will enable us to have more up to date versions of the contact centre software which is essential for supplying telephony to our services.												
Built Environment	Freeze car parking charges	Maintain car park charges at current levels - i.e. no inflationary increase	106,500	106,500	106,500									
Built Environment	Car park management technology	The upgrade of the car park management technology at selected sites such as Regent Arcade is essential as the existing management systems and hardware have now reached the end of their life cycle. . The upgrades will ensure continued compliance in data collection and storage, ongoing viability of the management and operating system and will release resources needed to provide ongoing service delivery												
			106,500	106,500	106,500	0	0	0	106,500	106,500	106,500	320,300	-	-
SUPPORTED GROWTH (FUNDED FROM ONE OFF SOURCES) - GENERAL BALANCES AND EARMARKED RESERVES														
CA&ST	Business Change	Support the organisation's business change activity in a period of significant change including the major change to an Enterprise Resource Planning (ERP) system facilitated by the GO programme.	80,000											
CA&ST	Shared Revenues and Benefits Service	Funding towards a potential shared revenues and benefits shared service with another council subject to a business case.	100,000											
Built Environment	Power Perforctors	Installation of voltage optimisation devices to improve efficiency of electricity supply coming into buildings.	75,900			4,300	15,700							
			255,900	-	-	4,300	15,700	-						

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Bridging the Gap Programme Project / Area of Activity A	MTFS PERIOD						Cumulative annual impact on MTFS 2015/16 £ J	2011-12 One-off Costs £ K	FTE Impact K	FTE Losses 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
	Estimate 2011/12 £ D	Estimate 2012/13 £ E	Estimate 2013/14 £ F	Estimate 2014/15 £ G	Estimate 2015/16 £ H	Estimate 2015/16 £ I							

2011-12 BRIDGING THE GAP INITIATIVES - BUILT INTO BASE BUDGET

CORPORATE													
1	DEFERRED INCREASE IN CONTRIBUTION TO PROPERTY REPAIRS & RENEWALS RESERVE Deferral of additional contribution supported by review and reduction of the maintenance programme.	125,000					125,000				None identified.		Risk that the council's buildings will not be repaired and renewed to the desired standards. Only minimum works will be completed.
FINANCIAL SERVICES													
2	INSURANCE BROKERS Stop employing insurance brokers used to support the council and move towards purchase of more ad hoc advice when needed.	5,500					5,500				None identified.		There would no longer be external support for ad-hoc queries. There would therefore be a reliance on the internal expertise to handle insurance matters. The current insurance officer will have the experience to deal with such issues for Cheltenham, but there is a risk that one-off, unexpected issues may occur, requiring external support.
3	APPROVAL OF GLOUCESTERSHIRE AIRPORT BUSINESS PLAN Additional projected dividends as a result of approving business plan / facilitated borrowing	9,000	9,000	56,100	32,900	6,100	113,100				None identified.		Requires both Cheltenham Borough and Gloucester City to approve the facilitated borrowing of £1.2m each for onward lending to the airport company
HEALTH & WELLBEING													
4	INCREASE COST OF HALL HIRE FOR WEDDINGS AT THE PITTVILLE PUMP ROOMS Increase in cost of weddings by £225 from £1,900 to £2,125.	5,000	5,000				10,000				None identified.		None identified.
5	REDUCE CHARITABLE CONCESSION FOR HIRE OF TOWN HALL AND PITTVILLE PUMP ROOMS Reduction from 30% to 20%	5,000					5,000				Reduction in concessions may impact on the ability of some Voluntary Community Groups to hire the facilities.		There is a risk to the service if charities discontinue to use these venues and replacement bookings are not made.
6	LEISURE @ CUSTOMER SERVICES - REDUCTION IN COSTS DUE TO INCREASED ONLINE BOOKINGS Saving generated through the deletion of a post	15,000					15,000		Vacant post	1.0	None identified.		None identified.
7	TOWN HALL / PUMP ROOM - STAFFING REORGANISATION	46,400					46,400		Redundancy	1.0	None identified.		None identified.
8	OPERATIONAL RESTRUCTURE AT LEISURE@	24,300					24,300				None identified.		None identified.
9	ADMIN TEAM RESTRUCTURE AT LEISURE@	11,900					11,900		Vacant post	1.0	None identified.		None identified.
10	TOURIST INFORMATION INTERVENTION - Review resulted in reorganisation and deletion of a post following retirement of postholder.	15,000					15,000		Vacant post	1.0	None identified.		None identified.
11	REMOVAL OF LEISURE @ CONTINGENCY BUDGET	50,000					50,000				None identified.		None identified.
12	EVERYMAN THEATRE PHASED GRANT REDUCTION (OVER 6 YEARS) Phased reduction in grant over 6 years resulting from the renegotiation of lease and support for the grant application of £250k towards theatre refurbishment costs and loan application for £1m (with interest) - subject to robust business plan (total £30k over 6 years).	5,000	5,000	5,000	5,000	5,000	25,000				None identified.		May impact on the operations of the Everyman Theatre.
BUILT ENVIRONMENT													
13	SALE OF ASSETS AGREED BY THE ASSET MANAGEMENT WORKING GROUP (AMWG) Debt Premium savings resulting from sales of assets CAMBRAY PLACE	75,000					75,000				None identified.		None identified.
14	ADDITIONAL INCOME FROM LETTINGS	14,000					14,000				None identified.		None identified.
15	BUILDING CONTROL - REDUCE ADMINISTRATION SUPPORT (1 FTE - SHARED 50:50 WITH TEWKESBURY BC)	11,600					11,600		Vacant post	0.5	None identified.		Reduction in capacity could impact on service delivery and income generation.
16	BUILDING CONTROL - TERMINATE CONTRACTS OF 2 PT BUILDING INSPECTORS (SHARED 50:50 WITH TEWKESBURY BC)	19,900					19,900		Vacant post	1.0	None identified.		Reduction in capacity could impact on service delivery and income generation.
17	DEVELOPMENT CONTROL - REDUCE ADMINISTRATION SUPPORT (1 FTE)	20,000					20,000		Vacant post	1.0	None identified.		Reduction in capacity could impact on service delivery.

Project / Area of Activity A	MTFS PERIOD						Cumulative annual impact on MTF5 2015/16 £ J	2011-12 One-off Costs £ K	FTE Impact K	FTE Losses 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
	Estimate 2011/12 £ D	Estimate 2012/13 £ F	Estimate 2013/14 £ G	Estimate 2014/15 £ H	Estimate 2015/16 £ I								
OPERATIONS													
18 DEPOT RATIONALISATION Operational gains created by Tewkesbury BC and a recycling operators occupancy e.g. lease income and fuel saving due to reduction in journeys to the tip. Income from TBC co-locating depots (rent review) Prittwaste Premises Licence	22,600 39,000					22,600 39,000	0						Assistant Director to keep an overview of how older people / disabled people are using the new outdoor facilities and make sure they are aware of the help that is available. material this will have a negative financial impact. Work is being done to highlight that the site is predominantly for recycling and not for waste disposal.
19 UNDERTAKE EXTERNAL AIR QUALITY MONITORING AS ALTERNATIVE TO OWN EQUIPMENT	4,000					4,000							None identified.
CAST													
20 SOURCING STRATEGY - REVENUES & BENEFITS - Savings from Systems Thinking	35,000	115,000				150,000	1.0	2011-12 1 FTE Vacant post 2012;13 2.9 FTE Redundancies		2.9			None identified. The systems thinking work should produce a more efficient and effective service for our customers.
21 SYSTEMS THINKING - ICT PHASE 1 Temporary post deleted as a result of efficiencies arising from a systems thinking review	30,000					30,000		Vacant post		1.0			None identified.
22 CANCEL LICENCE FOR GEOGRAPHIC INFORMATION SYSTEM (GIS)	12,900					12,900							None identified.
POLICY & PERFORMANCE													
23 INTERNAL AUDIT PARTNERSHIP WITH COTSWOLD DC Savings resulting from approval of the business case by both Cabinets in June 2009 and implementation of new shared service on 01/09/09.	30,400					30,400							None identified.
24 SHARED STRATEGIC LAND USE Shared Strategic Land Use manager with Tewkesbury Borough Council	24,100					24,100		Shared post		0.5			Future service arrangements to be reviewed 2011-12.
25 AUDIT COMMISSION FEE SAVINGS FOLLOWING CESSATION OF COMPREHENSIVE AREA ASSESSMENT	18,000					18,000							None identified.
26 LOCAL GOVERNMENT ASSOCIATION (LGA) - SAVING RESULTING FROM REDUCTION IN MEMBERSHIP COST	1,700					1,700							None identified.
HUMAN RESOURCES													
27 SYSTEMS & BUSINESS IMPROVEMENT MANAGER Postholder transferred to GO Programme from August 2011	16,300					16,300		Vacant post		1.0			None identified but will monitor Payroll resilience during first half of 2011-12.
28 CORPORATE TRAINING - INCREASED USE OF LMS LEARNING GATEWAY	2,000	2,000	2,000	2,000	2,000	8,000							Need to keep an overview of staff access to training to make sure that there are no barriers to learning. Reduced direct training delivery. Will need to be supported by culture and behaviour change - to self-managed learning through use of e-technology. Will impact service ability to provide in-house support for competency development, performance management, organisational development, facilitation of events.
COMMUNITY SERVICES													
29 COMMUNITY DEVELOPMENT REORGANISATION Reorganisation of the Community Development and Housing Options Teams: balance of saving following restructure	14,600					14,600							None identified.
30 COMMUNITY ALARMS Saving from renegotiation of emergency call out contract and reduction in lifeline equipment budget to match stock requirements	13,000					13,000							None identified.
TOTAL SAVINGS BUILT INTO BASE BUDGET	721,200	1,356,000	63,400	39,300	11,400	971,900	0	0	0	10.0	2.9		

Bridging the Gap Programme Project / Area of Activity A	MTFS PERIOD						2011-12 One-off Costs £ K	FTE Impact 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
	Estimate 2011/12 £ D	Estimate 2012/13 £ F	Estimate 2013/14 £ G	Estimate 2014/15 £ H	Estimate 2015/16 £ I	Cumulative annual impact on MTFS 2015/16 £ J					

2011-12 BRIDGING THE GAP INITIATIVES - NOT BUILT INTO BASE BUDGET

1	RESTRUCTURE OF SENIOR LEADERSHIP TEAM The business case for moving towards a commissioning council was approved by council on 13/12/10	144,000	54,000	15,000		213,000	2011-12 1 FTE Vacant post 2012-13 1 FTE Redundancy	2.0	1.0	The restructure of Senior Leadership Team could potentially reduce the proportion of females in the top 5% of earners.	Reduction in capacity of the Senior Leadership Team.
2	RESTRUCTURE OF ADMINISTRATION SUPPORT FOR SENIOR LEADERSHIP TEAM	10,000	15,000			25,000	1.0 Redundancy	1.0		None identified.	Risk that senior managers are not fully supported in their roles.
3	RESTRUCTURE OF COMMISSIONING DIVISION	25,000				25,000	1.0 Redundancy	1.0		None identified.	Reduction in capacity to deliver the new commissioning approach.
4	FINANCIAL SERVICES & HUMAN RESOURCES SOURCING STRATEGY- GO Partnership Initial business case assessment of the GO Partnership implementation of an ERP system (Finance /HR/procurement) and the creation of centres of excellence for processing transactions (payroll, payments, invoicing) / production of basic reporting / statement of accounts, VAT, government returns etc.			178,800		178,800				None identified.	Transactional processing (accounts receivable, payable, payroll etc.) may not undertaken locally and there is likely to be more self service by managers and users of the systems. The resulting significant cultural change which will require support / resourcing in order to ensure that the transition is successful.
5	HUMAN RESOURCES REDUCED WORKING HOURS Offer employees the opportunity to permanently reduce their contracted hours aimed at delivering a target permanent employee budget saving on the assumption that any potential change in service levels are acceptable.	8,000				8,000	0.5 Vacant post			The option to reduce working hours is more likely to be taken up by female members of staff who may have children or caring responsibilities. Senior Leadership Team to make sure staff have access to full information about the reduction in hours and the impact this will have on salaries / pensions.	Will need to be subject to the needs of the business and only approved if has no detrimental impact on the service. A policy and guidance will need to be written for Managers, to assist in dealing with requests from staff. Could improve staff morale through improved work-life balance. Possible impact on final salary pension entitlements for some staff, which may discourage take up on a permanent basis. Council will need to manage expectations of reduced workload and possible reductions in output for staff affected.
6	EMPLOYEE PARKING LEVY / GREEN TRAVEL PLAN Introduce a charge for parking, coupled with the introduction of a green travel plan aimed at reducing employees use of the car and shift to alternative modes of transport.	10,700				10,700				Potential greater impact on those on lower pay and Senior Leadership Team will need to ensure that staff with mobility problems continue to have access to parking close to their place of work, and consider location of spaces re. car users e.g. essential users.	Likely to reduce staff morale, especially if a significant charge or if future escalation in charge is likely. Many staff may opt out, either by not using car (which may cause service disruption if car usage essential) or by parking elsewhere (causing possible congestion). May discourage car usage in line with green agenda, but if then successful income from permits would reduce and Council may have to upgrade facilities for cyclists. Take-up may be reduced by more flexible (home) working and individuals electing to car share or use public transport.
7	INTRODUCE DSE EYE TEST VOUCHER SCHEME FOR EMPLOYEES IN LINE WITH DSE REGULATIONS	1,000				1,000				None identified.	None identified.
8	CORPORATE HEALTH & SAFETY STAFF REVIEW			12,100		12,100	0.5 Shared post			None identified.	There are resilience issues if move to 1 FTE, this could be potentially resolved through shared services. Learning Management System could be used for self managed H&S training, culture and behaviour issues but the largest risk group are not PC users/office based and therefore self managed and e-learning not suitable. Need to ensure that capacity is there to support Waste Partnership.
9	CUT CORPORATE TRAINING BUDGET	22,500				22,500				Senior Leadership Team need to keep an overview of access to training and make sure that there are no detrimental impacts on our equality commitments.	There will be no funding to fund external training that may be required as the remaining fund in corporate training to largely made up of existing commitments, so training delivery will be impacted and increased reliance on e-learning.

	A Bridging the Gap Programme Project / Area of Activity	MTFS PERIOD						K 2011-12 One-off Costs £	L FTE Impact 2011/12	M FTE Losses Future Yrs	N Equality and Diversity impacts	L Service/Risk Implications
		D Estimate 2011/12 £	F Estimate 2012/13 £	G Estimate 2013/14 £	H Estimate 2014/15 £	I Estimate 2015/16 £	J Cumulative annual impact on MTFS 2015/16 £					
10	CUT TO PROFESSIONAL TRAINING BUDGETS	52,650					52,650			As above.	Potential impact on staff's ability maintain professional qualifications. Managers will need to explore alternative learning opportunities for the teams.	
11	DELETE FROZEN VACANCIES (50 turnover a year, assume 10 frozen @ £20k in last half of year)	80,000					80,000			Senior Leadership Team to keep an overview on how this impacts on the gender / disability / BME proportion of staff where the needs are greatest.	Vacancies arise as a matter of chance not planning and the requirement for particular skills may limit transferability of staff to where the needs are greatest.	
12	MOVE TO HMRC CAR MILEAGE REIMBURSEMENT RATES	20,000					20,000			None identified.	Employment relations issues will need to be carefully considered re. varying contractual arrangements.	
13	REVIEW ESSENTIAL/REGULAR CAR USER STATUS	38,200	61,900				100,000			None identified.	Those that may not have claimed mileage to date may claim mileage if they lose their allowance. Need to ensure follow council policy or risk employment relations issue.	
14	SYSTEMS & BUSINESS IMPROVEMENT MANAGER Postholder transferred to GO Programme from August 2011	10,000					10,000			None identified.	None identified.	
15	REMOVAL OF EVENING ALLOWANCES	5,000					5,000			A positive move re. equality as the allowance does not appear to be applied consistently at present.	The withdrawal of evening meeting allowances will impact on those officers who must attend meetings as part of their regular duties eg democratic services. The current staffing levels are not geared towards time off in lieu and therefore it will impact on their availability during normal office hours. The new localism bill will also put more of a requirement on officers to attend community meetings which will be in an evening and therefore members, public and other officer expectations about officer availability during office hours will need to be managed.	
16	REMOVE FIRST AIDER ALLOWANCES	5,600					5,600			None identified.	Staff unwilling to volunteer to be a first aider	
17	DROP EC DL QUALIFICATION	1,000					1,000			None identified.	Loss of feature to offer partners - potential income generation loss. Will not have capacity to reinstate once lost. CBC has been 4 graded test centre for last 4 years - loss of kudos.	
18	HEALTH & WELLBEING REDUCE FUNDING TO CHELTENHAM FESTIVALS	49,000					49,000			The grant reduction may impact on the ability to provide outreach work which is particularly valued by community groups.	May impact on the operations of Cheltenham Festivals.	
19	MERGER OF ART GALLERY & MUSEUM AND TOURIST INFORMATION CENTRE FRONT OF HOUSE TEAMS	50,000					50,000			The proposed move of the TIC to the new Art Gallery extension will improve access to this service.	None identified.	
20	ART GALLERY & MUSEUM PROJECTED SAVING IN NET RUNNING COSTS Savings which follow the reopening of the new Art Gallery & Museum as per the business case projections supplied to the Heritage Lottery Fund. Further additional one off savings will be generated during the temporary closure in 2011/12 and 2012/13.			50,000			50,000			None identified.	Business case is dependent upon increased turnover and commercial activity.	
21	CUT GRANTS TO THE ARTS COUNCIL	10,000					10,000			Assistant Director to keep an overview on how this will impact on the work with BME groups and children / young people.	May impact on the operations of the Arts Council.	
22	REDUCTION IN GRANT FUNDING TO PERFORMING ARTS SOCIETY		10,800				10,800			Assistant Director to keep an overview on how this will impact on the work with BME groups and children / young people.	May impact on the operations of the Performing Arts Society.	

23	CANCEL CONTRIBUTION TO MAD (Make A Difference) YOUTH COUNCIL OFFICER	MTFS PERIOD							2011-12 One-off Costs £ K	FTE Impact 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
		Estimate 2011/12 £ D	Estimate 2012/13 £ F	Estimate 2013/14 £ G	Estimate 2014/15 £ H	Estimate 2015/16 £ I	Cumulative annual impact on MTFS 2015/16 £ J						
		Estimate 2011/12 £ D	Estimate 2012/13 £ F	Estimate 2013/14 £ G	Estimate 2014/15 £ H	Estimate 2015/16 £ I	Cumulative annual impact on MTFS 2015/16 £ J						
23	CANCEL CONTRIBUTION TO MAD (Make A Difference) YOUTH COUNCIL OFFICER	15,000						15,000			The removal will impact on the ability to engage with young people which is particularly valued by hard to reach groups and individuals.	The grant is used to fully fund the MAD coordinator who is commissioned by the Gloucestershire County Council Youth Service. GCC have no resources to undertake this function without the grant support from the council and therefore the function will cease. However due to restructuring within GCC's Youth Services and its changing requirements continued funding could not guarantee the continuation of the service.	
BUILT ENVIRONMENT													
24	POWER PERFECTOR Equipment for saving energy costs at Leisure@ (to be rolled out across other sites at later stages)	4,300	15,700					20,000	75,945		None identified.	Energy savings are not delivered, or are mitigated by other factors.	
25	MERGE PRIVATE SECTOR HOUSING AND PLANNING ENFORCEMENT TEAMS (1 FTE)	30,000						30,000	TBA	1.0	Assistant Director to ensure that merger does not have a detrimental impact on the safety of vulnerable people living in Houses in Multiple Occupation.	Reduction in capacity could impact on the council's ability to enforce statutory requirements.	
26	CAR PARKING STAFF RESTRUCTURE	20,000						20,000	Vacant post	1.0	None identified.	None identified.	
27	MERGING ON STREET AND OFF STREET PARKING TEAMS	30,000	10,000					40,000	TBA	2.0	The service is aware of the need to ensure the effective enforcement of Blue Badge bays.	Reduction in capacity could impact on service delivery.	
28	CONCESSIONARY FARES - DISCRETIONARY TOP UP OF STATUTORY SCHEME Currently, the council funds the scheme top up for the period 9.00 - 9.30. However, the spending review (CSR10) took the full cost / budget for the scheme away from the council, hence it can no longer continue to fund the enhanced scheme following the transfer of the responsibility to GCC wef. 1/4/11.	0						0			There will be some direct impact on vulnerable groups as a result of the cessation of this service. The Senior Leadership Team will need to keep an overview of the wider impacts of the budget proposals on vulnerable people.	There will be a direct and adverse impact on the availability of concessionary transport between 9.00am and 9.30am.	
29	CANCEL TAXI VOUCHER SCHEME Third Sector Services provide transport service for those in need. Discontinue discretionary element of concessionary travel scheme in light of county only backing statutory scheme. Provide £5.4k back to Third Sector Services for community transport support.	26,700						26,700			The proposal will remove a facility that provides ten £2 taxi vouchers for disabled people and as such will have a detrimental impact on recipients ability to travel. The grant to Third Sector Services will provide some mitigation but Senior Leadership Team will need to keep an overview of the wider impacts of the proposal on disabled people.	Concessionary travel will be a County Council responsibility from 1st April 2011	
30	Provide financial support to Third Sector Services to support community transport. Charge Third Sector Services for use of College Road. CANCEL CHARLTON KINGS ELDERLY TRANSPORT GRANT	-5,400	5,400	3,000				3,000			The proposal will remove a facility that provides transport for older, disabled and house bound people in the Charlton Kings area and as such will have a detrimental impact on their ability to travel.	Officers will need to have discussions with CK Senior Citizens Welfare Committee, who run the scheme, about how the withdrawal of funding can be mitigated - either by charging fees or by using other community transport options	
31	URBAN DESIGN PROJECTS OFFICER	20,000						20,000	Redundancy	0.6	None identified.	Reduction in capacity will impact on the ability of the service to support project related activities.	
OPERATIONS													
32	SHARED WASTE MANAGEMENT SERVICES WITH TEWKESBURY BC Operational efficiencies resulting from operating shared working practices with Tewkesbury BC.	50,000	50,000					100,000	2011/12 2.0 FTE Vacant posts 2012/13 2.0 FTE Redundancies	2.0	None identified.	None identified.	
33	INCREASE PEST CONTROL CHARGES BY 5%	1,100						1,100			None identified.	The increase may impact on the ability of some individuals to purchase the council's service, but alternative suppliers are available.	
34	MOVE TO SUSTAINABLE PLANTING AT BERKELEY MEWS & OXFORD GARDENS	22,000						22,000			None identified.	None identified.	

35	REVIEW OF ALLOTMENTS SERVICE - INCREASE IN CHARGES TO COVER COST OF SERVICE	MTFS PERIOD						Cumulative annual impact on MTF5 2015/16 £ J	2011-12 One-off Costs £ K	FTE Impact K	FTE Losses 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
		Estimate 2011/12 £ D	Estimate 2012/13 £ E	Estimate 2013/14 £ F	Estimate 2014/15 £ G	Estimate 2015/16 £ H	Estimate 2015/16 £ I							
		25,000					25,000							
36	REORGANISE PUBLIC PROTECTION TO REDUCE THREE SERVICE MANAGERS TO TWO	35,000					35,000		Redundancy	1.0			None identified.	It is anticipated that the review of the allotment charge and the introduction of a new charging structure will not impact significantly on allotment take-up.
37	DEPOT RATIONALISATION Operational gains created by Tewkesbury BC and a recycling operators occupancy e.g. lease income and fuel saving due to reduction in journeys to the tip. TBC and FOD DC Dry Recycle Strengthened market prices plus longer term deals facilitated through the Printwaste Contract	12,500 89,200					12,500 89,200						None identified - project complete.	Reduction in capacity could impact on service delivery.
38	MOVE TO ALTERNATE WEEKLY COLLECTIONS and CHARGE FOR COLLECTION OF GREEN WASTE 1% Increase in Recycling Performance Additional income from kerbside collection due to increased recycle prices	747,100	58,800				805,900						None identified.	Take up of the new service may be lower than anticipated. A comprehensive promotional campaign is being delivered to highlight the service and the benefits to customers.
39	REPLACE VACANT FULL TIME COMMUNITY RANGER WITH PART TIME POST	12,000					12,000		Vacant post	0.5			None identified.	
40	STOP SUPPLY OF FREE DOG BAGS	12,200					12,200						None identified.	There is a risk that incidences of dog fouling in public areas may increase. The degree to which responsible dog owners will still continue to clear up after their dogs despite having to provide their own bags is unknown.
41	CLOSURE OF PUBLIC CONVENIENCES Coxs Meadow, Coronation Square, Ambrose Street, Bath Terrace, Church Piece, Sandford Park, Portland Street will close. Proposals to keep the toilets at the Town Hall, Royal Well, Pitville Park and Montpellier open are being considered. A scheme for accessing toilets in cafes / shops etc is also being investigated.	121,750					121,750		Vacant post	2.0			None identified.	The council will need to consider how the impact of the closures can be mitigated by working with businesses to open up their toilets to public access, and signage to alternative facilities.
42	REDUCE FREQUENCY OF CUTTING GRASS VERGES The council will reduce the number of cuts from 15 to the 5 funded by Gloucestershire County Council (GCC) and will give notice to terminate the maintenance agreement wef 1/4/2012.	110,000					110,000		Seasonal FTE not required	3.0			None identified.	There is a risk that longer grass could obscure signage and views at junctions inhibiting drivers. Fewer cuts will lead to longer grass with a consequential impact on the environment.
CAST														
43	REVENUES & BENEFITS: REDUCE 0.5 FTE ADMINISTRATION POST	9,000					9,000		Vacant post	0.5			None identified.	
44	REVENUES & BENEFITS: POST ON MATERNITY LEAVE NO LONGER REQUIRED	20,000					20,000		Vacant post	1.0			None identified.	
45	SYSTEMS THINKING - ICT PHASE 2 To be delivered with activities below: REVIEW OF PRINTERS CONTRACT AT MUNICIPAL OFFICES AND CHELTENHAM FESTIVALS CANCELLATION OF REDUNDANT BT LINES REDUCTION IN COSTS OF LANDLINE TO MOBILE CALL CHARGES	9,000 3,000 10,000					9,000 3,000 10,000						None identified.	
46	CAR PARKING INCOME COURIER SERVICE Reduction in number of hours worked	3,500					3,500						None identified.	

	Bridging the Gap Programme Project / Area of Activity A	MTFS PERIOD						Cumulative annual impact on MTFS 2015/16 £ J	2011-12 One-off Costs £ K	FTE Impact K	FTE Losses 2011/12 L	FTE Losses Future Yrs M	Equality and Diversity impacts N	Service/Risk Implications L
		Estimate 2011/12 £ D	Estimate 2012/13 £ E	Estimate 2013/14 £ F	Estimate 2014/15 £ G	Estimate 2015/16 £ H	Estimate 2015/16 £ I							
47	REDUCE COLLECTIONS TO SATELLITE OFFICES TO 3 PER WEEK	6,500					6,500					None identified.	None identified.	
48	CASHIERS (2) - REDUCE HOURS TO 4 DAYS PER WEEK	6,500					6,500		Vacant post	0.4		The proposal may impact on the length of time it takes to make cash payments and Assistant Director to make sure that arrangements are in place for those with mobility difficulties.	Reduce capacity may impact on ability to deliver service.	
49	CANCEL CUSTOMER SERVICES CRM SYSTEM Use UNIFORM system instead	23,000					23,000					None identified.	None identified.	
POLICY & PERFORMANCE														
50	REVIEW OF CORPORATE COMMUNICATIONS	10,000	20,000				30,000		Redundancy		1.0	None identified.	Important to ensure that the public have the right level of information to access the council's services.	
51	RESTRUCTURE OF ECONOMIC DEVELOPMENT	16,000					16,000		Vacant post	0.4		None identified.	None identified.	
52	REDUCE ECONOMIC DEVELOPMENT GRANT SUPPORT TO COUNTY AND REGIONAL ORGANISATIONS	15,000					15,000					None identified.	Currently working with partner organisations on how can work collectively and use resources more collaboratively.	
53	REDUCE GRANTS TO REGENERATION PARTNERSHIPS (Oakley and Hesters Way Partnerships) Reduce both partnerships by £2k each per annum over 5 years.	4,000	4,000	4,000	4,000		20,000					None identified.	Assistant Director to ensure that Regeneration Partnerships continue to be successful in promoting community regeneration in their areas.	
54	REDUCTION IN GRANT SUPPORT TO CHELTENHAM STRATEGIC PARTNERSHIP	10,000					10,000					None identified.	The grant has been used in previous years to support vulnerable communities. The CSP is being supported to move to more joint commissioning and pooling of budgets so that funding can be used more effectively to support community outcomes.	
55	REDUCTION OF CABINET ALLOWANCES BY 5%	4,900					4,900					None identified.	The proposal may impact on a councillor's decision to accept a cabinet post.	
56	REDUCTION IN CIVIC AND MAYORAL EXPENDITURE	14,700					14,700					None identified.	This will mean a reduction in the level of expenditure and reduced level of support to the mayor.	
57	REDUCTION IN EXPENDITURE ON TWINNING	5,000					5,000					None identified.	Less support for programme of activity and will need to work more collaboratively with others.	
58	REDUCTION IN POLICY & PERFORMANCE EXPENDITURE	4,200					4,200					None identified.	None identified.	
59	END OF FIXED TERM CONTRACT FOR STRATEGIC LAND USE TECHNICAL SUPPORT	20,800					20,800		Redundancy	1.0		None identified.	None identified.	
COMMUNITY SERVICES														
60	ONE OFF FUNDING OF HOMELESSNESS POST PRIOR TO CONSIDERATION OF THE TRANSFER OF HOUSING OPTIONS TO CHELTENHAM BOROUGH HOMES	30,000					30,000					Assistant Director to ensure that there is no loss of service to homeless and vulnerable people as part of these proposals.	Reduced capacity could impact on ability to deliver statutory duties.	
61	MERGER OF STRATEGIC LAND USE AND HOUSING ENABLING FUNCTIONS	15,500	14,500				30,000		TBA	1.0		None identified.	Reduced capacity and will need to consider potential for partnership working.	
62	CUT FORUMS BUDGET (Reduce forums by £250 each)	500					500					The council will need to ensure that it has mechanisms for engaging with disabled / older people to ensure that their views are considered.	May impact on the operations of the forums.	
TOTAL SAVINGS TO BE CONSIDERED		2,218,500	339,600	259,900	4,000	0	2,826,000	75,945		21.9	4.5			
TOTAL PROPOSALS		2,939,700	475,600	323,300	43,900	11,400	3,797,900	75,945	0	31.9	7.4			
MTFS FUNDING GAP		2,939,700	800,000	TBA	TBA	TBA	3,739,700							
SURPLUS (SHORTFALL)		0	-324,400	TBA	TBA	TBA	58,200							

	2011-12	2012-13
Vacant post	17.8	0.0
Redundancy	6.6	6.9
Shared post	0.5	0.5
TBA	4.0	0.0
Seasonal FTE	3.0	0.0
Total	31.9	7.4

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Capital Charges

	2010/11 ORIGINAL £	2010/11 REVISED £	2011/12 ORIGINAL £	NOTE
Minimum Revenue Provision (MRP)	498,600	875,100	616,200	1
Debt Redemption Premiums	220,700	145,700	145,700	2
Depreciation	(1,855,300)	(1,855,300)	(1,855,300)	3
Amortisation	(65,800)	(65,800)	(65,800)	4
Government Grants / Capital Contributions Deferred	444,200	0	0	5
Capital Charges	(757,600)	(900,300)	(1,159,200)	

NOTE

- 1 Prescribed % required to be set aside to repay debt as set in the MRP Policy
 - 2 Amortised cost of debt re-scheduling
 - 3 Depreciation - depreciation charged on the Council's tangible fixed assets
 - 4 Amortisation - amortisation charged on the Council's intangible fixed assets
 - 5 Capital Grants and Contributions Deferred - contribution to offset depreciation and amortisation charges on those assets financed from Government Grants and external contributions
- As a result of IFRS (International Financial Reporting Standards) this is no longer required from 1st April 2010

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Interest and Investment Income

	2010/11 ORIGINAL £	2010/11 REVISED £	2011/12 ORIGINAL £	NOTE
External Interest Payable	1,234,300	1,212,600	1,212,600	1
HRA Item 8 Credit	54,700	74,200	62,400	2
External Interest received	(243,200)	(215,100)	(168,300)	3
Interest due from the Icelandic banks	0	(331,500)	0	4
Icelandic Banks impairment	0	(230,000)	0	5
HRA Item 8 Debit	(752,200)	(576,900)	(576,900)	6
Interest and Investment Income	293,600	(66,700)	529,800	

NOTE

- 1 External interest payable - interest paid on the Council's treasury management / cashflow activity
- 2 Item 8 credit - contribution to the Housing Revenue Account (HRA) in respect of discount received from debt re-scheduling and interest receivable on cash balances held by the HRA
- 3 Interest earned on Council's funds and treasury management / cashflow activity
- 4 Interest due in year from Icelandic banks
- 5 Impairment of Icelandic banks deposits credit
- 6 Item 8 debit - contribution from the Housing Revenue Account in respect of premium incurred from debt re-scheduling and debt charges

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DETAILED RESERVE MOVEMENTSRSVE
REF:USE OF BALANCES & RESERVES - SUMMARY

	BUDGETBOOK 2010/11 £	REVISED 2010/11 £	ORIGINAL 2011/12 £	NOTE
7301	1,712,947	4,307,793	1,734,871	
8240	(1,587,300)	(5,296,496)	(868,600)	
8248	(811,000)	(751,600)	(351,200)	
	(685,353)	(1,740,303)	515,071	
* CONTRIBUTIONS TO RESERVES				
BR02	150,000	150,000	150,000	Contribution to pension reserve to fund future pension and augmentation costs
BR05	26,700			Contribution to fund cost of IBS licence paid up front
BR12	7,500	7,500	7,500	Contribution towards survey every 3 years
BR12		57,590		Reserve realignment from Housing Needs Assessment Reserve
BR45		123,800		Contribution to fund the Joint Core Strategy with Tewkesbury and Gloucester
BR58		1,000,000		Reserve realignment from Housing Capital Reserve
BR63	131,400	131,400	29,300	Contribution to fund future costs in lieu of additional administration grant
BR67		331,500		Contribution to cover any additional losses arising in the value of Icelandic deposits and/or to reduce the borrowing arising from the capitalisation of the losses
BR76		127,500	61,200	Contribution to fund future election costs
BR88	77,500	127,500	77,500	Contribution to fund IT replacement programme
BR89	693,000	693,000	693,000	Contribution to fund Planned Maintenance programme
BR92	625,000	625,000	700,000	Contribution to capital reserve (subject to future review of capital financing strategy)
BR92		29,500		Reserve realignment from LABGI Reserve
BR92		300,000		Reserve realignment from Housing Capital Reserve
BS01		717,373		Reserve realignment from PDG Reserve
BS01		13,584		Reserve realignment from Highways Insurance Reserve
BS01	1,847	47	16,300	Transfer to General Balances in respect of Audit partnership savings
BS01			71	Transfer to General Balances
	1,712,947	4,307,793	1,734,871	
** CONTRIBUTIONS FROM RESERVES				
BR01		(125,000)		Contribution to fund transitional costs of single status
BR01		(18,000)		Contribution to fund 2010/11 back-pay
BR01		(206,700)		Contribution to fund pay protection
BR02	(201,700)	(150,000)	(100,000)	Contribution to fund increased pension costs as a result of the 2004 triennial revaluation
BR02	(150,000)	(65,500)		Contribution to fund increased pension costs as a result of the 2007 triennial revaluation
BR05		(1,800)	(1,800)	Contribution to fund cost of IBS licence
BR05	(5,000)	(5,000)	(5,000)	Contribution to fund maintenance on upgrades to Council Tax / Benefits system
BR08	(3,300)	(3,300)		Contribution to fund health & safety requirements
BR09		(54,200)		Contribution to fund Art Gallery & Museum development
BR09		(10,000)	(15,000)	Contribution to fund Playhouse Theatre development
BR10		(135,000)	(30,000)	Contribution to fund economic and cultural development as agreed by Council in previous financial years
BR10	(25,000)	(10,000)	(10,000)	Contribution to fund economic and cultural development as agreed by Council 29/6/09
BR10	(50,500)	(50,500)		Contribution to fund supported one-off growth items as agreed by Council 12/2/10
BR10		(29,500)		Reserve realignment to Capital Reserve

RSVE REF:	<u>DETAILED RESERVE MOVEMENTS</u>	BUDGETBOOK 2010/11 £	REVISED 2010/11 £	ORIGINAL 2011/12 £	NOTE
BR11	Housing Needs Assessment Reserve		(57,590)		Reserve realignment to House Survey Reserve
BR14	Flood Alleviation Reserve	(100,000)	(150,000)	(50,000)	Contribution to fund flood alleviation works
BR14	Flood Alleviation Reserve	(30,000)	(52,000)	(30,000)	Contribution to fund local flood alleviation works for 3 years (from EU Grant)
BR14	Flood Alleviation Reserve	(63,000)	(10,000)	(74,700)	Contribution to fund Severn Trent Water community fund schemes
BR42	Vehicle Leasing Equalisation Reserve		(101,200)		Contribution to fund new waste recycling service
BR52	Commuted Maintenance	(66,000)	(66,000)	(39,000)	Use of developers contributions to fund maintenance costs
BR54	Legal Staffing Reserve		(16,300)		Contribution to fund set up costs of One Legal
BR58	Civic Pride Reserve	(104,600)	(107,400)	(108,700)	Contribution to fund Project Manager
BR58	Civic Pride Reserve	(54,900)	(39,800)	(112,500)	Contribution to fund project costs
BR61	PDG Reserve	(245,900)	(130,800)		Contribution to fund future PDG costs
BR61	PDG Reserve		(717,373)		Reserve realignment to General Balances
BR63	Rent Allowances Equalisation Reserve	(65,300)	(72,100)	(68,400)	Contribution to fund increased net cost compared to budget
BR65	Licensing Fees Equalisation Reserve	(17,000)	(17,000)	(17,000)	Contribution to fund Taxi Marshalls in 2009/10
BR72	Local Plan Reserve		(60,000)		Contribution to fund the Joint Core Strategy with Tewkesbury and Gloucester
BR72	Local Plan Reserve		(20,000)		Contribution to fund compensation
BR76	Elections Reserve	(65,200)	(65,200)		Contribution to fund local election costs in 2010/11
BR77	Capital Reserve - HIP		(1,300,000)		Reserve realignment to Civic Pride and RCCO Reserves
BR78	Highways Insurance Reserve		(13,584)		Reserve realignment to General Balances
BR88	IT Repairs & Renewals Reserve	(134,900)	(109,900)	(119,900)	Contribution to fund IT infrastructure
BR89	Property Repairs & Renewals Reserve		(53,800)		Contribution to fund revaluation and business rate reviews
BR89	Property Repairs & Renewals Reserve		(166,800)		Contribution to fund Everyman Theatre grant
BR91	Old Year Creditor Rsvs - RR				Contribution to fund Regent Arcade improvements
BR92	Revenue Contribution to Capital Outlay (RCCO)	(4,500)			Contribution to fund the one-off staffing costs associated with the 2008/09 budget proposals as agreed by Council 8/2/08
BS01	General Reserve		(350,000)		Contribution to fund Regent Arcade improvements
BS01	General Reserve		(44,150)		Contribution to fund additional MRP in 2010/11 as agreed by Council 12/2/10
BS01	General Reserve		(37,100)		Contribution to fund Eonomia joint waste management project
BS01	General Reserve		(114,000)		Contribution to fund Sourcing Strategy investment
BS01	General Reserve		(3,300)	(71,600)	Contribution to fund GO Programme
BS01	General Reserve		(50,000)		Contribution to fund Icelandic banks court case
BS01	General Reserve		(248,600)		Contribution to fund the one off staffing costs associated with the 2010/11 budget
BR91	Chief Executives		(110,600)		Approved carry forwards at 28/6/10
BR91	CAST		(20,000)		Approved carry forwards at 28/6/10
BR91	Health & Culture		(83,900)		Approved carry forwards at 28/6/10
BR91	Built Environment		(14,900)		Approved carry forwards at 28/6/10
BR91	Integrated Transport		(1,700)		Approved carry forwards at 28/6/10
BR91	Operations		(12,600)		Approved carry forwards at 28/6/10
BR91	Business Change		(9,800)		Approved carry forwards at 28/6/10
		(1,587,300)	(5,296,496)	(668,600)	
BR89	Property Repairs & Renewals Reserve	(811,000)	(751,600)	(351,200)	To fund Programmed Maintenance
		(811,000)	(751,600)	(351,200)	

*** CONTRIBUTIONS FROM RESERVES TO FUND ONE OFF REVENUE

Property Repairs & Renewals Reserve

Sourcing strategy – programme closedown / transfer to General Reserve

A decision has been taken to decommission the Sourcing Strategy as a strategic programme. A number of the projects now exist in their own right and will report their delivery through to either Operational Programme Board or Bridging the Gap. A summary of the programme's deliverables is as follows:

The GO Shared Services Programme, approved by Council in October, is now a key strategic project in its own right and a ground-breaking partnership for 4 councils and one ALMO in Gloucestershire and Oxfordshire. The Council was successful in its bid to become the Support and Hosting Centre of Excellence and has more recently concluded successful discussions with Cheltenham Borough Homes to join the partnership. The new ERP system will be implemented in the Council in April 2012 and the Council intends to bid to run the remaining 2 Centres of Excellence. The total savings impact on the MTFs from GO Shared Services Programme is £179k pa by 2013/14 equating to £0.9M over 10 years (net of investment).

Original proposals to share Revenues and Benefits did not prove financially attractive to the Council. In addition to shared service investigation, the service also undertook systems thinking work and will have delivered its original target of £75k by 2011/12 and a further £115k target by April 2012. The total savings impact on the MTFs from Revenues and Benefits systems thinking is £190k pa equating to £1.72M over 10 years (net of investment).

Original proposals included a feasibility study to share ICT with Tewkesbury Borough Council (TBC). A small investment of £10k was set aside for the feasibility review. However, the project did not progress as a result of TBC withdrawing from the GO partnership and needing to concentrate on the installation of a new finance system. A decision was taken to use the £10k investment to undertake systems thinking work in ICT to deliver £30k pa savings from 2011/12. The total savings impact on the MTFs from ICT systems thinking is £30k pa equating to £290k over 10 years (net of investment).

Original proposals to share HR (known as OneHR) also with Tewkesbury did not go ahead again due to their withdrawal from the GO partnership. Whilst the decision to close the project was difficult, the shared learning will be beneficial as the service prepares its bid for the GO HR and Payroll Centre of Excellence. HR generated £24k additional income by providing an interim service to TBC in 2010/11.

In July it was reported that category management had been successfully implemented in the Procurement service. However, quarter 2 budget monitoring reported that whilst procurement had identified current year savings of c£62k, against a 2010/11 target of £120k, these could not be readily identified as cashable and matched to budget allocations. Therefore the original target of £130k pa savings will not be delivered. For 2011/12 onwards SLT endorse a cashable savings procurement work-plan with accountability to deliver savings resting with service managers.

Finally, the original recommended proposal for Customer Services was a consolidated customer service function across CBC. Whilst supportive of such a proposal SLT resolved they could not support better and more accessible electronic service delivery at the present time as it did not present a sufficiently compelling business case. However, SLT did acknowledge the significant benefits and savings derived through systems thinking work and endorsed this as the approach to take to improve services and drive further cashable savings. They will support investment in technology where this delivers an invest to save case. £254k was set aside in the Sourcing Strategy for this part of the programme.

As a result of the above, £274.4k of the original £785k allocated to the sourcing strategy programme can be returned to general balances. It is however, recommended that £80k of this sum be reallocated to support the organisations's business change activity in a period of significant change facilitated by the GO programme. In addition it is recommended that £100k be put aside for potential revenues and benefits shared service with a future partnering authority.

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PROJECTION OF RESERVES TO 31ST MARCH 2012

Purpose of ReserveEARMARKED RESERVES

	<u>31/3/10</u>	<u>2010/11</u>	<u>2010/11</u>	<u>Reserve</u>	<u>31/3/11</u>	<u>2011/12</u>	<u>2011/12</u>	<u>Support 2011/12</u>	<u>31/3/12</u>
	£	Movement	Movement	Re-alignment	£	Revenue	Capital	Budget and	£
		Revenue	Capital	£	£	£	£	one off growth	£
Other									
BR01 Single Status Reserve	(332,947.00)	349,700.00			16,753.00				16,753.00
BR02 Pension Reserve	(93,873.38)	65,500.00			(28,373.38)	(50,000.00)			(78,373.38)
BR03 CPA Reserve	0.00				0.00				0.00
BR04 Economic Development Reserve	(14,200.00)				(14,200.00)				(14,200.00)
BR05 IBS License Reserve	(155,500.00)	6,800.00			(148,700.00)	6,800.00			(141,900.00)
BR06 Keep Cheltenham Tidy Reserve	(626.27)				(626.27)				(626.27)
BR07 Grave Maintenance Reserve	(3,674.33)	3,300.00			(374.33)				(374.33)
BR08 Cultural Development Reserve	(80,161.00)	64,200.00			(15,961.00)	15,000.00			(961.00)
BR09 LABGI Reserve	(301,052.86)	225,000.00			(76,052.86)	40,000.00			(36,052.86)
BR10 Housing Needs Assessment Reserve	(57,589.83)			57,589.83	0.00				0.00
BR11 House Survey Reserve	(39,935.00)	(7,500.00)		(57,589.83)	(105,024.83)	(7,500.00)			(112,524.83)
BR12 Twinning Reserve	(17,400.00)				(17,400.00)				(17,400.00)
BR14 Flood Alleviation Reserve	(423,934.70)	212,000.00			(211,934.70)	154,700.00			(57,234.70)
BR15 Art Gallery & Museum Development Reserve	(2,000,000.00)				(2,000,000.00)		1,000,000.00		(1,000,000.00)
BR25 Pump Room Insurance Reserve	(28,066.11)				(28,066.11)				(28,066.11)
BR26 Museum Shop Reserve	0.00				0.00				0.00
BR27 TIC Shop Reserve	(11,729.18)				(11,729.18)				(11,729.18)
BR30 GF Insurance Reserve	(159,971.44)				(159,971.44)				(159,971.44)
BR42 Vehicle Leasing Equalisation Reserve	(111,674.04)	101,200.00			(10,474.04)				(10,474.04)
BR45 Joint Core Strategy Reserve	(110,000.00)	(123,800.00)			(233,800.00)				(233,800.00)
BR54 Legal Staff Reserve	(16,350.00)	16,300.00			(50.00)				(50.00)
BR58 Civic Pride	(253,586.76)	147,200.00		(1,000,000.00)	(1,106,386.76)	221,200.00			(885,186.76)
	(4,212,271.90)				(4,152,371.90)				(2,772,121.90)
Repairs & Renewals Reserves									
BR52 Commuted Maintenance Reserve	(329,629.37)	66,000.00			(263,629.37)	39,000.00			(224,629.37)
BR78 Highways Insurance Reserve	(28,583.91)			13,583.91	(15,000.00)				(15,000.00)
BR83 Council Tax/Benefits IT Reserve	(30,000.00)				(30,000.00)				(30,000.00)
BR88 I.T. Repairs & Renewals Reserve	(78,464.70)	(17,600.00)			(96,064.70)	42,400.00			(53,664.70)
BR89 Planned Maintenance Reserve	(1,063,708.61)	279,200.00	200,000.00		(584,508.61)	(326,800.00)	455,000.00	75,900.00	(380,408.61)
	(1,530,386.59)				(989,202.69)				(703,702.69)

PROJECTION OF RESERVES TO 31ST MARCH 2012		Purpose of Reserve		2010/11		2010/11		2011/12		2011/12		Support 2011/12		31/3/12		
				Movement		Re-alignment		Movement		Movement		Budget and		£		
				Revenue		Re-alignment		Revenue		Capital		one off growth		£		
				£		£		£		£		£		£		
<u>EARMARKED RESERVES</u>																
<u>Equalisation Reserves</u>																
BR61	Planning Delivery Grant Equalisation															
BR63	Rent Allowances Equalisation	(848,172.67)		130,800.00	717,372.67											0.00
		(110,355.60)		(59,300.00)												0.00
																(139,655.60)
BR64	Planning Appeals Equalisation															(38,955.09)
BR65	Licensing Fees Equalisation	(43,700.00)		17,000.00												(9,700.00)
BR66	Interest Equalisation	0.00		(331,500.00)												(331,500.00)
BR72	Local Plan Equalisation	(135,030.00)		80,000.00												(55,030.00)
BR76	Elections/Electoral Reg. Equalisation	(66,200.00)		65,200.00												(62,200.00)
		(1,242,413.36)														(627,940.69)
<u>Reserves for commitments</u>																
BR91	Old Year Creditor Rsve - RR			258,000.00												0.00
<u>CAPITAL</u>																
BR77	Capital Reserve - GF Housing	(2,202,476.15)		42,000.00	1,300,000.00											(490,476.15)
BR92	Capital Reserve - GF	(816,457.80)		(304,500.00)	(300,000.00)											(305,057.80)
		(3,018,933.95)														(795,533.95)
		(10,262,005.80)														(4,899,295.22)
<u>TOTAL EARMARKED RESERVES</u>																
<u>GENERAL FUND BALANCE</u>																
BS01	General Balance - RR	(2,446,376.13)		497,103.00	(730,956.58)											(2,123,300.71)
		(2,446,376.13)														(2,123,300.71)
<u>TOTAL GENERAL FUND RESERVES AND BALANCES</u>																
		(12,705,381.93)		1,740,303.00	0.00											(7,022,599.93)
Projected Annual Reduction																
																2,636,179.00

GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/10	Budget 2010/11 agreed 29/06/10	Revised Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
				£	£	£	£	£	£	£	£	£
Various	C/R	<u>BUILT ENVIRONMENT</u> Programmed Maintenance	New cremators				200,000	455,000				
			Estimated share of refurbishment costs - reclassified as revenue expenditure as asset was revalued at 31st March 2010	350,000	350,000							
LC6001	C	<u>GREEN ENVIRONMENT</u> S.106 Play area refurbishment	Developer Contributions			50,000	50,000	50,000	50,000	50,000	50,000	50,000
			Replacement/Enhancement of pod at Brizen Recreation Ground for young people	197,000	45,000	45,000						
LC6002	LPSA/P	Brizen Recreation Ground	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards			226,000	226,000	80,000	80,000	80,000	80,000	80,000
LC6006	C	Play Area Enhancement	Enhancements to Pittville Park including the Boathouse bridge funded from Severn Trent Water Community Fund awarded following the floods in 2007.			72,000	72,000					
LC6011	P	Pitville Park Boathouse	Match funded with Natural England to construct dry stone walling on Leckhampton Hill sit of special scientific interest (SSSI)	620,000		483,000	483,000					
LC6015	P	Leckhampton Hill dry stone wall	Provision of MUGA's at Brizen Recreation Ground, Sandford Park, Naunton Park, and Oakley	135,000	121,754	13,000	13,000					
LC6020	C	Multi Use Games Areas (MUGA's)	Additional CCTV in order to improve shopping areas and reduce fear of crime			84,000	84,000	50,000	50,000	50,000	50,000	50,000
EC0033	C	CCTV in Car Parks										
EC0051	C	<u>ENVIRONMENTAL MAINTENANCE</u> Re-jointing High Street/Promenade pedestrianised area	Re-jointing works required to improve safety and appearance of the core commercial area	60,000	36,734	23,000	23,000					
			Invest to save scheme to convert burial chapel to handle cremations.	110,000	110,000	110,000						
LC6022		Burial Chapel	Development of ERP system within the GO Partnership				321,700	100,000				
GCERP	C	GO ERP	Preparation of the GO Centre of Excellence proposals for ICT hosting			20,000						
DC3204	C	Business Change Programme	Deliver council services at a time and place which suit the customer.			67,000	67,000					
DC3211		Working Flexibly										

GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/10	Budget 2010/11 agreed 29/06/10	Revised Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
				£	£	£	£	£	£	£	£	£
DC3211		Flexible Working - Phase 2	Implementation of Citrix environment to deliver business applications to the home / remote users desktop		49,000	49,000	49,000					
DC3213		Storage Area Network	Storage for the council's data in a secure, expandable and robust environment	155,000		155,000	155,000					
DC3214		REVENUES & BENEFITS IBS PTC scheduler	Scheduling software for the Revenues & Benefits System to automate the running of processes.			10,600	10,600					
DC3212		DSU Replacement of committee web system	This proposal is to migrate to a purpose built committee management system, modern.gov which would be accessible from the new Jadu website	20,000		20,000	20,000					
		COMMUNITY SERVICES										
HC7440	C/SCG/ PSR	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.			600,000	600,000	600,000	600,000	600,000	600,000	600,000
HC7445	C	Adaptation Support Grant	Used mostly where essential repairs (health and safety) are identified to enable the DFG work to proceed (e.g. electrical works).			26,000	12,000	26,000	26,000	26,000	26,000	26,000
HC7400	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06									
HC7405	PSDH	Vacant Property Grant	A new form of assistance available under the council's Housing Renewal Policy 2003-06									
HC7410	PSR	Renovation Grants	Grants provided under the Housing Grants, Construction and Regeneration Act 1996			819,000	400,000	400,000	400,000	400,000	400,000	400,000
HC7455	PSDH	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems									
HC9200	C/S	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation			850,000	152,000	760,000				
EC0006	C	CCTV/Town Centre initiative	Expansion of on street CCTV in the town centre to increase safety and secure the environment			55,000	55,000	50,000	50,000	50,000	50,000	50,000
		HEALTH AND WELL BEING										
	R/P	Art Gallery & Museum Development Scheme	Council's commitment to new scheme as agreed by Council 20th July 2006			1,000,000	1,000,000	1,000,000	1,000,000			
		Everyman Theatre	Contribution towards the redevelopment project - subject to HLF approval	250,000			250,000					
		INTERIM BUDGET PROPOSALS FUTURE CAPITAL PROGRAMME:										
	C	Telephony switch upgrade						70,300	200,000	200,000	200,000	200,000
	C	Car park management technology						250,000				

GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/10	Budget 2010/11 agreed 29/06/10	Revised Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
				£	£	£	£	£	£	£	£	£
		CAPITAL SCHEMES - RECLASSIFIED AS REVENUE										
DC1066	C	Land & Property presale costs	Property & Legal costs associated with the proposed Midwinter Development and Fellmongers site			16,600	16,600					
LO6005	C	Allotments	Allotment Enhancements - new toilets, path surfacing, fencing, signage, and other improvements to infrastructure.	353,100	336,450							
EC0043	C	Rationalisation & maintenance of street furniture and signposting	Obsolete furniture that need removing. Backlog of repairs to signposts and street furniture	20,000	8,071	12,000	12,000					
EC0054		Depot Rationalisation	Costs associated with incorporating Tewkesbury Borough Council within the Depot Site at Swindon Road	200,000	191,973	120,000	108,000					
		TOTAL CAPITAL PROGRAMME				6,015,600	3,298,900	4,141,300	2,456,000	1,456,000	1,456,000	1,456,000
		Funded by:										
		G Government Grants										
		SCG Specified Capital Grant (DFG)				10,600	10,600					
		LPSA Local Public Service Agreement				306,000	306,000					
		P Partnership Funding				45,000	45,000					
		PSDH Private Sector Decent Homes Grant				803,000	791,000					
		HLF Heritage Lottery Funding				819,000	548,000					
		HRA Housing Revenue Account Contribution						100,000				
		R Property Planned Maintenance Reserve				750,000	200,000					
		R AG&M Development Reserve				1,000,000	1,000,000					
		S Developer Contributions S106				50,000	50,000					
		C General Balances				321,700						
		C HRA Capital Receipts				110,000						
		C GF Capital Receipts				129,000						
		C HIP Capital Reserve				850,000	42,000					
		C GF Capital Reserve / Prudential Borrowing				1,392,600	745,600					
						6,015,600	3,298,900	4,141,300	2,456,000	1,456,000	1,456,000	1,456,000

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SUMMARY - Year 6 - 7

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2011/12		
PM0000	All properties (H&S)	-	-	-	5,000	-	42,000	42,000
PM0000 Total		-	-	-	5,000	-	42,000	42,000
PM0010	Art Gallery/Museum	-	-	-	-	2,700	5,200	5,200
	Clarence Street (51)	-	-	-	-	-	300	300
	Clarence Street (53)	-	-	-	-	-	300	300
	Clarence Street (55)	-	-	-	-	-	300	300
	Clarence Street Library	-	-	-	-	-	1,000	1,000
PM0010 Total		-	-	-	-	2,700	7,100	7,100
PM0020	Town Hall	-	-	-	83,500	83,500	113,500	113,500
PM0020 Total		-	-	-	83,500	83,500	113,500	113,500
PM0030	Pittville Pump Room	-	-	-	88,700	115,700	136,900	136,900
PM0030 Total		-	-	-	88,700	115,700	136,900	136,900
PM0040	Pittville Cricket Hall	-	-	-	-	12,200	12,200	12,200
	Pittville Rec Centre CP	-	-	-	2,000	2,000	3,000	3,000
	Pittville Recreation Centre	-	-	-	10,000	29,200	65,900	65,900
	Pittville Swimming Pool	-	-	-	5,000	6,500	13,500	13,500
PM0040 Total		-	-	-	17,000	49,900	94,600	94,600
PM0041	PoW Stadium CP	-	-	-	-	-	4,000	4,000
	Prince of Wales Stadium Track	-	-	-	2,000	2,000	64,500	64,500
	Prince of Wales Stadium	-	-	-	27,300	27,300	64,300	64,300
PM0041 Total		-	-	-	29,300	29,300	132,800	132,800
PM0042	Agg Gardner Pavilion	-	-	-	-	-	-	-
	Beeches Pavilion	-	-	-	-	-	-	-
	Brizen Pavilion	-	-	-	-	-	-	-
	Burrows Pavilion	-	-	-	12,000	12,000	12,000	12,000
	Central Cross Kiosk	-	-	-	-	-	7,950	7,950
	King George V Pavilion	-	-	-	-	-	-	-
	Mary Godwin Pavilion	-	-	-	-	-	-	-
	Naurton Park Pavilion	-	-	-	-	-	-	-
	Pittville Boat House	-	-	-	141,000	30,000	30,000	30,000
	Priors Farm Pavilion	-	-	-	-	-	-	-
	Welch Road Pavilion	-	-	-	-	-	-	-
	Whaddon Road Pavilion	-	-	-	-	-	-	-
	All Pavilions	-	-	-	5,000	5,000	5,000	5,000
	Hatherley Park Pavilion	-	-	-	-	-	-	-
PM0042 Total		-	-	-	158,000	47,000	54,950	54,950
PM0060	Central Depot (Swindon Rd)	-	-	-	30,000	33,000	35,500	35,500
PM0060 Total		-	-	-	30,000	33,000	35,500	35,500
PM0061	Civic Amenity Centre	-	-	-	-	-	1,500	1,500
PM0061 Total		-	-	-	-	-	1,500	1,500

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2011/12		
PM0070	Municipal Office	-	-	-	20,000	10,000	14,000	14,000
PM0070 Total		-	-	-	20,000	10,000	14,000	14,000
PM0080	Cemetery Gardens	-	-	-	25,000	25,000	25,000	25,000
	Cemetery Lodge	-	-	-	-	500	500	500
	Cemetery Chapel	-	-	-	-	1,200	1,200	1,200
	Cemetery Nursery	-	-	-	-	650	650	650
	Cemetery Offices	-	-	-	4,500	4,500	5,150	5,150
PM0080 Total		-	-	-	29,500	29,500	32,500	32,500
PM0081	The Crematorium	750,000	200,000	455,000	50,000	50,000	111,200	766,200
PM0081 Total		750,000	200,000	455,000	50,000	50,000	111,200	766,200
PM0082	Charlton Kings Cemetery	-	-	-	-	-	650	650
PM0082 Total		-	-	-	-	-	650	650
PM0090	Agg Gardner Recreation Grd	-	-	-	-	-	-	-
	Alma Rd Scouts Hut	-	-	-	-	-	-	-
	Barn Farm	-	-	-	-	-	-	-
	Bath Road (55)	-	-	-	-	-	-	-
	Berkley Mews	-	-	-	19,000	19,000	19,000	19,000
	Brizen Playing Field	-	-	-	-	-	-	-
	Burrows Playing Field	-	-	-	-	-	-	-
	Burts Yard	-	-	-	-	-	-	-
	Caernarvon Rd Recreation Grd	-	-	-	-	-	-	-
	Cambray Place (24)	-	-	-	2,000	2,000	2,000	2,000
	Cheltenham Spa Bowling Club	-	-	-	-	-	-	-
	Cheltenham Town Football Club	-	-	-	-	-	-	-
	Chester Walk (04)	-	-	-	-	-	-	-
	Chester Walk (05)	-	-	-	-	-	-	-
	Church St Nursery School Site	-	-	-	-	-	-	-
	Churchdown Parish Council Offices	-	-	-	-	-	-	-
	Civic Garage	-	-	-	-	-	100	100
	Civil Service Sports Ground	-	-	-	-	-	-	-
	Clyde Crescent Recreation Grd	-	-	-	-	-	-	-
	Dowdy House	-	-	-	-	-	-	-
	Edinburgh Place Shopping Centre	-	-	-	-	-	-	-
	Elmfield Rd Playing Field	-	-	-	-	-	-	-
	Grange Walk Playing Field	-	-	-	-	-	-	-
	Grange Walk Tennis Crt	-	-	-	-	-	-	-
	Grange Walk Youth Club	-	-	-	-	-	-	-
	Griffiths Ave Nature Reserve	-	-	-	-	-	-	-
	Grosvenor Street (39)	-	-	-	-	-	-	-
	Hatherley Park	-	-	-	-	-	-	-
	Haywards Lane Playing Field	-	-	-	-	-	-	-
	Hesters Way Park	-	-	-	-	-	-	-
	Hesters Way Park Stores	-	-	-	-	-	-	-

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2010/11 REVISED		
	Hill Farm	-	-	-	-	-	-	-
	Horse & Groom	-	-	-	-	-	-	-
	Imperial Sq Beer Pavilion	-	-	-	-	-	-	-
	King George V Playing Field	-	-	-	-	-	-	-
	King George V Tennis Crt	-	-	-	-	-	-	-
	King Street (Site of)	-	-	-	-	-	-	-
	Leckhampton Scouts Hall	-	-	-	-	-	-	-
	Montpellier Gardens Bandstand	-	-	-	-	-	-	-
	Montpellier Gardens Lodge	-	-	-	-	500	500	500
	Montpellier Gardens Proscenium	-	-	-	-	-	-	-
	Montpellier Gardens Shelter	-	-	-	-	15,000	15,000	15,000
	Montpellier Gardens Tennis Crt	-	-	-	-	-	-	-
	Naughton Park Recreation Grd	-	-	-	-	-	-	-
	Neptune's Fountain	-	-	-	-	5,000	5,000	5,000
	Old Patesians Sports Club	-	-	-	-	-	-	-
	Pittville Civil Defence Centre	-	-	-	-	-	-	-
	Pittville Park Aviaries	-	-	-	-	-	-	-
	Pittville Park Bandstand	-	-	-	-	200	200	200
	Pittville Park Golf Course	-	-	-	-	-	-	-
	Pittville Park Landing Stage	-	-	-	-	-	-	-
	Pittville Park Tennis Crt	-	-	-	-	-	-	-
	Pittville Parks & Gardens	-	-	-	-	3,500	3,500	3,500
	Playhouse Theatre	-	-	-	-	-	-	-
	Priors Farm Playing Field	-	-	-	-	-	-	-
	Promenade Basement Front	-	-	-	-	-	-	-
	Promenade Long Gardens	-	-	-	-	-	-	-
	Rose & Crown Passage Depot	-	-	-	-	-	-	-
	Royal Crescent (14)	-	-	-	-	-	-	-
	Royal Well Bus Station	-	-	-	-	-	-	-
	Royal Well Clock	-	-	-	-	-	-	-
	Sandford Park	-	-	-	-	-	-	-
	Sandford Park Offices	-	-	-	-	-	-	-
	Sandy Lane Playing Field	-	-	-	-	21,300	21,300	21,700
	Shopmobility	-	-	-	-	-	-	-
	Six Ways Hall	-	-	-	-	-	-	-
	St Georges Place (03)	-	-	-	-	-	-	-
	St Georges Place Burial Groun	-	-	-	-	-	-	-
	St James Street (08)	-	-	-	-	-	-	-
	St James Street (12)	-	-	-	-	-	-	-
	St James Street (14)	-	-	-	-	-	-	-
	St James Street (28)	-	-	-	-	-	-	-

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2010/11 REVISED		
	St James Street (30)	-	-	-	-	-	-	-
	St James Street (32-34)	-	-	-	-	-	-	-
	St James Street (36-38)	-	-	-	-	-	-	-
	St Margaret's Hall	-	-	-	-	-	-	-
	St Margaret's Scouts Hall	-	-	-	-	-	-	-
	St Mary's Mission	-	-	-	-	-	200	200
	St Pauls Terrace (04)	-	-	-	-	-	-	-
	St Stephens Cricket Pavilion	-	-	-	-	-	-	-
	Swindon Road (08)	-	-	-	-	-	-	-
	Swindon Road (14)	-	-	-	-	-	-	-
	Swindon Road Depot (Mitton's Garage)	-	-	-	-	-	-	-
	Swindon Road Depot (Pipeline Compound)	-	-	-	-	-	-	-
	Swindon Road Depot (PMF)	-	-	-	-	-	-	-
	Swindon Road Depot (Tipweld)	-	-	-	-	-	-	-
	Swindon Village Playing Field	-	-	-	-	-	-	-
	TAVR Centre	-	-	-	-	-	-	-
	The Beeches Playing Field	-	-	-	-	-	-	-
	Tramway Cottage	-	-	-	-	-	-	-
	Queen Elizabeth II Recreation Ground	-	-	-	-	25,000	25,200	25,200
	Up Hatherley Way Playing Field	-	-	-	-	-	7,000	7,000
	Welch Road Playing Field	-	-	-	-	-	-	-
	Whaddon Rd Bowling Club	-	-	-	-	-	-	-
	Whaddon Recreation Ground	-	-	-	-	-	-	-
PM0090 Total		-	-	-	-	90,800	99,400	99,400
PM0091	Everyman Theatre	-	-	-	-	35,000	35,000	35,000
PM0091 Total		-	-	-	-	35,000	35,000	35,000
PM0092	Cemetery Nursery	-	-	-	-	-	-	-
	Central Nursery	-	-	-	-	26,700	27,800	27,800
	Central Nursery House 1	-	-	-	-	12,000	12,000	12,000
	Central Nursery House 2	-	-	-	-	8,000	8,000	8,000
PM0092 Total		-	-	-	-	46,700	47,800	47,800
PM0095	Edinburgh House	-	-	-	-	2,500	2,200	2,200
PM0095 Total		-	-	-	-	2,500	2,200	2,200
PM0096	Stanton Rooms	-	-	-	-	-	400	400
PM0096 Total		-	-	-	-	-	400	400
PM0099	Memorials/Statues/Fountains	-	-	-	-	-	400	400
PM0099 Total		-	-	-	-	1,000	3,000	3,000
PM0120	Arle Court Park/Ride	-	-	-	-	1,000	3,000	3,000
	Baynham Way CP	-	-	-	-	-	-	-
	Bennington Street CP	-	-	-	-	-	-	-
	Chapel Walk CP	-	-	-	-	-	-	-
	Coronation Square CP	-	-	-	-	-	-	-

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2010/11 REVISED		
PM0120 Total		-	-	-	8,000	8,000	8,000	8,000
PM0121	Glenfall Street CP	-	-	-	-	-	-	-
PM0121 Total	Jersey Street CP	-	-	-	-	-	-	-
PM0123	Phoenix Passage CP	-	-	-	-	-	-	-
PM0123 Total	Pittville Park Golf Course CP	-	-	-	-	-	-	-
PM0124	Race Course Park/Ride	-	-	-	-	-	-	-
PM0124 Total	Rodney Road CP	-	-	-	-	-	-	-
PM0125	Sidney Street CP1	-	-	-	-	-	-	-
PM0125 Total	Sidney Street CP2	-	-	-	-	-	-	-
PM0126	Springbank Way CP	-	-	-	-	-	-	-
PM0126 Total	St. Peter's Rec Ground CP	-	-	-	-	-	-	-
PM0127	High Street CP	-	-	-	-	-	-	-
PM0127 Total	Idsall Drive CP	-	-	-	-	-	-	-
PM0128	Lansdown Place CP	-	-	-	-	-	-	-
PM0128 Total	North Place CP	-	-	-	-	-	-	-
PM0129	Portland Street CP	-	-	-	-	-	-	-
PM0129 Total	Regent Arcade Multi-storey CP	-	-	-	6,500	6,500	6,500	6,500
PM0130	Sherborne Place CP	-	-	-	6,500	6,500	6,500	6,500
PM0130 Total	Whitefriars Sixways CP	-	-	-	-	-	-	-
PM0131	Whitefriars Sixways CP	-	-	-	-	-	-	-
PM0131 Total	St. George's Road CP	-	-	-	-	-	-	-
PM0133	St. James's Street CP	-	-	-	-	-	-	-
PM0133 Total	Synagogue Lane CP	-	-	-	-	-	-	-
PM0134		-	-	-	-	-	-	-
PM0134 Total		-	-	-	-	-	-	-
PM0135		-	-	-	-	-	-	-
PM0135 Total		-	-	-	-	-	-	-
PM0136		-	-	-	-	-	-	-
PM0136 Total		-	-	-	-	-	-	-
PM0137		-	-	-	-	-	-	-
PM0137 Total		-	-	-	-	-	-	-

Expenditure Code	Building	C		Capital Total	R		Revenue Total	Total Cost to General Fund
		2010/11 ORIGINAL	2010/11 REVISED		2010/11 ORIGINAL	2010/11 REVISED		
PM0139	Bath Parade CP	-	-	-	-	-	-	-
PM0139 Total		-	-	-	-	-	-	-
PM0150	Honeybourne Line Folly Lane Bridge	-	-	-	3,000	3,000	3,000	3,000
	Honeybourne Line Lower High St Bridge	-	-	-	40,000	40,000	40,000	40,000
	Honeybourne Line Malvern Rd Bridge	-	-	-	7,000	7,000	7,000	7,000
	Honeybourne Line Market St Bridge	-	-	-	5,000	5,000	5,000	5,000
	Honeybourne Line St. Paul's Rd Bridge	-	-	-	35,000	35,000	35,000	35,000
	Honeybourne Line Swindon Rd Bridge	-	-	-	8,000	8,000	8,000	8,000
PM0150 Total	Kingham Lane Bridge	-	-	-	98,000	98,000	98,000	98,000
PM0160	Ambrose Street WC	-	-	-	-	-	500	500
	Bath Terrace WC	-	-	-	-	-	-	-
	Church Piece WC	-	-	-	-	-	300	300
	Cox's Meadow WC	-	-	-	-	-	300	300
	Edinburgh Place WC	-	-	-	-	-	-	-
	Grosvenor Terrace WC	-	-	-	-	-	-	-
	Imperial Gardens WC	-	-	-	-	-	300	300
	Montpellier WC	-	-	-	-	-	-	-
	Pitville Park WC	-	-	-	-	-	-	-
	Portland Street WC	-	-	-	-	-	300	300
	Royal Well WC	-	-	-	-	-	300	300
	Sandford Park WC	-	-	-	-	-	300	300
	All WCs	-	-	-	12,500	15,000	23,000	23,000
PM0160 Total		-	-	-	12,500	15,000	25,300	25,300
Grand Total		750,000	200,000	655,000	811,000	751,600	1,102,800	1,757,800
External Funding								
	Gloucestershire County Council	-	-	-	-	-	-	-
	Recreation Centre Maintenance Reserve	-	-	-	-	-	-	-
	War Commission	-	-	-	-	-	-	-
Total Net Cost to General Fund		750,000	200,000	655,000	811,000	751,600	1,102,800	1,757,800
Housing Revenue Account								
		-	-	-	-	-	2,200	2,200

Cheltenham Borough Council

Cabinet – 21st December 2010

Housing Revenue Account (HRA) - Revised Budget 2010/11 and Interim Budget Proposals 2011/12 for Consultation

Accountable member	Cabinet Member Community Development and Finance, Councillor John Webster
Accountable officer	Chief Finance Officer, Mark Sheldon
Accountable scrutiny committee	All Overview and Scrutiny Committees
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report summarises the HRA revised budget for 2010/11 and the Cabinet's interim budget proposals for 2011/12 for consultation.
Recommendations	<p>Approve the HRA revised budget for 2010/11.</p> <p>Approve the HRA 2011/12 interim budget proposals for consultation including a proposed average rent increase of 5.43% (applied in accordance with the rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5.</p> <p>Approve the revised HRA capital programme for 2010/11 at Appendix 6.</p> <p>Approve the draft HRA capital programme for 2011/12 for consultation at 6 and 7.</p> <p>Delegate authority to the Cabinet Member (Finance) to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</p> <p>Seek consultation responses by 22nd January 2011.</p>
Financial implications	<p>As contained in the report and appendices.</p> <p>Contact officer: Bob Dagger, bob.dagger@cheltborohomes.org, 01242 264225</p>

<p>Legal implications</p>	<p>As this report only proposes an interim budget for consultation purposes there are no legal implications.</p> <p>Contact officer: Peter Lewis</p> <p>E-mail: peter.lewis@tewkesbury.gov.uk</p> <p>Tel no: 01684 272012</p>
<p>HR implications (including learning and organisational development)</p>	<p>None as a direct result of this report.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
<p>Key risks</p>	<p>An overall risk assessment of the interim budget proposals is contained in Appendix 1.</p>
<p>Corporate and community plan Implications</p>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in government funding.</p>
<p>Environmental and climate change implications</p>	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

1. Introduction

In accordance with the Council's Budget and Policy Framework Rules the Cabinet is required to consult on its interim budget proposals for a period of not less than four weeks before making firm proposals to Council in February 2011. This report seeks Cabinet approval to consult on the following budget proposals.

1. Background

- 1.1 The Council's Constitution requires that the Cabinet prepare an interim budget for consultation before it makes recommendations to full Council in February 2011. The Cabinet is then required to draw up its firm budget proposals having regard to the responses it has received during the consultation period, and its report to Council in February 2011 should reflect the Cabinet's response to such comments.
- 1.2 It should be noted that the draft budget proposals are based on draft housing subsidy determinations from the Department for Communities and Local Government (DCLG) and the final settlement will not be received until late December 2010.
- 1.3 Both the revised budget for 2010/11 and interim budget for 2011/12 (Appendices 2 and 3) have been prepared to achieve the financial objective of retaining a contingent balance of at least £1million in revenue reserve with any additional funds being carried forward to fund capital expenditure in future years.

2. 2010/11 Revised Budget

- 2.1 The revised budget at Appendix 2 shows an increase in surplus of £810,500 compared to the original estimate. This will increase the revenue reserve to £2,989,000 by 31st March 2011. Significant variations have been identified in budget monitoring reports and are summarised below:-

Budget Heading	Change in resources
	£'000
Reduction in revenue contributions required to fund capital programme	596
Reduction in interest payable (lower interest rates)	175
Reduction in HRA subsidy payable (lower interest rates)	52
Additional interest receivable (net impact of higher reserves and lower interest rates)	13
Reduction in Council Tax on empty properties (fewer long term voids)	17
Rent and service charge income (lower than estimate)	-49
Other net	6
Net Increase in Surplus	810

The increase in surplus reflects £214,500 of additional resources and a further £596,000 which arises from deferred capital expenditure and will be required in 2011/12.

3. 2011/12 Budget

- 3.1 The Government's draft proposals for HRA subsidy were published for consultation in November 2010. The consultation period ends on 16th December 2010 with the final determinations

expected shortly after.

- 4.1.1 It is anticipated that next year will be the last year of housing subsidy. The Government has announced it intends to introduce a new self financing regime for local authority housing from April 2012. Further details are to be published in January 2011 with the individual settlements for each Council to be announced in Autumn 2011.
- 4.1.2 The determination for 2011/12 shows a national average increase in guideline rent of 6.8% (6.5% for Cheltenham). Rent restructuring uses the retail price index for September each year to uplift the formula rent for the following financial year. In September 2010 this was 4.6% so formula rents will be increased by 5.1% (including +0.5% for convergence*) with rent restructuring now timetabled to complete in 2015/16. For Cheltenham tenants this will result in an average rent increase of 5.43% from April 2011 as illustrated by Appendices 4 & 5.
- 4.1.3 As anticipated the special ALMO allowance for Councils with Round 1 and 2 ALMO's has been withdrawn. This gave a favourable rate of support (8% per annum) to offset the borrowing costs arising from the decent homes programme. These ongoing costs will in future be financed at the Council's consolidated borrowing rate, estimated at 3.08% for next year. This reduction in Government support has a net cost of £1,641,000 in 2011/12 but had been factored into HRA business plans.
- 4.1.4 The draft determination includes some increases in management, maintenance and major repair allowances to partly offset the increase in guideline rent. The net effect of the subsidy proposals for Cheltenham, allowing for changes to unit allowances and stock levels, is a net additional liability of £2,185,000 compared with the current year. The changes proposed to individual elements are shown below:-

Element of Subsidy	% change in unit subsidy	Net variation to subsidy payable £'000
Management Allowance	+1.5%	-35
Maintenance Allowance	+4.6%	-237
Major Repairs Allowance	+4.1%	-121
Guideline Rent Income	+6.5%	938
Removal of ALMO Allowance		2,515
Charges for Capital		-835
Other Changes		-40
Additional Subsidy Payable		2,185

- 4.2 Significant changes to the HRA in 2011/12 as compared to the revised estimates for 2010/11 are itemised in the table below. The net impact is a decrease in resources of £2,565,200 producing a deficit of £1,157,000 for the year and reducing revenue reserves to £1,832,000 at 31st March 2012. This reflects the completion of capital projects originally programmed for 2010/11. The medium term forecast cannot be completed until further details of the self financing settlement are known but it is anticipated that it will produce additional resources to further improve the longer term viability of the HRA.

* Rent restructuring is a government policy which is bringing all local authority rents in line with those charged by Housing Associations as calculated by a national formula.

Budget Heading	Change in resources
	£'000
Increase in revenue contributions required to fund capital	-956
Net impact of HRA subsidy settlement (see para 4.1 above)	-2,185
Depreciation of dwellings	-121
Increase in rents	905
Other rents and charges increases	53
Increase in estate services & direct costs	-35
Increase in CBH management fee (Agresso implementation)	-35
Increase in cyclical repairs	-218
Rent rebate subsidy limitation	39
Other (net)	-12
Net reduction in surplus	-2,565

- 4.3** The Housing Repairs Account at Appendix 3 shows reactive spend at the same level as the revised estimate for the current year but includes a growth item of £218,000 to fund additional preventative maintenance programmes including drain clearance and cyclical electrical testing.
- 4.5** Appendix 4 gives details of the progress in rent restructuring to date and projects rent increases forward to the current convergence date of 2015/16 using an estimated RPI of 2.5% per annum.
- 4.6** Appendix 5 details the proposed average rent for 2011/12 with recommended charges for other services. Gas charges for communal heating schemes will be increased by 7.5% to reflect anticipated fuel increases and there will be a 25% increase towards the rising cost of the electric fuelled scheme at Cumming Court. Provision has been included for a 3% increase in garage rents to reflect both inflation and fund a significant improvement programme in garage sites.

5. Service Charges

- 5.1** The proposed charges for cleaning, grounds maintenance and communal power are currently being finalised and will be available for the final budget papers in late January

6. Cheltenham Borough Homes (CBH)

- 6.1** The draft budget includes provision for the management fee payable to CBH. The company has submitted its own detailed budget and fee proposal for 2011/12.
- 6.2** CBH draft budgets for 2011/12 show a breakeven position based on holding fees and charges to the Council at 2010/11 levels. The company reports that savings of £204,500 will be achieved with a proportion of that sum being re-invested to deliver further efficiencies and improvements to tenant services.
- 6.4** The HRA management fee for 2011/12 is cash frozen except for a one off item of £35,000 to provide for the implementation of an Enterprise Resource Planning (ERP) system as part of the GO shared services programme. Similarly, the fee for managing the capital programme is kept cash frozen for a similar range and value of projects in 2011/12.

- 6.5** The overall cost of reactive repairs to the stock is forecast at £2,559,000 being a balance of CBH direct costs and use of sub contractors. CBH has commenced a comprehensive review of the maintenance operation which is expected to produce significant savings from 2012/13 onwards.
- 6.6** There is a reduction in the cost of delivering the estate cleaning contract which arises from savings in waste disposal.
- 6.7** The company's income is derived primarily from four funding streams being management fees chargeable to the HRA and the HRA Capital Programme, the cost of revenue and capital repairs and the block cleaning service (mainly funded by additional charges to tenants and leaseholders). CBH also undertakes some public building maintenance work (gradually diminishing) and provides a cashiering facility for General Fund Services at the two area offices. The fee submission for the main areas of activity is shown below and compared with 2010/11.

		2010/11 (Revised)	2011/12
Average Stock		4,597	4,592
		£	£
Management Fee			
- including growth bid	Gross Cost	4,263,700	4,298,700
	Per Unit	927	936
Reactive Repairs	Gross Cost	2,165,700	2,165,700
	Per Unit	471	472
Management of Capital Programme		405,000	405,000
Block Cleaning Service		324,500	312,200
Total		7,158,900	7,181,600

7. HRA Capital Programme

- 7.1** The revised programme for 2010/11 and proposals for 2011/12 are shown at Appendix 6, together with a more detailed schedule of improvement and repair works at Appendix 7.
- 7.2** The revised estimates for the current year reflect changes identified in budget monitoring reports. Estimated spend in year will reduce from £4,482,000 to £3,851,000 primarily due to a later start on the transformational improvements in St Paul's. Work will commence on site in January 2011 and will be continue through 2011/12.
- 7.3** The 2011/12 programme reflects the need to spend identified in the stock condition database and includes provision for works delayed in the current year. This will retain all stock to decency standard and provide further neighbourhood improvements through external works.

8. Areas of Further Work

- 8.1** This provisional budget is based on draft subsidy proposals which are subject to consultation.
- 8.2** There may also be further adjustments to support service and accommodation recharges to both CBH and the Housing Revenue Account (HRA).

9. Consultation process

- 9.1** The Council is proposing to consult on these budget proposals during the period to 22nd January 2011. The results from this consultation will be fed back to the Cabinet and taken into account in the formulation of the final budget proposals.
- 9.2** As part of the interim consultation process the Cabinet’s proposals will be included on the Council’s web site, made available at the Municipal Offices, Area Offices and publicised through the local press. All interested parties will be encouraged to respond.
- 9.3** In preparing the consultation document it may be helpful to provide supplementary information, for instance relating to the main changes in the budget. It is therefore recommended that the Cabinet Member (Finance) be given delegated authority to approve any supplementary information for consultation.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. HRA Operating Account 3. Housing Repairs Account and Major Repairs Reserve 4. Rent Restructuring 5. HRA – Rents and Charges 6. HRA Capital Programme 7. HRA works to properties 2011/12
Background information	<ol style="list-style-type: none"> 1. Draft HRA subsidy determinations received from DCLG, November 2010

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	Reform of local authority housing finance	Mark Sheldon	November 2010	4	6	24	Accept	Government has confirmed its intention to scrap the HRA subsidy system and replace it with a self financing alternative by April 2012. Impact remains uncertain until further details are published but initial assessment would indicate that this would be beneficial to the Council.. This will change significantly previous HRA medium and long term forecasts. Progress to be monitored and new HRA Business Plan to be prepared following receipt of Government proposals.	April 2012	Paul Jones	Corporate
2	Supporting People Grant	Mike Redman	November 2010	2	4	8	Accept	Funding for existing contracts currently under review. Should contracts not be renewed then a decision on future service provision would be required.	April 2011	Kath Chamberlain	Divisional
3	Higher than estimated void rent loss	Mike Redman	November 2010	2	1	2	Accept	Demand for social housing remains high with significant waiting list. Current number of void properties at lowest level for many years and CBH are achieving top quartile performance for void re-	March 2012	Kath Chamberlain	Divisional

								letting times. Quality of accommodation needs to be maintained and changes in tenancy termination rates monitored.			
4	Demand for reactive repairs increased	Mike Redman	November 2010	4	2	8	Accept	Having completed the decent homes programmes and refreshed stock condition data CBH can plan more effectively for future maintenance spend. The major peril to the stock is fire which is covered by appropriate insurance. HRA reserves are maintained at a level which is considered sufficient for uninsured stock damage.	March 2012	Kath Chamberlain	Divisional

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	2010/11		2011/12
	Original	Revised	Estimate
	£	£	£
<u>EXPENDITURE</u>			
General & Special Management	1,800,300	1,803,300	1,838,000
ALMO Management Fee	4,263,700	4,263,700	4,298,700
Rents, Rates, Taxes and Other Charges	56,500	39,500	39,900
Transfer to Housing Repairs Account	3,735,000	3,735,000	3,953,000
Provision for Bad Debts	200,000	200,000	200,000
Interest Payable	752,200	576,900	576,900
Depreciation of Dwellings	3,101,300	3,101,300	3,221,900
Depreciation of Other Assets	75,000	78,000	86,000
Debt Management Expenses	46,500	46,500	46,500
Rent Rebate Subsidy Limitation	131,000	122,000	82,600
Housing Revenue Account Subsidy	3,680,400	3,628,400	3,298,700
TOTAL	17,841,900	17,594,600	17,642,200
<u>INCOME</u>			
Dwelling Rents	15,788,600	15,773,000	16,678,000
Non Dwelling Rents	396,400	404,800	421,000
Charges for Services and Facilities	702,300	661,000	697,800
HRA Subsidy - ALMO Allowance	2,515,200	2,515,200	0
Supporting People Grant	150,000	150,000	150,000
TOTAL	19,552,500	19,504,000	17,946,800
NET COST OF SERVICES	-1,710,600	-1,909,400	-304,600
Amortised Premiums / Discounts	8,900	8,900	8,900
Interest Receivable	-66,700	-79,400	-67,400
NET OPERATING INCOME	-1,768,400	-1,979,900	-363,100
<u>Appropriations</u>			
Revenue Contributions to Capital	1,245,700	649,700	1,606,100
Transfer from Major Repairs Reserve	-75,000	-78,000	-86,000
HRA SURPLUS carried to reserve	597,700	1,408,200	-1,157,000
Revenue Reserve brought forward	1,045,200	1,580,800	2,989,000
Revenue Reserve carried forward	1,642,900	2,989,000	1,832,000
Average Rent:-			
Increase 1st April 2011			5.43%
48 wk	72.45	72.41	76.34
52 wk	66.87	66.84	70.47
Average Stock	4,595	4,597	4,592

HOUSING REPAIRS ACCOUNT

	2010/11		2011/12
	Original	Revised	Estimate
	£	£	£
<u>EXPENDITURE</u>			
Repairs & Maintenance :-			
Reactive Repairs	2,559,000	2,559,000	2,559,000
Annual & Cyclical Maintenance	1,176,000	1,176,000	1,394,000
	3,735,000	3,735,000	3,953,000
<u>INCOME</u>			
Contribution from Housing Revenue Account	3,735,000	3,735,000	3,953,000
Surplus/Deficit for the Year	0	0	0
Balance brought forward	0	0	0
Balance carried forward	0	0	0

MAJOR REPAIRS RESERVE

	2010/11		2011/12
	Original	Revised	Estimate
	£	£	£
Balance brought forward	0	0	0
Major Repairs Allowance	3,101,300	3,101,300	3,222,100
	3,101,300	3,101,300	3,222,100
Utilised in Year (Funding Capital Programme App E)	-3,101,300	-3,101,300	-3,222,100
Balance carried forward	0	0	0

RENT RESTRUCTURING

This shows Cheltenham's progression towards rent restructuring. The Government currently estimates this will be completed by 2015/16. However this will be subject to future rates of inflation and government rent policy.

Definitions:-

Formula Rent = the target for Cheltenham as calculated by the government's formula

Limit Rent = the maximum rent that the government will pay for rent rebates

Guideline Rent = the rent the government uses to calculate income in the subsidy calculation

By the end of rent restructuring formula rent, limit rent, guideline rent and the actual rent paid by tenants are required to be the same.

	Formula Rent		Limit Rent	Guideline Rent	Actual Rent	
	£	% Inc			£	£
2010-2011	67.91		66.22	63.61	66.84	
2011-2012	71.37	5.1	69.95	67.76	70.47	5.43
2012-2013	73.51	3.0	72.41	70.72	72.81	3.32
2013-2014	75.72	3.0	74.96	73.80	75.23	3.32
2014-2015	77.99	3.0	77.60	77.00	77.74	3.33
2015-2016	80.33	3.0	80.33	80.33	80.33	3.33

HOUSING REVENUE ACCOUNT - RENTS & CHARGES

	2010/11	2011/12
	£	£
Dwelling Rents (average)		
48 wk basis	72.41	76.34
52 wk basis	66.84	70.47
Garages (per month)	24.50	25.24
Communal Heating Schemes (52 wk basis)		
Gas		
1 person flat	6.68	7.18
2 person flat	9.00	9.68
Cumming Court		
1 person flat	3.02	3.78
2 person flat	4.16	5.20
Guest Bedrooms (per night)	9.00	10.00

HRA CAPITAL PROGRAMME

	2010/11		2011/12
	Original	Revised	Estimate
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>EXPENDITURE</u>			
Property Improvements & Major Repairs (incl fees)	4,022	3,391	4,368
Adaptations for the Disabled	350	350	350
Environmental Works (Tenant Selection)	60	60	60
Repurchase of Shared Ownership Dwellings	50	50	50
	<u>4,482</u>	<u>3,851</u>	<u>4,828</u>
<u>FINANCING</u>			
Government Grant (Cavity Wall Insulation)	85		
Capital Receipts	50	100	
HRA Revenue Contribution	1,246	650	1,606
Major Repairs Reserve	3,101	3,101	3,222
	<u>4,482</u>	<u>3,851</u>	<u>4,828</u>

HRA WORKS TO PROPERTIES 2011/12	
COST HEADING	2011/12 BUDGET
	£
INTERNAL IMPROVEMENTS	400,000
INSULATION	25,000
WORKS TO BUILDING FABRIC	393,000
RENEWAL OF WATER MAINS	100,000
RENEWAL OF HEATING SYSTEMS	100,000
MAJOR REFURBISHMENTS TO VOID PROPERTIES	350,000
WINDOWS & DOORS	100,000
ASBESTOS	100,000
SHELTERED ACCOMMODATION	50,000
NEIGHBOURHOOD WORKS	430,000
DOOR ENTRY SCHEMES	200,000
STRUCTURAL/DAMP WORKS	100,000
CARBON MONOXIDE DETECTORS	25,000
FIRE PROTECTION	50,000
AUTOMATIC DOOR OPENERS	80,000
ELECTRIC SCOOTER HOUSING	60,000
ST PAULS TRANSFORMATIONAL IMPS	1,250,000
GARAGE IMPROVEMENTS	100,000
ELECTRIC SUB MAINS	50,000
FEE FOR MANAGING PROGRAMME	405,000
TOTAL BUDGET	4,368,000