

4 January 2011	ITEM 6
Corporate Overview and Scrutiny Committee	
GENERAL FUND DRAFT 2011/12 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY	
Report of: Sean Clark - Head of Corporate Finance	
Wards and communities affected: All	Key Decision: Yes
Accountable Head of Service: Sean Clark	
Accountable Director: Martin Hone - Director of Finance & Corporate Governance	
This report is: Public	
Purpose of Report: To consult on the draft general fund revenue and capital budgets.	

1 SUMMARY

- 1.1 The committee will be aware that there have been a number of reports during the course of this year on both the current budget and that proposed for 2011/12.
- 1.2 During these meetings, the Overview and Scrutiny Committees considered a number of savings proposals and these have been, in the main, agreed by Cabinet in November 2010.
- 1.3 Having agreed these, Cabinet then considered a further report in December 2010 that agreed for consultation a number of assumptions and also introduced the capital programme bids and likely resources. This report is included at appendix 1.

2 RECOMMENDATIONS:

- 2.1 **That the Overview and Scrutiny Committee consider the assumptions, including those on prudential borrowing, and that the minutes, recording the discussion, be included in the budget report to Cabinet in February 2011;**
- 2.2 **That the Overview and Scrutiny Committee comment on the principal of reporting back to Full Council should the 2011/12 budget not be contained within an overspend of £0.5m; and**
- 2.3 **That the Overview and Scrutiny Committee forward any comment on the capital resource assumptions and bids to the Cabinet meeting in February 2011.**

3 CABINET PROPOSALS

- 3.1 At their meeting on 8 December 2010, the Cabinet agreed the report and recommendations, as set out in the attached report at appendix 1.
- 3.2 The report is now being issued to the Overview and Scrutiny Committees for consultation and the feedback will be considered by Cabinet at their meeting in February 2011 in formalising their budget recommendations to Full Council later in that month.

4 THE MEDIUM TERM FINANCIAL FORECAST AND GOVERNMENT GRANT ANNOUNCEMENT

- 4.1 The Committee will be aware that the government announcement on the proposed grant settlement was only issued on 13 December 2010. The nature of the announcement and the amount of changes to grant regimes that this introduced has required a longer than normal time to be required to calculate the impact on the Council. This has had the unfortunate affect of delaying reports and officers apologise for this inconvenience.
- 4.2 The result is an estimated reduction of £7.153m. Members should be aware that this is a best estimate on the basis of the information disclosed from government departments to date and our interpretation of the announcements.
- 4.3 Due to the work that has been carried out in identifying savings proposals, the current forecast for the remaining deficit for 2011/12 stands at just £0.739m. Although still a sizeable sum, this should be seen as positive due to the work and savings already achieved. The revised MTFF is included as appendix 2.

5 IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 5.1 The budget should reflect the priorities set out within the corporate plan and so impact on all service provision.

6 IMPLICATIONS

Financial

Implications verified by: **Sean Clark**
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The financial implications are set out in the body of the report and appendices.

Legal

Implications verified by: **Jamie Hollis**
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Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget and strategy report contributes to that

requirement although specific legal advice may be required on the detailed implementation of any options agreed as a result.

6.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
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Any changes to the budgets and service provision should consider the impact on diversity and equality. Equality Impact Assessments were carried out for all of the savings that have been incorporated into the draft budget proposals.

6.4 **Other implications** (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

There are no specific implications from this report.

7 **CONCLUSION**

The forecasts to date and included within this report are based on the savings agreed to date and on a number of assumptions laid out within the report at appendix 1. These have been challenging but, despite all that has been achieved, still show a budget gap to be bridged over the coming weeks.

The report also sets out the challenges that we face for developing a capital programme. Further government announcements will add more certainty to the resources available.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

There are various working papers within directorates and accountancy.

APPENDICES TO THIS REPORT:

Appendix 1 – Cabinet Budget Report

Appendix 2 – Latest Medium Term Financial Forecast

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