



Budget Consultation 2012/13

This leaflet has been produced to explain Cheltenham Borough Council cabinet's preferred budget plans for 2012/13.

Council tax

The cabinet proposes to set the borough council's share of council tax at £187.12 for the third year running – with a zero increase in the last two years.

The council's budget

Preparation of the budget takes place against the background of an unprecedented and deepening financial crisis which has resulted in ongoing cuts in public expenditure.

The net General Fund budget proposed for 2012/13 will be reduced from £14,077,293 to £13,513,573, of which £7,961,114 will be funded from council tax, £5,518,459 from the government (Revenue support grant plus a share of the £51m of business rates collected locally) and £34,000 from previous year's council tax collection surpluses. In addition, the council will receive a further government grant of £396k to support the freeze in council tax.

On 8th December 2011, the council received notification that the level of government cash support for 2012/13, ignoring the specific grant for the council tax freeze, will fall by a further £0.534m which is a cut of 8.82%. The council will have received a total cash cut of £1.624m over the years 2011/12 and 2012/13.

The 2012/13 'funding gap'

The economic downturn continues to impact on the council budgets. The income from development control, property rentals, land charges and recycling remains depressed. More significantly, the annual income generated from car parking is now £100k less than budgeted and the annual income from the sale of garden waste bins is £272k less than budgeted. In addition, as a result of the bank base rate of 0.5%, the interest from investments also remains low. This makes the job of maintaining current service levels very difficult.

The budget gap for 2012/13 between what the council will need to spend to maintain services at standstill / current service levels and what it can spend, taking into account both the grant settlement and the impact of depressed income levels, is estimated at **£1.115m**.

The cabinet's general approach to the 2012/13 budget

Because we took the most difficult decisions last year and because of the success of the Icelandic Banks legal action, cuts this year have been largely avoided.

In arriving at our interim budget proposals, our key aims 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. Our long term aim has been to move from a council which is a 'provider' of all services, to being an 'enabling' authority which seeks to find the most cost-effective and best way of doing things by working with the voluntary and private sectors and other council's. We have made a lot of progress in this aim over the last year e.g. the sharing of legal, building control and audit services and 'GO' shared services (Finance, HR, Payroll and Procurement) with other councils and the creation of a Local authority company with Cotswold District Council to provide waste services.

There has been considerable activity during the course of the year to develop the longer term strategy for closing the funding gap. The cabinet have worked with officers at all levels to develop the 'Bridging the Gap (BtG)' programme. The cabinet has built on this work to develop their interim budget proposals for closing the budget gap in 2012/13 and these are detailed in Appendix 4 of the interim budget papers approved by cabinet on 13th December 2011.

This programme includes initiatives which cut management and administration costs through sharing of back office functions with other authorities. They include delivering efficiencies and savings which result from reviewing the way we deliver services whilst improving the services to our customers. We are looking to reduce the costs of the council buildings through introducing energy savings initiatives and reducing the size of the property portfolio.

The cabinet's proposals

Cabinet members are putting forward a number of proposals for next year's budget which, if approved at council in February, will save £1.15m. These include:

- No increase in council tax.
- A reduction in the number of staff – 5 jobs will be lost. However, given the planning we have done, the cost to the taxpayer of reducing staff numbers in redundancy pay will be minimised.
- Flexible retirement and voluntary reduction in employee hours where possible.
- Internal restructures to increase efficiencies, as part of the council's move to become a 'commissioning organisation'. This will see restructures within back-office functions, including corporate administration, communications and built environment.
- Continued promotion of shared services with other local authorities to reduce long term expenditure and increase service resilience.
- The creation of a joint local authority company for shared waste management services.
- Continued restructuring the council to focus on commissioning services in a way that protects quality as well as saving money.
- A freeze on car parking charges at this year's level in recognition of the impact of the recession.
- Reducing the cost of council assets for example through the sale of surplus assets.

There is a list of 30 specific proposals in Appendix 4.

The main aim has been to protect the environmental, social and cultural quality of the town as far as possible under difficult circumstances. But the council cannot cut £1million out of a budget without there being an impact on some services.

Budget growth and spending plans

At such a difficult time, there is little scope for spending growth. However, the cabinet has identified some areas for growth on projects that will save money, or are crucial in helping to protect services or are key to the future of the borough. These include supporting the extension to the Art Gallery and Museum, the continued roll out of the Civic Pride programme, jointly funding investment in repaving the promenade with GCC and improvements to Grosvenor Terrace car park, with improved sustainability and linkages to the High Street. In addition, we intend to use new homes bonus money to support youth work, grant funding towards community environmental works and projects which promote the town. A full list of growth is contained in Appendix 3.

Equality Impact Assessment

The council has taken its commitments to equality and diversity seriously in the development of the draft budget and in line with good practice has carried out a preliminary equality impact assessment on the proposals, shown in appendix 4. The council will carry out a further equality impact assessment on the final budget before it goes to full council in February 2012.

Consultation on the draft budget proposals

The Borough Council wants to hear the public's view on how they think the cabinet should shape the final budget proposals for 2012/13 and ideas for how the council could save money in the future. Consultation leaflets and questionnaires will be available in reception at the Municipal Offices and other council premises and will also be available to complete online on the council website (www.cheltenham.gov.uk). The consultation will finish on 13th January 2012 following which the cabinet will review the responses and prepare a final budget for consideration at council.

In arriving at the interim budget proposals, two 'structural' problems i.e. green waste collection and car parking income have been identified and we want to consult in more detail about these.

A free green waste collection system was introduced in 2006. Last year we introduced a charge for green waste. It pays for itself but has not realised the income we had hoped it would. We want to consult on this system with groups and organisations that have an interest in this.

Car parking income has been frozen for the last two years but income continues to decline. This is a national trend and is probably related to the recession. The town seems to have, so far, bucked the worse of the recession – but we want to explore this further. In addition, there will be the usual consultations.

Final budget setting

The full council will be meeting to set the budget, taking into account feedback from the budget consultation process, on Friday 10th February 2012 at 2.30pm in the Municipal Offices. The council will meet again on Friday 24th February 2012 at 2.30pm to determine the level of council tax, taking into account the requirements of Gloucestershire County Council and the Gloucestershire Police Authority.

John Webster
Cabinet Member, Finance and Community Development.