




Budget Presentation
2010/2011 – 2013/2014

All Communities
28 January 2010



Agenda

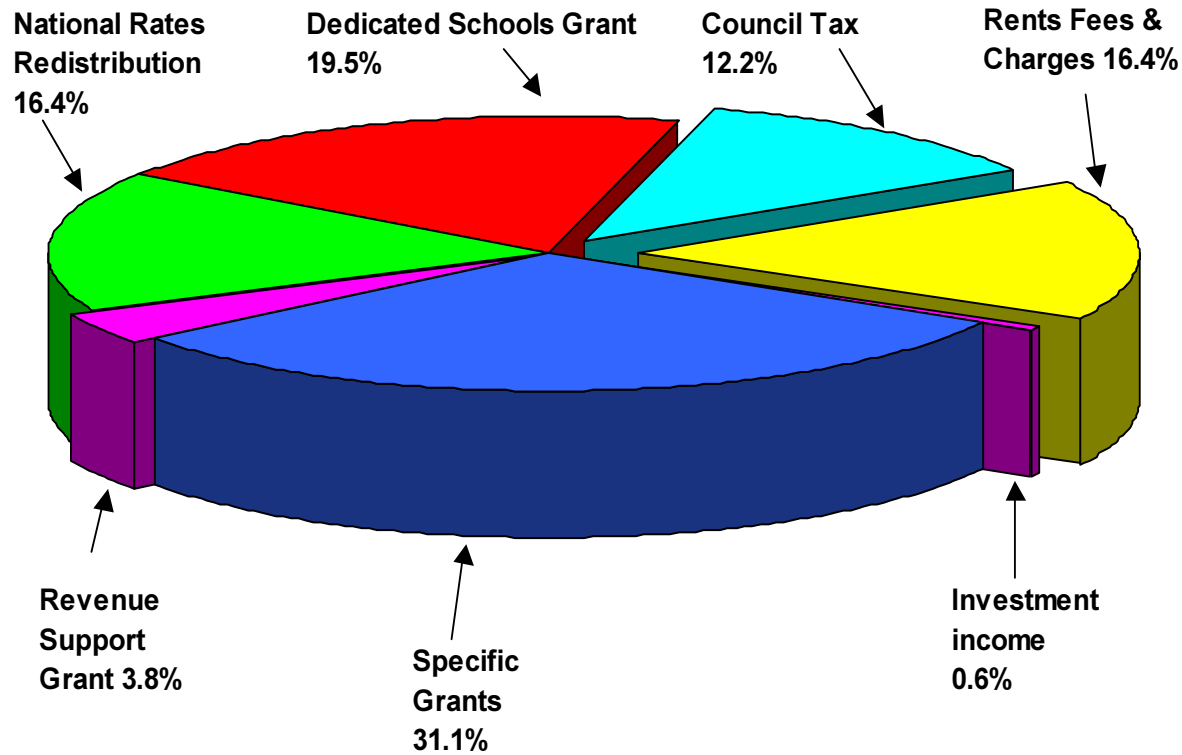
- Background
- Key Influencing factors
- Budget Strategy
- Key issues facing Middlesbrough
- Central Government Funding
- Medium Term Financial Plan (Assumptions)
- Medium Term Financial Plan (Projections)
- New Investment
- Bridging the Gap Proposals 2010/2011
- Council Tax
- Reserves update
- Provisions update
- Financial Risks
- Capital

Background (1)

- Previous last 6 years (a period of Stability!)
 - No cuts in Services
 - Investment in priority services (an unprecedented period of growth)
 - No significant out-turn variances
 - Efficiency savings being delivered
 - Proper financial management and planning generally
 - Proper challenge and option appraisal
 - No major financial surprises
 - Average Level of Council Tax

Background (2)

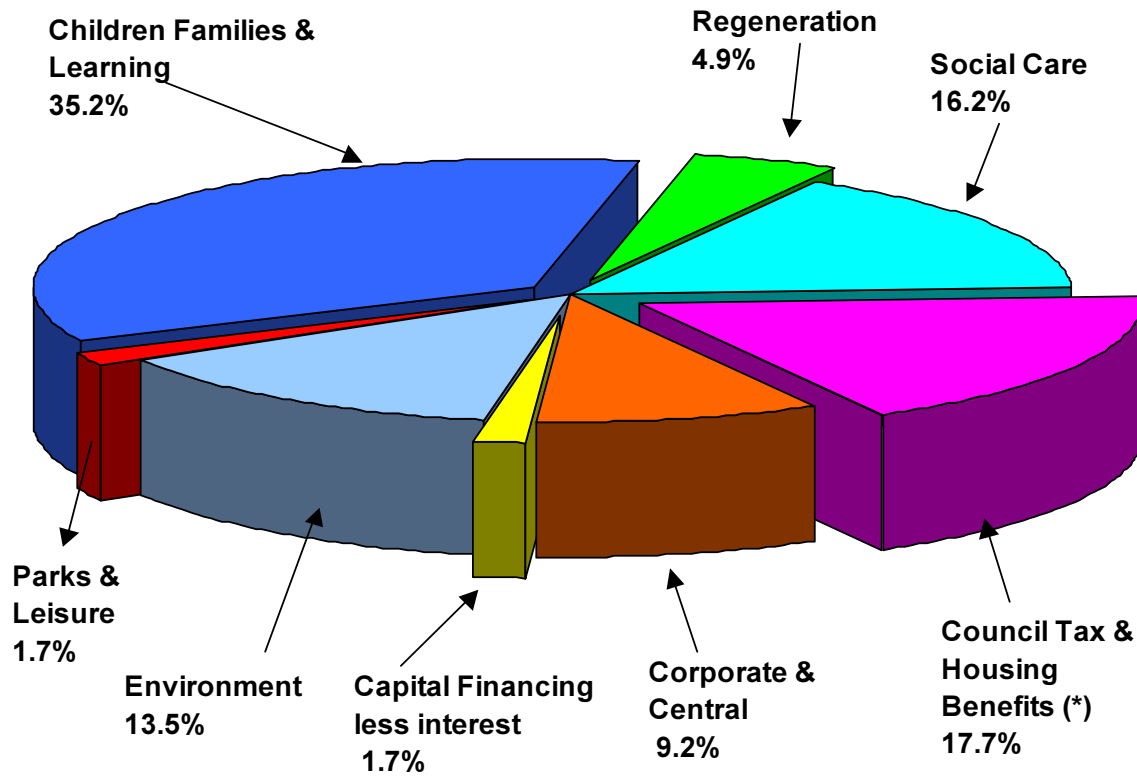
Where the Money Comes from



	%	£m
Specific Grants	31.1	125.6
Revenue Support Grant	3.8	15.3
National Rates Redistribution	16.4	66.4
Dedicated Schools Grant	19.5	78.9
Council Tax	12.2	49.2
Rents Fees & Charges	16.4	66.1
Investment Income	0.6	2.6
Total	100.0	404.1

Background (3)

Where the Money Goes



	%	£m
Environment	13.5	54.7
Parks & Leisure	1.7	6.8
Children Families & Learning	35.2	142.4
Regeneration	4.9	19.8
Social Care	16.2	65.3
Council Tax & Housing Benefits (*)	17.7	71.4
Corporate & Central	9.2	37
Capital Financing less interest	1.7	6.7
Total	100.0	404.1

- (*)Note. Council Tax & Housing Benefit payments mainly funded by Central Govt grant

Key Influencing factors

- Budget Strategy
- Government Funding
- Impact of decisions
- Council priorities
- Legislation (rules and regulations)
- Council Tax Level
- Financial management
- Value for Money
- Management of risks
- External environment

Budget Strategy (1)

- ensure the Council's priorities can be appropriately resourced
- maximise the efficient, effective and economic use of resources
- keep Council Tax increases to reasonable levels.
- proper Financial management
 - maintain appropriate reserves
 - services accountable for their own budgets: no unauthorised overspending
 - medium Term financial planning and monitoring

Budget Strategy (2)

- ensure effective budget consultation processes are followed
- impact of legislative changes are considered as part of the budget setting process

Key Issues Facing Middlesbrough

- Government Funding
 - Comprehensive Spending Review (CSR8) set until 31 March 2011
 - 2009 Budget Statement
- External Pressures
 - Inflation
 - Reduced capacity from partners
 - Economic Downturn/Credit Crunch
 - Return on Investments
- Internal Pressures
 - Current spend : 2009/2010 2nd Qtr Provisional Outturn £989,000
 - Limited scope for further efficiencies without `hitting services`
 - High dependency on External Funding.
 - Demand on Services

Central Government Funding

- Current Comprehensive Spending Review
 - General and Specific Grants confirmed until 31 March 2011
 - 2.3% increase in General Grant (Formula Grant) for 2010/2011
- 2009 Budget Statement
 - Additional 1% efficiency target (Now 4% in 2010/2011)
 - Real growth in central Government reduced from 1.2% to 0.7%
- Impact on Middlesbrough
 - Impact of reduction in External Funding £1.0 million
 - Additional 1% savings target £1.8 million

Medium Term Financial Plan Assumptions (1)

- Revenue Support Grant 1.5% increase
- Inflation
 - 1.5% Pay increase, 2.0% other inflation, 2.0% income charge increase
 - Energy and Fuel prices above inflation (Provision of £200,000 per annum)
- Economic Downturn
 - Existing £95,000 (5%) provision for reduced income from Commercial rents
 - Adjustment made for reduction in interest rates on investments and cost of borrowing

Medium Term Financial Plan Assumptions (2)

- Children Families and learning
 - Additional £2,454,000 demand led pressures
 - Additional £424,000 Foster Carers
- Social Care Medium Term Financial Plan
 - Additional £3,546,000 demand led pressure per annum
- Agreed efficiency savings delivered except
 - Libraries review £281,000
 - Dial a Ride £211,000
- Equal pay & Job evaluation : No additional provision

Medium Term Financial Plan Assumptions (3)

- No additional growth other than the impact of current decisions
- Key reliance on provisions
- No additional reliance on balances
- Council Tax Increase at 2.5%

Medium Term Financial Projection

- Projected Expenditure
 - 2010/2011 £140.8 million
 - 2011/2012 £145.9 million
 - 2012/2013 £150.7 million
 - 2013/2014 £155.7 million
- Projected Resources (Based on assumptions)
 - 2010/2011 £134.0 million
 - 2011/2012 £136.6 million
 - 2012/2013 £139.1 million
 - 2013/2014 £141.7 million
- Projected Gap
 - 2010/2011 £6.8 million
 - 2011/2012 £9.4 million
 - 2012/2013 £11.5 million
 - 2013/2014 £14.0 million

New Investment

- + £2,445,000 Children looked after
- + £424,000 Foster Carers allowances
- + £3,546,000 Social Care
- + £100,000 Regeneration

Bridging the Gap Proposals (1)

Key area	Detail	Target Amount £` million
Partnership Savings.	The Council has an annual contract with Mouchel for Direct Services to the value of approximately £23.1 million. Services within the contract are being reviewed to identify potential efficiency savings and opportunities for reductions in Service costs.	1.000
Human Resource Initiative savings	The levels of allowances including car allowances are being reviewed together with overtime payments.	1.000
Budget reductions.	Services are reviewing the cost of providing services. This includes staffing costs, non staffing costs, and contract arrangements including Additional Service Provision requests with Mouchel	6.000

Bridging the Gap Proposals (2)

	2010/2011 £`000s	2011/2012 £`000s	2012/2013 £`000s
Regeneration	556	565	565
Social Care	645	966	966
Children Families and Learning	1,998	2,736	2,736
Environment	1,571	1,526	1,476
Central Services	479	523	523
Total (Excluding partnership)	5,249	6,316	6,286
Partnership	570	965	1,371

Council Tax (1)

- The Council raises £49.2 million from Council tax
- 1% increase generates £491,000 additional income
- Level of increase can be 'capped' by Central Government
- How does our Council Tax compare? (Average per dwelling)
 - Middlesbrough £ 1,018
 - Local Average £ 1,064
 - North East Average £ 1,036
 - Similar Authorities £ 1,145
 - All England £ 1,175

Council Tax (2)

2010/2011 Council Tax Increase	2010/2011 Band D Council Tax	2010/2011 Expenditure Level	'Gap' from 2010/2010 Net requirements	Increase In 2009/2010 Net Budget
%	£	£`m	£`m	%
0.0	1,231.20	132.812	8.013	1.40
1.0	1,243.51	133.303	7.522	1.77
2.0	1,255.82	133.795	7.030	2.15
2.5	1,261.98	134.041	6.784	2.34
3.0	1,268.13	134.287	6.538	2.52
3.6	1,275.52	134.582	6.243	2.75
4.0	1,280.44	134.778	6.046	2.90
5.0	1,292.76	135.271	5.554	3.28
6.0	1,305.07	135.762	5.063	3.65
7.0	1,317.38	136.254	4.571	4.03
8.0	1,329.69	136.746	4.079	4.40
9.0	1,342.00	137.238	3.587	4.78
10.0	1,354.32	137.730	3.095	5.15
16.3	1,407.26	139.816	0.000	7.52

Reserves update

- **Definition:** Funds that are not assigned to any specific purpose. A minimum level must be retained as a contingency by the authority.

	General Fund £'000s	Back Dated RSG £'000s	Total £'000s
Opening Balance 1 Apr 2009	5,539	0	5,539
Less agreed use 2008/2009	-25	0	-25
2009/2010 Outturn	-989	0	-989
	4,525	0	4,525

Provisions update

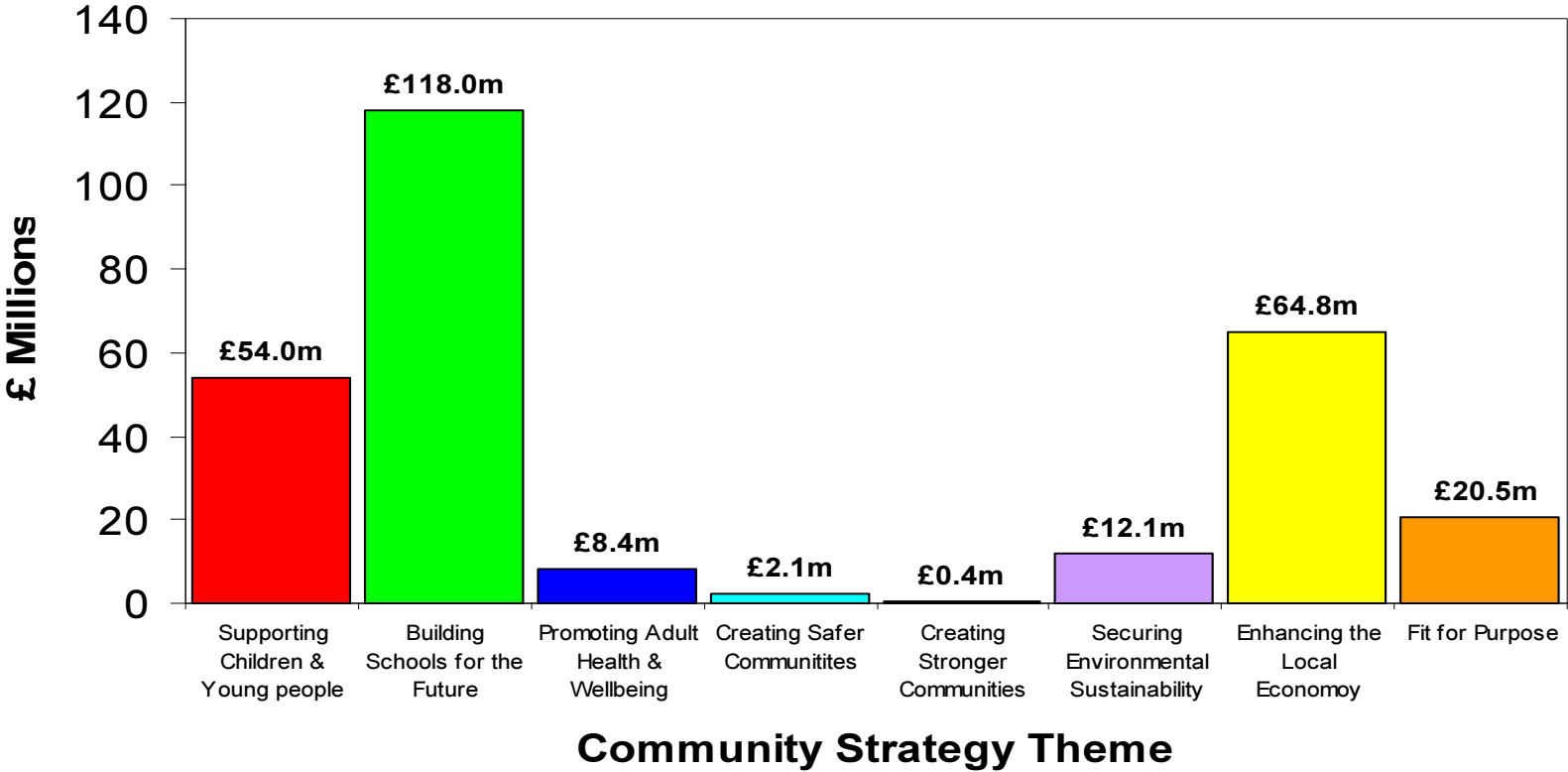
- **Definition** : Sums set aside for a known liability or a potential liability
- Key provisions estimated as at 1 April 2009:-
 - Equal pay Capital provision £11.1 million
 - Job evaluation/HR/Protection costs £0.6 million
 - Service Middlesbrough/Partnership £1.0 million
 - Social Services demand led pressures £1.2 million
 - Building Schools for the Future £0.3 million
 - Change Programme £3.5 million

Financial Risks

- Children Families and Learning spending pressures
- Equal Pay/Job Evaluation
- Building Schools for the Future
- Older Housing renewal
- Primary School review
- Efficiency Savings target
- Revenue Financing Gap 2010/2011 – 2012/2013
- Social Care Spending pressures and MTFP
- Direct Schools Grant
- Partnership arrangements/extension
- External funding

Capital (1)

£280 million - 4 Year Capital Programme



Capital (2)

£280 million - 4 Year Capital Programme By Source of Funding

