

Report of	Meeting	Date
The Executive (Introduced by the Executive Member for Resources)	Special Council	28 February 2012

GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2012/13

PURPOSE OF REPORT

1. To seek approval of the Executive's budget proposal including the Council Tax yield to be received in 2012/13.

RECOMMENDATION(S)

2.
 - a) Approve the budget and proposals set out in this report including:
 1. Below inflationary increase in fees and charges (at Appendix A1)
 2. Council Tax set out in the resolutions (at Appendix A2)
 3. The Council's Pay Policy and publication on the Council's website from April (at Appendix A3)
 - b) Approve the Capital Programme to 2013/14 (Appendices B1, B2, B3 and B4)
 - c) Approve the Budget Growth Package Report (Appendix C).
 - d) Approve the Treasury Management Strategy and its core principles set out in Appendix D.
 - e) Note the advice of the Statutory Finance Officer in relation to the robustness of the budget and the risks contained in the budget set out in the Statutory Report at Appendix E. (to follow)
 - f) Approve the Council's Medium Term Financial Strategy (MTFS) at Appendix F.
 - g) Note Significant Budget Movements from the 2011/12 budget at Appendix G.
 - h) Note Special Expenses and Parish Precepts at Appendix H.
 - i) Note the Budget Consultation 2012 at Appendix I.
 - j) Note the Equality Impact Assessment at Appendix J.

EXECUTIVE SUMMARY OF REPORT

3. The Executive believes that the 2012/13 budget needs to achieve two overriding objective, that is to protect front line services and the Tax Payer. This budget protects current services whilst also reducing Council Tax by 1%. The reduction in Council Tax is also coupled with a significant package of new budget growth that delivers a huge investment in local services, including over £1 million to promote the local economy and create jobs.
4. General performance at the Council continues to be consistent and very high evidenced in a number of areas:
 - Good progress is being made towards the achievement of the outcomes, targets and measure contained in the Corporate Strategy.

- Audit Commission's satisfaction within the Annual Audit and Inspection Letter that the Council has continued to perform highly.

5. The budget strategy builds on, and is consistent with, the following key principles, which were outlined by the Executive previously and which are:

- To continue to be a high performing Council.
- To freeze Council Tax for 2012/13.
- To continue to provide value for money for the Council Tax payers of Chorley.
- To continue to provide assistance to those wishing to start up business in Chorley to create investment.
- To develop NEETS in our Borough into work or education.
- Develop programmes to support the current health reforms.
- Safeguarding front line services, particularly to continue to support the voluntary sector and PCSOs and focusing on the removal of bureaucracy and managerial posts.
- Looking for opportunities to share services and generate additional revenue.
- Preparing for the future and uncertainty over public finances.
- To look to reduce debt and the consequent financing charges.

6. The Executive believes that the core principles outlined above have been achieved during the budget process and sets out in the rest of the paper a further explanation of the budget proposals for 2012/13. This includes how a cut in Council Tax will be achieved accompanied by a significant package of investments in the local economy and services enhancement.

7. Council Tax Yield 2012/13

It is proposed to reduce Council Tax by 1.0%.

8. This follows two years of Council tax freezing. In 2011/12 the Council received Council Tax freezing grant of £159k which continues for another three years. For not increasing Council Tax in 2012/13 the Council will receive a further freezing grant of £159k for one year.

9. The Council has already successfully achieved budgetary savings totalling £0.945m that have already been approved. This report contains further savings of £0.030m for approval resulting in total savings for 2012/13 of £0.975m.

10. A number of new budget growth items requiring recurring investment have been factored into the MTFs for approval. These schemes, as listed below, have been identified to ensure their service provision beyond 2012/13 to support the delivery of the Corporate Strategy. Further details for all investments are contained within the Budget Growth Package report on the agenda in Appendix C.

The key new revenue budget growth proposals are:

To achieve savings in the 2012/13 budget to enable additional mainstream investment in:

- **Tackling Dog Fouling**
- **Increased number of PCSOs**
- **Business Start Up**
- **Debt Advice Funding**
- **IDVA – Community Safety**
- **Sanctuary Scheme**

11. Further new revenue budget growth items, bringing the total to 17 revenue schemes, have also been included in the budget on a one off basis. In addition to the mainstreaming of the above scheme it is planned to deliver the following schemes in 2012/13 with their continuation being reviewed at the end of the year. The exception being the scheme supporting NEETs which will continue for a two year period.

- NEETs – extension of Council Apprenticeship Scheme for two years
- Extension of Grant Scheme to Local Service Centres
- Active Generation Scheme
- Street Games Scheme
- Introduction of Sport Bus
- Employee Health Scheme
- Chorley Smile – Environmental Improvements
- Bus Shelter Improvements
- Street Furniture Improvements
- Public Realm Adoption
- Improved Pedestrian Routes

12. Two further Capital Programme/Budget growth investments are proposed.

- Assist the Primary Care Trust to progress their development plan to provide a Health Centre on the Friday Street site to provide a facility to meet the health needs of the resident population of East Chorley.
- Acquire a key strategic site in the Town Centre to facilitate development in the medium term and provide the Council with the opportunity to generate more income in the short term. This is in addition to the major ADSA site development.

13. Significant progress has been made in delivering the budget savings with the MTFs. Budget savings already achieved are listed in Appendix G. Approval is now sought for additional savings that have been identified in the sum of £0.030m a summary of which is set out below:

- Evaluation of Markets NNDR reduced costs - £16k. This includes a proposal to compensate, in year one, those who will be financially worse off as a result of the changes so no Market Trader pays any more during the current year.
- Increase Fees and Charges by 3.0% as per Appendix A1 - £10k plus amend the charging structure at Astley Hall - £4k.

14. The Capital Programme is set out in detail in Appendices B1 to B4 covering the proposed capital schemes to support the Corporate Plan together with the planned financing arrangements and details of available s106 Developers Contributions.
15. The Capital Programme also includes the two Budget Growth Investments, detailed in Appendix C:

Proposed PCT Health Centre	£6.650m
Acquisition of Town Centre site	£0.500m

16. Total Capital Expenditure is planned to be incurred over the next three years totalling £12.525m.

MTFS Year	2012/13 £m	2013/14 £m	2014/15 £m
Total Capital Expenditure	10.866	0.823	0.836

17. The above Capital Expenditure will be financed as follows:-

	£m
Prudential Borrowing	2.550
Prudential Borrowing – Health Centre	6.650
Unrestricted Capital Receipts	0.018
Revenue Budget	0.274
External Contributions	1.415
Government Grants	1.618
Total Capital Financing	12.525

18. The Capital Programme is consistent with the MTF5 and contains provision for voluntary set aside to restructure the Council's debt. This will reduce the cost of servicing that debt thus reducing costs in the Council's revenue budget. This achieves savings to the Council's overall budget within an areas that ahs no impact on front line services.
19. The Localism Act now has a new requirement stipulating that the Pay Policy is approved formally by the Council and published on our website in April 2012/13. This is attached at Appendix A3.

Confidential report Please bold as appropriate		No
--	--	-----------

Key Decision? Please bold as appropriate	Yes	
--	------------	--

(If the recommendations are accepted)

20. To ensure that the Council complies with the requirement to set the budget for 2012/13.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

21. None.

CORPORATE PRIORITIES

22. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			

BACKGROUND

23. The Executive published the budget principles for consultation during December 2011 setting out its intention for spending and investment in the borough for the forthcoming financial year 2012/13. These papers build upon those principles and set out for Council the budget proposals for 2012/13.

BUDGET CONSULTATION

24. The budget principles were agreed by members in the report to Executive Cabinet on 15th December 2011. These principles have been considered by:
- a) The Overview and Scrutiny Committee
 - b) The Parish Councils
 - d) Residents taking part in the public survey including members of the Chorley Smile Jury

The feedback from the consultation is shown at Appendix I, and is supportive of the core principles adopted by the Executive.

BUDGET PROPOSALS

25. The starting point for any budget is a roll forward from one year to the next of the Council's continuation budget which is the cost of the current levels of existing services, updated to reflect inflation, change in volumetrics and any policy changes made by the Council in the current year.
26. Set out in the Council's Medium Term Financial Strategy is an analysis of these changes year on year over the next financial planning period 2012/13 to 2014/15 in Appendix F1.
27. Members will be aware that the outlook for the public finances is uncertain given the relatively short term settlement in the Comprehensive Spending Review and the forthcoming Local Government Funding Review. The outcome of this review is still unknown but will influence funding from 2013/14 onwards. In addition, the distribution of core funding is also undergoing considerable change with future funding levels being subject to annual fluctuations in the form of New Homes Bonus (NHB) and the retention of Business Rates. Despite this uncertainty and lack of clarity on funding levels after 2012/13 budget forecasting remains an integral component of budget setting, therefore, the Medium Term Financial Strategy has proceeded based on the following key assumptions:-

Key Budget Assumptions

Assumption	2012/13	2013/14	2014/15
Council Tax increases	0	0	0
Council Tax Freezing Grant	£0.318m	£0.159m	£0.159m
Reduction in grant settlement	£0.857m	£0.513m	£0m
Pay inflation	0	1%	1%
Employees pension contribution	0.5%	0.5%	0.5%
New Homes Bonus	£1.044m	£1.044m	£1.044m
Performance reward grant	£0.089m	0	0
Supporting People Income	£0.216m	£0.180m	£0.170m
Health Reform Agenda	assumed to be cost neutral		

28. The table shows the key assumptions made in forecasting forward the Council's financial position. Please note these do not determine what might actually happen in future years, particularly with regard to Council Tax levels as these are determined annually based upon the latest up to date information. Some key messages are:

- No assumption has been made regarding either:
 - future potential increase in Council Tax, or
 - expected levels of Central Government grant post 2013/14
- The pay bill has been forecast to increase by 0.5% annually in 2012/13 being the contribution to pensions only. This has been uplifted, however, by 1% in 2013/14 and 2014/15 to also include provision for a possible pay award. The pay award provision equating to approximately £101k annually and consistent with the 1.0% cap proposed by Central Government.
- The budget has also been constructed in accordance with the Council's Pay Policy. The Localism Act now has a new requirement stipulating that the Pay Policy is approved formally by the Council and published on our website in April 2012/13. This is attached at Appendix A3.
- New Homes Bonus – The aim of the scheme is to provide an incentive to local authorities to increase the number of properties with a further reward for increases in affordable homes. The payment for 2012/13 is based on a council tax amount per property times by the increased number of properties between October 2010 and October 2011. This allocation will be received for a six year period, however it will run consecutively with any further NHB awarded in future years for additional increases in properties year on year. Therefore, each new receipt of NHB will be received for 6 years and then cease on a rolling programme basis until such time that the methodology is changed.
- The 2011/12 Council Tax Freeze Grant is for a limited period and will cease in due course but is due to be received for each of the financial years covered by the latest Spending Review 2011/12 to 2014/15. The 2012/13 Council Tax Freeze Grant is an additional grant for one year only and will not be received in future years.
- Within the public sector environment there are current proposal to reform the way in which health Care services are operated. This budget assumes that these reform changes will have no financial implications for the Council.

29. After the budget has been updated as described above it is amended to take account of new adjustments such as:

- new budget growth schemes, and
- budgetary savings achieved

31. As a consequence the following amendments to the budget have been made in line with the proceeding budget principles which were adopted to construct the budget. The amendments consist of new budget growth schemes identified to ensure service provision is maintained to deliver the Corporate Plan and budget savings achieved and proposed to balance the budget.

NEW BUDGET GROWTH and INVESTMENT	£m	£m
Schemes requiring on-going investment	0.278	
Proposed Two Year Schemes providing support to NEETs	0.130	
Proposed 2012/13 Investments	0.445	0.853
Continuation of Business Start Up Grants	0.170	0.170
Proposed Capital Investment	7.150	7.150
TOTAL NEW GROWTH PACKAGE AND INVESTMENT		8.173

BUDGETARY SAVINGS	£m	£m
Savings already approved	0.945	
Sub Total – Savings approved		0.945
Markets NNDR and compensation to Market Traders in 2012/13	0.016	
Increase Fees & Charges	0.010	
Astley Hall Revised Charging Structure	0.004	
Sub Total – Further Savings Proposals		0.030
TOTAL BUDGETARY SAVINGS 2012/13		0.975

32. A further explanation is set out below with a breakdown of the above figures is listed within the Medium Term Financial Strategy at Appendix F1.

New Budget Growth

33. Both the Revenue and Capital budget contain significant new budget growth investments. A number of these schemes are recurring investments that have been factored into the 2012/13 budget for approval. Recurring being that the budget provision for these items has been accounted for on a continual basis in future years. These schemes, as listed below, have been identified to ensure service provision beyond 2012/13 to support the delivery of the Corporate Strategy. It is important to note that the new budget growth items below are already factored into the budget proposals (and as set out in Appendix F1) with the budget savings already achieved this package of investments can be accommodated in addition to reducing Council Tax by 1.0% and delivering a surplus budget in 2012/13.

34. Further details are contained within the Budget Growth Items report on the agenda including the resulting outputs and outcomes achieved by the additional investment, for example, the number of new businesses supported and the number of new jobs that will be created.

Mainstreaming/Recurring New Growth Schemes	£m
Tackling Dog Fouling	0.075
Increase number of Police Community Support Officers	0.055
Business Start Up – provision of support & advice	0.055
Debt Advice Funding – debt advice to 600 residents	0.050
Community Safety and Independent Domestic Violence Advocacy DVA	0.023
Sanctuary Scheme – support domestic violence victims in partnership with South Ribble BC	0.020
Total	0.278

35. In addition to the mainstreaming of enhanced services the Council propose to also deliver a suite of new Budget Growth Schemes for 2012/13 as a one year package. These support the budget principals and are detailed in Appendix C and listed below:

Investment	£m
NEETs – extension of Council Apprenticeship Scheme – Two year period 2012/13 to 2013/14	0.130
Extension of Grant Scheme to Local Service Centres	0.037
Active Generation Scheme	0.031
Street Games Scheme	0.050
Introduction of Sports Bus	0.017
Employee Health Scheme	0.020
Chorley Smile – Environmental Improvements	0.100
Bus Shelter Improvements	0.075
Street Furniture Improvements	0.075
Public Realm Adoption	0.020
Improved Pedestrian Routes into Town Centre	0.009
Total	0.564

36. The complete Budget Growth Package support the Corporate Plan and aids:

- *A vibrant Local Economy* – provides over £1.0 million to promote the local economy, support businesses and help create over 100 new jobs on top of the 400 jobs from the ASDA development.
- *Being Healthy* – providing activities to the over 50s plus funding the continuation of the street games programme and introduction of a Sport Bus for 14 to 17 year olds.
- *Safe Respectful Communities* – recurring investment to keep crime down and reducing the fear of crime by proposing to increase the number of Council funding PCSOs by 5 to 27 in total. Investment to provide special support to help victims of domestic violence including additional support to enable victims to remain in their own home.
- *Clean Neighbourhoods* – improving the environment by tackling dog fouling and the issue of aggressive dogs. Also refurbishment of street furniture and bus shelters together with upgrading pedestrian routes onto the town centre.

Budget Savings

37. Significant progress has already been made to date in achieving budgetary savings to close the budget gap in advance of the forthcoming financial year and these are listed in Appendix G. In addition to those already achieved further budgetary savings have been identified for approval:

Markets NNDR

38. Changes made nationally within the Revaluation Office have resulted in a saving for the Council as Business Rates no longer need to be paid in respect of the Markets. The liability will now fall to the Market Trader. Some traders will qualify for assistance as small businesses and will not be adversely effected, however, a few will now need to pay NNDR. For these businesses that will need to meet the additional expense of paying NNDR it is proposed that the Council pays a compensatory amount in 2012/13 equal to the additional cost of NNDR.

39. The proposal, therefore, is that annual budget savings of £22,000 is reduced by £6,000 in 2012/13 to £16,000. This would create a budget of £6,000 to enable the Council to compensate those Market Traders who would be financially worse off in next year to ensure that no Market Trader is paying any more in 2012/13 than they already are.

Increase Fees & Charges

40. It is also proposed that the Council's fees and charges, excluding Car Parks, Market Rents and Building Control fees, are uplifted by an inflationary increase as per Appendix A1 attached. Also included in this proposal is the review of charges at Astley Hall. The reviewed prices are aimed at increasing the usage of the hall and activity space, particularly during the day when staff are available. Evening rates reflect the additional staff costs incurred. Wedding prices have been increased in line with current local rates and as a result of increased demand, a baby naming fee has been introduced. A full list of Astley Hall prices has been listed for completeness so that the overall price changes are transparent.

THE PRINCIPLES UNDERPINNING THE BUDGET

To Freeze Council Tax for 2012/13

41. For 2012/13 the Executive proposes that Council Tax is reduced by 1%.

Consequently the history of Council Tax rates for the period 2007/08 – 2012/13 will have been as follows:

Annual Council Tax Increase 2007/08 to 2012/13

Year	Annual Increase %
2007/08	0.00
2008/09	2.50
2009/10	2.90
2010/11	0.00
2011/12	0.00
2012/13	(1.00)
Average	0.73

42. As a result of not increasing Council Tax the Council will receive a one off Council Tax Freezing Grant in 2012/13. Therefore £159k additional grant income has been included into the budget for 2012/13. This is in addition to £159k additional grant income being received for freezing Council Tax in 2011/12, this grant will be received for a four year period to 2014/15.

To continue to provide assistance to those wishing to start up business in Chorley to create investment and engagement.

43. In addition to reducing Council Tax for 2012/13 the Executive propose other budgetary options that will protect the Chorley community from the impact of the current economic situation, namely:
- Investment in local business including over £1.0 million promoting the local economy.
 - Helping to create 100 jobs in addition to the 400 resulting from the ASDA development.
 - Continuation of the Business Grant Scheme from 2011/12.
 - Restrict increases in car parking charges and market rents.
 - Allocate resources to business start-ups continuing current service and extends the service to areas outside of the Town Centre,
 - Investment in two priority areas to develop programmes relating to youth unemployment and the current health reforms.
 - Town Centre capital investment providing the opportunity for redevelopment coupled with also improving the appearance of the town centre.

Safeguarding front line services, particularly to continue to support the voluntary sector and PCSOs and focusing on the removal of bureaucracy and managerial posts.

44. Despite the current pressures placed on the budget through reduced funding, the Administration has still been able to allocate additional resources effectively to react to public opinion which is also contained within the budget consultation process. The 2012/13 budget will look to maintain spending in key priority areas which will mean:

- Maintaining support for the voluntary sector and PCSO's.
- Driving out inefficiency and costs that do not add value.
- Ensuring our workforce is productive.
- Focusing on the key priorities of the Chorley citizens and business community.
- Living within our means as available resources diminish.

To continue to provide value for money for the Council Tax payers of Chorley.

45. Over the financial years 2007/08 to 2012/13 the following savings/efficiencies have been achieved:

Annual Budget Savings 2007/08 to 2012/13

Year	Annual saving £m
2007/08	1.795
2008/09	0.551
2009/10	0.848
2010/11	0.747
2011/12	1.197
2012/13	0.975
Total	6.113
Average	1.019

46. In addition to achieving a significant level of efficiencies within the budget, the council has maintained value for money by delivering a consistently high level of performance and ensured that with regard to front line services business is as usual.

Preparing for the future and uncertainty over public finances

47. The Council is facing a new era of permanent uncertainty with regard to its core funding levels. The total amount of grant from Central Government has already reduced significantly putting pressure on the budget but adding to this challenge are the new arrangements for grant distribution in the form of the current New Home Bonus and the forthcoming retention of Business Rates. Both these key funding stream will be calculated on annually variable data and therefore susceptible to fluctuation from one year to the next.

48. The administration has consistently followed an efficient, effective and financially sustainable approach to the budget by:
- Not setting unachievable targets in the budget.
 - Balancing the budget over the medium term.
 - Containing working balances at a level sufficient to meet risk.
49. In terms of proposals for the future the Executive will seek to:
- Balance the budget over the financial planning period 2012/13 to 2014/15.
 - Continue to change the shape and scale of the organisation to drive through on the efficiencies agenda, through adopting different delivery models.
 - Focus on the priorities of the citizens and business community of Chorley.
 - Continue to invest in technology and schemes that generate savings.
 - Look to consolidate the Council's debt position and reduce it wherever possible.

Looking for opportunities to share services and generate additional income

50. The sharing of services continues to reduce costs and generate additional income, adding to significant contributions to savings that have already been realised in previous years. The Executive are committed to looking at all options in this respect and to continue looking for opportunities to generate additional revenue into the Council by selling the services and products we have to others.

Reducing debt and the consequent financing charges

51. At present the Council sets aside significant sums from its revenue budget to repay debt. The Executive will look for opportunities to reduce this rather than always looking for additionality in terms of capital resources. The prudential code which has been adopted requires the Council to only spend what it can afford, so it is prudent financial management to look at opportunities to reduce the on-going debt burden. By restructuring debt this reduces the cost of servicing debt in the Council's revenue budget. Although the Minimum Repayment Provision (MRP), as detailed in Appendix F1, has marginally increased it should be noted that the strategy described above has resulted in this increase being less than it would have been if this course of action had not been taken.

CAPITAL PROGRAMME

52. The proposed three-year capital programme for the period 2012/13 to 2014/15 is contained in Appendices B1 to B4. Details of the Capital Programme for 2011/12 is also included in order to indicate the rephasing of expenditure to 2012/13 – 2014/15.
53. Appendix B1 Capital Programme Monitoring 2011/12 to 2013/14 and Appendix B2 Explanation of Changes 2011/12 to 2013/14 were presented to the Executive Cabinet on 23 February 2012. It is proposed, however, that one further scheme should be added to the 2011/12 capital programme being the acquisition of a strategic site in Chorley Town Centre at an estimated total scheme cost of £500,000 in order to promote development. The annual revenue cost would be £10,000 and this is included in the proposed revenue budget.

54. No new schemes will be added to the programme from 2012/13 to 2014/15, other than those that are contractual or that can be financed from external resources such as grants and contributions or rental income. This is to ensure that the revenue consequences of the capital programme are affordable. Consequently the proposed spending for the period is as follows:

2012/13	2013/14	2014/15
£10,866,240	£822,780	£836,250

55. The Asset Management Programme will be prioritised and focus on the conditions survey for:

- Astley hall
- Cotswold House
- New Depot facilities
- Remodelling of administration offices to accommodate the MTFS key corporate project to rationalisation of assets.

56. The pressure on capital resources will continue to be an issue for the Council over the medium-term. The depressed state of the property market means asset sales have been postponed until the market improves, therefore no new capital receipts have been taken into account in the financing of the 2012/13 to 2014/15 programme. This leaves prudential borrowing as the only source of financing for the other budgets included in the programme.

57. As a consequence the anticipated borrowing for the period 2012/13 to 2014/15 is as follows:

2012/13	2013/14	2014/15
£1,429,170	£553,780	£567,250

58. It is proposed that an additional Budget Growth scheme is added to the 2012/13 programme. This will assist the PCT with the development of the Chorley East Health Centre on Friday Street. The estimated cost is £6.650 million including land acquisition. The revenue budget cost of the borrowing that would be required to implement this project would be covered by rental income, so that this facility would be achieved at no cost to the council. This scheme has yet to be agreed with the PCT and is therefore still at the proposal stage. Any final agreement reached will contain the proviso that any increased project costs to those originally agreed will be underwritten and met solely met by the PCT as with on going costs.

59. Apart from S106 contributions for provision of affordable housing and the annual grant to fund Disabled Facilities Grants, there are no resources to finance housing capital expenditure from 2012/13 onwards other than the uncommitted Housing Renewal budget rephased from 2011/12. A total of £657,610 is expected to be re-phased into 2012/13 although the expenditure profile of this budget could be extended in to 2013/14 and 2014/15. Recommendations as to its use will be proposed via the 2012/13 capital budget monitoring process during the year.

60. Appendix B4 analyses the use of developers' contributions to finance the capital programme. Some contributions are uncommitted at present, and schemes will be recommended for addition to the capital programme or revenue budget as appropriate. It is likely that additional contributions will be received from 2012/13 onwards, and new schemes will be proposed in budget monitoring reports.

61. The contents of this report are supplemented with additional reports, policies and statements to provide further details as referenced below:

Appendix A1	Fees and Charges 2012/13
Appendix A2	Formal Council Tax Resolution 2012/13
Appendix A3	Pay Policy 2012/13
B1	Capital Programme Monitoring 2011/12 – 2013/14
B2	Proposed Changes 2011/12 – 2013/14
B3	Capital Programme 2014/15
B4	S106 and Similar Contributions
Appendix C	Budget Growth Package Report
Appendix D	Treasury Management Strategy 2012/13 – 2014/15
Appendix E	Statutory Financial Officer Report
Appendix F	Medium Term Financial Strategy
Appendix G	Significant Budget Movements 2011/12 to 2012/13
Appendix H	Special Expenses /Parish Precepts
Appendix I	Budget Consultation 2012/13
Appendix J	Assessing the Impact of 2012/13 Budget Proposals

FUTURE YEARS PROPOSALS

61. Contained in the Financial Strategy at Appendix F is a summary of the forecast position for the Council's budget up to and including 2014/15. The forecast is based on the following key assumptions:
- A continuation of current service provision to the same level and in the same way over that period.
 - Increase in costs for the Council's pension bill have been included at the rate of 0.5% for the three years together with an estimated 1% pay award in 2013/14 and 2014/15.
 - No allowance at this stage has been made for an increase in Council Tax.
 - No allowance has been made for potential decreases in external financial support from the Government in 2013/14 apart from the loss of the floor damping adjustment applied and received in the settlements in 2011/12 and 2012/13.
 - Additional New Homes Bonus for 2013/14, although a possible significant source of income, has yet to be determined and therefore is excluded at this time.
 - The Welfare Reform agenda will be cost neutral to the Council.
62. The key message is that the Council remains in a period of continued uncertainty due to the two year settlement, the variable basis of key funding streams e.g. NHB and the forthcoming Local Government Funding Review.

63. That said, the Council must plan on some basis and the figures show that further significant savings will be needed over the medium term to balance the budget based upon the assumptions already made. The financial strategy sets out the areas where the Council may want to concentrate its efforts in terms of achieving the savings required.

CONCLUSION

64. This paper outlines for the Council the Executive's proposals in terms of budget for 2012/13. The budget principles adopted by the Executive mean that its objective of protecting the provision of front line services whilst containing Council Tax increases and making investments in key areas of service to the Chorley Community has been achieved, consequently:

- Council Tax for 2012/13 will be reduced by 1.0% in 2012/13.
- A package of Budget Growth investments have been factored into the budget containing:
 1. 17 Revenue Budget and 2 Capital Budget schemes. This brings the total investment promoting the local economy and creating jobs to over £1.520 million.
 2. Recurring revenue budget growth to mainstream 6 areas of enhancements to services.
 3. A further 11 one off revenue budget investments are proposed with a project supporting NEETs extending for a two year period.
 4. Revenue budget growth investments total £0.853m
- Investments will be made in key areas to support a vibrant local economy, being healthy and safe respectful communities.
- Significant progress has been made towards achieving budgetary savings resulting in a planned budget surplus in 2012/13.
- Budget savings achieved and proposed to date total £0.975m. Reductions in employee costs have been achieved from managerial and back office functions with also significant non staffing savings being generated from support and other functions.
- Savings have been achieved from areas have not reduced front line services supporting the Council in maintaining its high performance track record.
- The Capital Programme's budget (including the proposed Health Centre scheme) over the MTFs period totals £12.5252m of which £8.900 is being financed by prudential borrowing.
- The Capital Programme continues to progress the MTFs objective of setting aside monies to restructure the Council's debt position to achieve savings within the revenue budget. This enables the budget gap to be reduced and does not impact on service provision.
- The assumptions included in the budget have been assessed in the light of the latest information available at this time and adheres to the Council's Pay Policy as set out in Appendix A3.

65. Future saving will be required and an efficiency programme is proposed and contained in the Medium Term Financial Strategy at Appendix F.

66. The Council will continue to have to work extremely hard, be innovative and creative to continue to make efficiencies and at the same minimise the impact on services. There are still factors that may affect the current forecast financial position, namely the forthcoming Local Government Funding Review which will determine the levels of funding with effect from 2013/14 within the planning period. In addition, the Council's income streams will remain under pressure. The overall approach to be adopted in terms of further efficiencies is set out in the Medium Term Financial Strategy which is appended to this report.

IMPLICATIONS OF REPORT

67. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	y	Customer Services	
Human Resources		Equality and Diversity	
Legal	y	No significant implications in this area	

MONITORING OFFICER

68. The process of agreeing the budget and Council Tax levels for 2012/13 comply with all relevant legislation.

GARY HALL
STATUTORY FINANCE OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Susan Guinness	5101	06/02/12	Rev & Capital Budget Report