

Financial Services Briefing/Discussion Note

**Cheltenham Strategic
Partnership 10/12/09**

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Budget**

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The Cabinet have issued their interim budget proposals for 2010/11. A summary of key points follow:

2010/11 Revenue budget

- The draft budget for 2010-2011 will be going to cabinet on Tuesday 15th December 2009. If it is approved, there will be a 6 week consultation period before the final budget is presented to cabinet on Tuesday 9th February 2010. If the cabinet are happy with the final budget it will go to a meeting of the full council on Friday 12 February for approval.
- The budget had to close a £1.2m gap against a net budget of £16.7m. Given the financial circumstances we are in, no section of the community will be unaffected by the situation and all will have to make sacrifices.
- Against a background of very substantial financial problems and uncertainty, a 2.5% increase in Council Tax is proposed (which is 9p a week in Cheltenham)
- The Cabinets proposals (Appendix C) include both plans for closing the budget gap for both 2010/11(including many if the staff's own ideas) and an assessment of their impact on the Medium Term Financial Strategy (MTFS) and include proposals supported by the Cabinet for future years. The aim of this is to increase transparency and make clearer the basis for decisions. Whilst this work goes some considerable way towards contributing to the current estimated funding gap it does not meet it and leaves a shortfall which will still need to be addressed.
- Officers have worked with the cabinet to take a longer-term view of the staffing structure of the council; current proposals will see a reduction of 18.9 full time equivalents over the 5 year period which we hope will be achieved through a combination of retirements, merging posts, service improvements and shared service arrangements leading to us being able to delete vacant posts. Officers and elected members remain committed to avoiding the need for compulsory redundancies and it is our hope that this longer term view will provide reassurance to our employees.
- The budget gap has been plugged by a range of initiatives intended to increase revenue, and some cuts in services. All of Cheltenham's citizens will be affected by the proposals including elected politicians whose allowances will be frozen.
- The proposals include some modest growth to support the costs of essential ICT infrastructure and necessary operational requirements at the crematorium.
- There is concern at the impact of Government plans to reduce the public sector debt after the next election, and a need to build reserves to insulate the Council against this.

Everyman

- The Cabinet have indicated their commitment to offering of grant of £250k towards the refurbishment of the theatre plus a £1m loan (with interest) subject to a re-negotiation of the lease, a robust business case and reduction in grant of £30k over 6 years. The reasons for this are outlined in the report.

Looking ahead to solving the MTFS funding gap

- The current MTFS projections are based on the levels of Government support over the period of the current spending review and indicate a gap of £3.7m of which £2.2m has now been found. However, there are likely to be significant public spending cuts in response to the economic crisis with the election of a new Government which could increase the funding gap in excess of £5m.
- In preparing for this, the Cabinet have used the Bridging the Gap (BtG) programme to generate ideas for closing this gap. The Cabinet have included, as part of the interim budget, a list of areas for future consideration (Appendix D) which have not been approved by the present Cabinet during this budget round but will need to be considered by any future administration.
- In taking a long term view of resourcing, and managing vacancies as they arise, together with improvements in service delivery including creation of shared services with partner councils in Gloucestershire, the Council is doing all it can to avoid making compulsory redundancies, and we hope this will provide reassurance to our employees.

As well as funding the Everyman, the Cabinets proposals for the Capital programme include:

- Reversing the council decision to ring fence £300k for Pittville Park, given the unsuccessful HLF lottery bid.
- Commitment to Regent Arcade refurbishment works c£350k
- Funding for essential Storage areas network investment and remote access infrastructure to support flexible working and shared services.