Key Decision Required	Yes	In the Forward Plan	Yes

CABINET

5 JANUARY 2007

REPORT OF MANAGEMENT BOARD

A.1 REVISED INITIAL FINANCIAL STRATEGY FOR 2007/08, 2008/09 AND BEYOND

(Report prepared by Roy Coulter, David Appleby and Karen Neath)

1.0 PURPOSE OF THE REPORT

This report is the instrumental document setting the overall budget framework for 2007/08. It also facilitates the development of the Financial Strategy into 2008/09.

In agreeing the proposals in this report the Cabinet will also be making initial recommendations for the Council Tax increase for 2007/08.

2.0 STRUCTURE OF THE REPORT

The key elements of the report are as follows:-

- Background Information
- Review of the Financial Strategy presented in August 2006
- The Revised Financial Strategy and Forecast for 2007/08 and Beyond
- Council Tax level and Capping
- Risks and Reserves
- Financial Strategy Process 2008/09 and Beyond

3.0 BACKGROUND

This Revised Financial Strategy has been produced against an increasingly difficult and uncertain national funding picture. It is generally accepted that we are entering a period of possible significant restraint. It appears that from 2008/09 national funding will deteriorate and the financial position of local authorities will become much more difficult.

3.1 National Funding Picture

- **Comprehensive Spending Review 2007**
  The Council received notification last year of the provisional settlement for 2007/08. However the Government's 2007 Comprehensive Spending Review (CSR07), which will inform spending plans for 2008/09 to 2010/11 is not due to be announced until the summer of 2007.

CSR07 will be a fundamental review into public spending and predictions are that it will result in some very hard settlements for local government. There are already a number of areas where funding has been secured until 2007/08 but is uncertain beyond that e.g. LABGI, PDG, waste performance grant, special projects homelessness grant. In addition, there have already, ahead of CSR07, been four central government departments which have been given targets of **5%** real term decreases in each of the three years from 2008/09 to 2010/11.

Since the announcement in the Budget speech in March 2006, the Chancellor has continued the drive for value for money.

- There will be a national debate on public spending and public services. This will look at the national and international impact of areas such as:

  - Rapid demographic change
  - Intensification of global economic integration
  - Acceleration in the pace of innovation and technology
  - Continuing threat of terrorism and conflict and
  - Increasing pressures on natural resources and the global climate.

- **Gershon Efficiency Targets**

  At present local authorities have a target of efficiencies of **7.5%** over three years (set in CSR04). However, this target has been exceeded and in light of this and the above mentioned reviews, expectations are that CSR07 will see an increase in the efficiency targets for local government. The recent white paper includes expectations for ambitious efficiency gains being required in CSR07.

- **National Free Concessionary Fare Scheme**

  The Chancellor has announced funding of up to **£250m** to extend the local free scheme implemented this year to a national free scheme to be implemented from 1 April 2008. No information is currently available on how this funding will be allocated but if this is dealt with through the formula settlement in the same way as the additional funding for the free local scheme, this could see a big shift in the Revenue Support Grant available to each authority and creates a significant funding uncertainty. The recent Queen's Speech included Parliamentary time being allocated for a concessionary bus travel Bill.

- **Local Government White Paper and Lyons Inquiry**

  The Local Government White Paper, 'Strong and Prosperous Communities', issued in October 2006 states that ''Ambitious efficiency gains will be required as part of the 2007 Comprehensive Spending Review. To help meet these we will encourage greater service collaboration between councils and across all public bodies. We will also support greater use of business process improvement techniques and greater contestability through the use of fair and open competition.'' The overall impact of the White Paper on the Council will be wide ranging and was reported to Cabinet on 5 December 2006.

  The Government is also conducting a review (the Lyons Inquiry) into the way in which local authorities are funded and the relative proportion of funding raised locally. Sir Michael Lyons is also considering issues of the role and function of local government before finalising his conclusions on funding. The Inquiry is scheduled to conclude with a final report in the New Year. This will feed into CSR07 and could also contain proposals for the reform of council tax. An interim consultation was held in December 2005 and a further paper entitled *National*

Prosperity, Local Choice and Civic Engagement was published in May 2006. This sets out Sir Michael's latest thinking following on from the consultation exercise and explores the case for re-balancing the relationship between central and local government and the role of local choice.

- **Capping**

  In each of the past three years, the Government has made use of its reserve capping powers. There has already been an announcement that the Government does not expect to see increases beyond **5%** for 2007/08. There does not appear to be any prospect of relaxation of the capping limit.

4.0 REVIEW OF THE INITIAL FINANCIAL STRATEGY

This part of the report revisits the initial strategy that the Cabinet proposed on 16 August 2006.

4.1 Budget Expansion/Growth Expenditure Items

Members will recall the Budget Expansion/Growth Expenditure Items identified by Heads of Service were as follows:-

	Change compared to 2006/07				
	2007/08 £000	**2008/09 £000**	**2009/10 £000**	**2010/11 £000**	**2011/12 £000**
Revenue Budget Expansion/Growth Expenditure Items (GEI's)					
All Priorities	1,932	3,384	3,479	3,362	3,981
Capital Budget Expansion/Growth Expenditure Items (GEI's)					
All Priorities	3,100	1,585	1,000	837	1,262
Ongoing revenue cost of capital GEI's (all priorities)	28	61	76	78	81
Ongoing income/savings from capital GEI's (all priorities)	(21)	(39)	(39)	(41)	(41)
Savings / Income					
All Priorities	(157)	(254)	(254)	(254)	(254)
TOTAL UNFUNDED ALL PRIORITIES	**4,882**	**4,737**	**4,262**	**3,982**	**5,029**

As a result of further risk analysis and moderation of all the Budget Expansion/Growth Expenditure Items, the total identified as Priority 1 was as follows:-

	Change compared to 2006/07				
	2007/08 £000	**2008/09 £000**	**2009/10 £000**	**2010/11 £000**	**2011/12 £000**
Revenue Budget Expansion/Growth Expenditure Items (GEI's)					
Priority 1	1,004	2,055	2,202	2,069	2,683
Capital Budget Expansion/Growth Expenditure Items (GEI's)					
Priority 1	550	200	0	42	242
Ongoing revenue cost of capital GEI's (Priority 1)	28	61	76	78	81
Ongoing income/savings from capital GEI's (Priority 1)	(21)	(39)	(39)	(41)	(41)
Savings / Income					
Priority 1	(157)	(254)	(254)	(254)	(254)
TOTAL UNFUNDED PRIORITY 1	**1,404**	**2,023**	**1,985**	**1,894**	**2,711**

The Initial Financial Strategy was progressed on the basis of including only Priority 1 Items within the Initial Forecast.

By taking this approach, items totalling **£1.404m** were included in the Initial Financial Forecast for 2007/08 and **£2.023m** for 2008/09.

A summary list of the Budget Expansion/Growth Expenditure Items included in the Initial Strategy (strategically prioritised following review by the Financial Strategy Team) including Priority 1 (recommended for funding) and Priority 2 (i.e. those at the highest risk of requiring funding but will not be included in the proposed budget) is shown at **Appendix A.**

It was agreed that the situation would be reviewed when the Revised Strategy was considered in early 2007.

4.2 Other Items Included in the Initial Financial Forecast for 2007/08 and 2008/09

- **Inflation**

Item	**Rate of Inflation**	**£'000**
Pay and increments	2.5%	590
Contracts	4.0%	188
General expenditure	2.5%	298
Fees and charges	2.5%	(190)
Total		**886**

- **Other Budget Adjustments**

Item	£'000
Planning Delivery Grant to be included in the Forecast	(200)
Fallout of income from coast protection, LPSA & LSA	249
Use of earmarked reserves (Local Authority Business Growth Incentive Scheme)	534
Total	**583**

The Initial Forecast assumed income from Planning Delivery Grant for 2007/08 only.

- **One-off items in 2006/07 to be Removed from 2007/08 and 2008/09 Base Budgets**

Items included in the 2006/07 budget on a one-off basis were agreed to be removed as follows: -

Item	£'000
Revenue funding of priority capital schemes	(1,500)
Improvements to sports centres, swimming pools and changing facilities	(80)
Haven Gateway Partnership reserve	(75)
Service improvement budget	(70)
Public conveniences – additional repair and maintenance	(50)
Regeneration consultancy – replacement local plan	(50)
Weeley data link	(12)
MORI citizens panel (3 yearly survey)	(10)
Total	**(1,847)**

A number of these items were re-submitted by Heads of Service as Growth Expenditure Items for 2007/08 and beyond.

The financing costs (**£0.200m**) for the Council's priority capital schemes were left in the base budget for 2007/08 (only) as it is difficult, in advance of asset sales, to determine the actual value of the sales and the timing.

- **2006/07 Savings/Increased Income – Effect in 2007/08 and Beyond**

Some savings approved as part of the 2006/07 budget have a different impact on the 2007/08 forecast as follows:-

Item	£'000
Closure of Brightlingsea Cash Office – further saving	(32)
Beach huts – further income from new sites	(3)
Cemeteries – charges income applied to fund essential R & M	1
Total	**(34)**

- **Assumptions on the Local Government Settlement and Council Tax**

On 5 December 2005, the Minister of State for Local Government made a statement on the provisional local government finance settlement for 2006/07 and 2007/08. This was the first stage in the move towards 3-year grant settlements.

The overall provisional allocation for Tendring in each of the four blocks for 2007/08 is as follows:-

Block	**2007/08 £m**
Relative Needs	6.055
Relative Resources	(2.771)
Central Allocation	9.988
Floor Damping	(0.301)
Total formula grant (Provisional)	**12.971**

The Initial Financial Strategy utilised the provisional formula grant figure above in the Initial Financial Forecast.

For the purposes of drawing up a first forecast an increase in Council Tax of **4.9%** was assumed.

It was recognised that it was much more difficult to predict the likely settlement for 2008/09. However having regard to the early indications, it is extremely unlikely that the level of increases seen in formula grant for 2006/07 and 2007/08 will be sustained. For the purposes of the Initial Financial Forecast a modest increase of **1%** was assumed.

4.3 Summary of the Initial Financial Forecast Requirement for 2007/08 and 2008/09 as at 16 August 2006

The overall base budget for 2007/08 and 2008/09, taking into account the assumptions set out above, was as follows:-

Item	**2007/08 £'000**	**2008/09 £'000**
Base Budget	18,982	19,971
Plus		
Inflation and increments	886	1,000
Priority 1 Growth Expenditure Items	1,404	619
Other Budget Adjustments	583	67
Less		
One-Off Items for 2006/07	(1,847)	0
2006/07 Savings/Increased Income – Effect in 2007/08	(34)	0
Initial Base Budget Requirement	**19,974**	**21,657**
Amount to be Raised from Council Tax (at 4.9%)	(6,920)	(7,259)
Forecast Central Government Support	(12,971)	(13,101)
Forecast Surplus on Collection Fund	(80)	(80)
Initial Forecast Position	**19,971**	**20,440**
Funding Gap	**3**	**1,217**

4.4 Anticipated Funding Gap of £1.2m for 2008/09

As Members are aware the Public Sector financial environment is predicted to be extremely challenging. Consequently it is very difficult to assess what level of settlement the Council will receive in 2008/09. There are strong indications that it will not be good and could possibly see significant overall reductions. Forecasting against this backdrop is extremely difficult. We have assumed a **1%** increase in Government support but the reality may be that there are real term cuts in the settlement.

Our own Financial Forecast shown in the table above identifies a **£1.2m** deficit for 2008/09 without adding anything for risk of financial exposure or any new cost pressures that may arise.

It is difficult to say how accurate this is but it appears to be the likely minimum deficit we will face.

For a long period of time we have consistently 'managed out' cost pressures as part of our Financial Strategies. Consequently there is now a 'backlog' of excluded cost pressures (particularly repair and maintenance) that may present a pressing case for funding in 2008/09.

Clearly if we do ultimately face the combined thrust of substantially increased cost pressures and a worsening public sector financial position, the potential funding gap could be considerably greater than **£1.2m**.

Against this backcloth Members agreed, as part of the Initial Financial Strategy report in August 2006, not to attempt to revise the forecast for 2008/09 until Spring 2007 when the position should become clearer.

There is however an increasing inevitability of a budgetary problem for 2008/09 and the Council needs to ensure that the 2008/09 financial position is protected as far as possible.

The approach and development of our Financial Strategy for 2007/08 heavily recognises the position we are likely to face in 2008/09 and is designed specifically to assist us with reducing the budget difficulties we will face in that year.

5.0 REVISED FINANCIAL STRATEGY AND FORECAST 2007/08, 2008/09 AND BEYOND – CURRENT POSITION

Cabinet's Initial Financial Forecast and Strategy was considered on 16 August 2006 and was based on the best available financial information at that time. The agreed Initial Financial Forecast for 2007/08 and 2008/09 upon which the Initial Strategy was based is shown at **4.3** above. It centred on the assumption that for 2007/08 the position could be managed but that the Council faced a significant financial challenge and funding gap in 2008/09.

Since your meeting in August there have also been a number of further developments that require the Financial Strategy to be revisited: -

- The provisional Local Government Settlement has now been received.
- A number of approved Growth Expenditure Items are no longer required and others have emerged.
- The Growth Expenditure Items previously considered have now been translated into detailed estimates.

- All of the detailed Service Estimates have been prepared and reviewed by Heads of Service.

The figures for the 2007/08 budgets set out in the 'Initial Budget Proposals for a Revised Budget 2006/07 and Original Budget for 2007/08' report of the Head of Financial Services (which follows this report) are in line with the Cabinet's Initial Financial Strategy proposals of 16 August 2006 (as amended following Cabinet's consultation with Corporate Management Committee) and the changes detailed below.

The Initial Budget Proposals are fully funded should Members confirm the Revised Initial Financial Strategy proposals as detailed in this report.

5.1 Consultation with Corporate Management Committee

At your meeting on 5 December 2006 (Minute 107 refers) Cabinet considered the response of the Corporate Management Committee to the Initial Financial Strategy and agreed:

- That the Cabinet adopts and agrees the responses proposed by the Finance Portfolio Holder to the review process. (These have been incorporated into the Initial Budget Proposals and the Revised Five-Year Forecast, as appropriate, in line with Cabinet's decision.)

- That the Cabinet confirms its Initial Financial Forecast and Initial Financial Strategy as proposed at its meeting on 16 August 2006 and subject to the impact of the above.

- That the officers take the issues into account in the next stage of the 2007/08 Financial Strategy/Budget process.

Those items that Cabinet undertook to review when the Financial Strategy was reconsidered are reproduced at **Appendix B** and are annotated to show the current position as proposed in this report.

5.2 A New Dynamic Approach to the Financial Strategy for 2007/08 and Beyond

A dynamic new approach is required to manage the challenging twin threats of future reduced government support combined with a significant funding gap of a likely minimum of **£1.2m** identified for 2008/09.

This situation is not manageable in a single year and the Council needs to prepare and act now to prevent a potentially catastrophic situation arising in the future.

Decisions taken as part of the 2007/08 strategy must be clearly focused on protecting the 2008/09 financial position as far as possible. To achieve this it is critical that for 2007/08 as much expenditure as possible is of a one-off nature and can be removed from 2008/09 budget, therefore reducing the base budget requirement. It will not be easy as a significant amount of the additional resources (including both new resources and those already in the Initial Strategy) are one-off in their origin (such as savings from revised estimates) and will not therefore reduce the 2008/09 base budget requirement. This, combined with the uncertainty of future settlements and funding streams such as Planning Delivery Grant, the Local Authority Business Growth Incentive Scheme (LABGI), Waste Management Grant etc brought about by the future 2007 Comprehensive Spending Review, mean that we must continue to work to contain our expenditure base.

This report includes the Revised Financial Forecast for 2007/08 summarised in Section **5.12** below.

- **Rationale**

Having regard to the above, in determining the application of any additional resources beyond those included within the Initial Financial Strategy it is critical that any expenditure decisions should take account of the worsening financial environment that is likely to prevail in 2008/09.

The revised estimate process for 2006/07 and the Revised Financial Forecast for 2007/08 have identified that additional (primarily one-off) funding is available beyond that anticipated when the Initial Financial Strategy was reported.

In this regard the following principles have been applied to the application of any additional funding that is available for 2007/08 (including savings from revised 2006/07 estimates which will be rolled forward to 2007/08) in order to protect the financial position for 2008/09. Additional resources should be applied to:-

- Capital programme expenditure (one-off).
- Funding key Priority 2 cost pressures that are likely to become Priority 1 (one-off where possible)
- Pre-funding future Priority 1/2 maintenance items (one-off)
- Pre-funding 2008/09 unavoidable cost pressures.

The key aim is to support/reduce the funding requirement for 2008/09 and to avoid on-going expenditure as far as possible. This is absolutely critical as the origin of the additional finances is predominantly of a one-off or non-permanent nature and should not be utilised for on-going expenditure commitments.

A programme of work has been implemented to try to maximise the amount of one-off monies available to allow Members to support their capital project aspirations and allow for budgetary expansion, whilst protecting the Council's financial position for 2008/09. The programme areas included reviews of: -

Underspends
Inflationary increases
Capital Programme items
Savings/Increases to income
Re-visiting Growth Expenditure Items
Manpower initiatives/efficiencies.

5.3 Re-Visit and Increase Priority 1 Growth Expenditure Items (Budget Expansion)

In advance of Members considering the Revised Initial Financial Strategy a further review of the Growth Expenditure Items has taken place. This review revisited each item to determine the current appropriateness of inclusion as a Priority 1 and the associated cost. Any proposals for additional expenditure have been judged against the principle of protecting the Council's 2008/09 financial position as shown in **5.2** above.

A comprehensive review of all of the Priority 1 and other items originally included in the Initial Financial Forecast (Shown at **Appendix A**) has been undertaken. The costings have also been checked by Heads of Service and revised where appropriate to reflect the current estimated position.

It is pleasing to report that despite the poor outlook for 2008/09 the one-off resources available for 2007/08 have increased significantly. This allows Members the opportunity of expanding the 2007/08 budget beyond that proposed in the Initial Strategy whilst still ensuring that the 2008/09 position is protected as far as possible.

It has therefore been possible to substantially expand the Priority 1 items proposed to be funded as follows:-

- **£0.350m** for new public conveniences at Dovercourt.

- **£0.316m** for End to End Planning IT and back scanning of planning history (Phase 2 and 3 e-planning). This is subject to approval of the detailed business case. This system will deliver an improved service to planning agents and the public as well as delivering efficiencies in future years.

- **£0.257m** contribution to a new Local Development Framework (LDF) earmarked Reserve. (Total cost of the LDF from 2008/09 to 2010/11 is estimated at £1.021m). This reserve is also proposed to be used as a balancing factor for possible significant variations to the estimates (See **5.4** below). This is pre-funding a 2008/09 and beyond Priority 1 item.

- **£0.200m** for replacement of beach hut supports at the Leas, Walton. This is pre-funding of a 2008/09 Priority 1 Growth Expenditure Item.

- **£0.140m** for major refurbishment of children's play areas at East Cliff, Cliff Park and Jubilee.

- **£0.050m** one-off increase in grant to the Citizens Advice Bureau.

- **£0.050m** one-off increase in grants to voluntary organisations – to be administered by TCVS.

- **£0.045m** one-off for a management development programme for 100 of Tendring's managers.

- **£0.035m** one-off additional monies for office buildings repair and maintenance.

- **£0.035m** one-off for maintenance of Council car parks.

- **£0.015m** one-off for replacement of street name plates.

- **£0.006m** on-going (rises to **£0.025m** in future years) for continuation of the Homelessness Project Officer.

The effect of the above, along with the proposal to create a Capital Projects Reserve (see **5.4** below) of **£1.2m** is to expand the budget by **£2.7m** above the Initial Strategy.

The full list of Priority 1 items (including new items added as a result of budget expansion) proposed to be included for funding in the budgets are shown at **Appendix C** along with other priorities that are not proposed to be funded.

Further growth has also been included in the budget as a result of the estimate process (see below).

5.4 Capital Programme Expansion, Asset Sales, Proposed Capital Projects Reserve, Local Development Framework (LDF) Reserve and Service Improvement Budget

- **Capital Programme**

Members are seeking to invest in high profile, public facing, capital schemes that are income generating or revenue cost neutral. A considerable amount of work and manpower resources have been focused on the development of the Asset Management Programme. Asset sales are key to allowing this capital investment to be achieved.

The Capital Growth Expenditure Items and their inclusion or otherwise in the 2007/08 draft budget has been dealt with above (see 'Re-Visit and Increase Priority 1 Growth Expenditure Items' above). It is pleasing that such items as the new toilets at Dovercourt and children's play area refurbishment have been included along with increases in various maintenance budgets.

The total capital expenditure proposed for 2007/08 is **£9.750m**.

- **Asset Sales**

Asset sales form a critical part of the overall strategy to allow the Council to develop further priority capital schemes. Now the Asset Team is in place, asset sales may well achieve around **£2.6m** during 2006/07. If this happens there will be no need for the cost of borrowing (**£0.200m**) in 2007/08.

Projected cumulative asset sales in excess of **£5m** may be reached during the 2007/08 financial year, although the precise timing is less certain. Following the repayment of the borrowing (**£2.0m**) and the receipts (**£0.440m**) assumed in the 2006/07 and 2007/08 capital programme, a surplus of around **£2.6m** may be available. This will allow Members to consider and progress further Council priority capital projects beyond their substantial existing programme.

- **Proposed Capital Project Reserve**

An earmarked Capital Projects Reserve of **£1.2m** is proposed (funded from the 2006/07 revised estimates) in order to fund any additional cost or modules that members may wish to include in e.g. the Council's priority capital projects such as Lifestyles as well as preliminary costs associated with the development of any new capital projects which the Council may wish to pursue

The Council is making very good progress in relation to agreed asset sales. It is very likely that receipts in excess of **£2.440m** (**£2.0m** to repay the 'borrowing' for the Council's Priority Capital Projects plus **£0.220m** assumed capital income for both 2006/07 and 2007/08) will be achieved during 2007/08. This will be allocated to the statutory Useable Capital Receipts Reserve and will allow the Council to develop an ongoing Capital Programme in line with the Capital Strategy and Asset Management Plan (2007/08 to 2011/12) approved by Council on 12 December 2006.

- **Local Development Framework Reserve**

Considerable costs have been identified over the period of the forecast for the funding of the work necessary for the new LDF. The proposed budget for 2007/08 includes **£0.241m** for this purpose, with a further **£0.358m** identified as a Priority 1 in 2008/09 and **£0.462m** in 2009/10. In line with the principles identified above and in order to protect as far as possible the Council's future position it is

proposed to create an LDF Reserve of **£0.257m**, funded from revised 2006/07 and 2007/08 estimates. This reserve will also be used as a balancing budget for any changes that occur to the estimates prior to Council considering Cabinet's budget proposals on 15 February 2007.

- **Service Improvement Budget**

A Service Improvement Budget of **£0.070m** has been identified in order to support the Council's key Corporate Priorities.

5.5 Revised Estimate 2006/07 - Local Authority Business Growth Incentive Scheme Estimate of £0.700m – Need for Flexibility.

The Revised Estimates for 2006/07 include anticipated LABGI grant of **£0.700m** which it is expected will be notified to the Council in February 2007. It is possible that the actual amount of grant may vary from this estimate. If this is the case it is proposed that the LDF Reserve (**£0.257m**) be the first call to reduce or delete in order to balance any potential shortfall.

5.6 Local Government Finance Settlement 2007/08

On 28 November the Minister of State for Local Government made a statement on the provisional local government finance settlement for 2007/08. The level of settlement was the same as notified in advance last year and at the same level included in the Initial Strategy (**£12.971m**)

5.7 Savings / Increased Income

The 2006/07 Financial Strategy anticipated an additional ongoing saving from the closure of Brightlingsea cash office of **£0.032m** which was incorrect. This adjustment rectifies that situation.

5.8 Review of Underspends and Overspends

The estimate for 2006/07 included provisions for underspends of **£0.225m** on salaries and wages and **£0.250m** on other budget headings. These provisions have also been built into the forecast base budget for 2007/08 and beyond together with the ongoing requirement to meet the Manpower Initiatives/Efficiencies reductions of **£0.250m** (as agreed in 2006/07).

Both underspends and overspends have also been reviewed as part of the budget setting process and have been taken account of in the draft estimates where it is appropriate to do so. Changes to the base budget resulting from the estimate process are shown below in **5.10**.

5.9 Review of Inflationary Increases

The changes to the inflationary increases compared to the Initial Forecast as are as follows:-

	Initial Forecast		**Revised Forecast**	
Item	**Rate of Inflation**	**£'000**	**Rate of Inflation**	**Change £'000**
Pay and increments	2.5%	590	2.95%	70
Contracts	4.0%	188	4.0%	0
General expenditure	2.5%	298	2.5%	0
Fees and charges*	2.5%	(190)	2.5%	0
Total		**886**		**70**

* This is a general increase assumed for all fees and charges (subject to the need to charge rounded amounts and statutory fees). Specific fees and charges may vary - see the relevant section of the detailed budget report.

The assumptions contained in the Initial Forecast have been revisited having regard to the latest information and Government indicators. As a result provision has been made in the budget for a pay award of **2.95%** which represents an additional **£0.070m**.

5.10 Other Changes Proposed to the Initial Financial Strategy 2007/08 as a Result of the Estimate Process

A thorough review has taken place of the 2006/07 budget position which has resulted in the identification of additional savings arising from an analysis of the underspend position.

The estimate process also identified a number of savings and additional costs arising from a detailed review of the budget position for 2007/08 (as a result of the estimate process) and from new duties or initiatives that the Council is undertaking.

Proposals for additional expenditure have been made having close regard to the fundamental principles identified in **5.2** above and based on the key need to protect the Council's financial position in 2008/09.

The major increases in expenditure (not dealt with elsewhere) include the following:-

- **£0.200m** for 2007/08 only to meet the amount to support borrowing of up to **£2.0m** (for the Council's priority capital projects) in advance of asset sales.
- **£0.098m** Planning Delivery Grant (PDG) to be spent on capital (Requirement of PDG)
- **£0.068m** for increased staff costs.
- **£0.044m** for removal of historic unrealised income.
- **£0.019m** for ongoing impact of members allowances for 2006/07.
- **£0.015m** Dovercourt market loss of income.

Further cost reductions/additional income has also been accounted for in the draft estimates, including :-

- **£0.400m** additional anticipated LABGI.
- **£0.334m** additional from Treasury Management primarily interest on investments and borrowing.
- **£0.286m** savings over budget from the re-tendering of the waste collection contract.
- **£0.190m** additional PDG over that anticipated in the initial strategy.
- **£0.162m** additional anticipated savings from the new insurance contract.

- **£0.143m a**dditional benefits administration grant.

- **£0.081m** additional as a result of the end of a 12 year funding agreement on first time rural sewage

The net saving arising from changes from the estimate process is **£1.298m**.

Full details of all the changes can be seen in the Revised Financial Forecast for 2007/08 shown at **Appendix D**.

5.11 Council Tax Assumptions

The Initial Financial Forecast was based on an assumed increase in Council Tax of **4.9%**.

Given the extent of the financial pressures facing the Council and recent statements made by the Government on capping (see **Section 6** below), the Revised Initial Forecast is also based on an assumed Council Tax increase of **4.9%**.

For information and comparison the 2006/07 Council Tax for a Band D property (excluding parish precepts) for all Essex Districts is shown in the following Table:-

District	**Annual Council Tax (£)**	**Weekly Council Tax (£)**
Harlow	230.85	4.44
Basildon	223.83	4.30
Castle Point	199.44	3.84
Rochford	170.91	3.29
Colchester	156.21	3.00
Brentwood	153.81	2.96
Maldon	151.66	2.92
Braintree	143.19	2.75
Chelmsford	140.92	2.71
Epping Forest	134.73	2.59
Tendring	**132.11**	**2.54**
Uttlesford	127.53	2.45
All Districts Average	147.29	2.83
Essex Average	162.14	3.12

In determining the actual level of Council Tax, Members should have regard to **Section 6** below (**Council Tax and Capping**) and in particular recent statements made by the Government.

5.12 Revised Financial Forecast 2007/08 Based on Assumptions

When the variations set out in sections **5.3** to **5.10** are taken into account this results in a Revised Forecast Budget for 2007/08 of **£20.031m** as summarised in the following table:-

Revised Financial Forecast 2007/08

Item	As at 16/08/06 £'000	As at 05/01/07 £'000
Base Budget	18,982	18,982
Plus agreed in Initial Strategy		
Inflation and Increments	886	886
Priority 1 Growth Expenditure Items	1,404	1,404
Other Budget Adjustments	583	583
Less		
One-Off Items for 2006/07	(1,847)	(1,847)
2006/07 Savings/Increased Income – Effect in 2007/08	(34)	(34)
Further Actions		
Re-Visit Priority 1 Growth Items	0	1,323
Savings & Increased Income	0	32
Changes Proposed from Estimate Process	0	(1,298)
Revised Forecast Budget 2007/08	**19,974**	**20,031**
Funded by		
Amount to be Raised from Council Tax **(at 4.9% for Band D)**	(6,920)	(6,920)
Central Government Support	(12,971)	(12,971)
Surplus on Collection Fund	(80)	(140)
Revised Forecast Position 2007/08	**19,971**	**20,031**
Funding Gap	**3**	0

The 2007/08 detailed budget set out in the Initial Budget Proposals report of the Head of Financial Services (which follows this report) is in line with this forecast. The initial budget proposals, which follow this report, are therefore fully funded with a Council Tax rise of **4.9%.**

The detailed Revised Financial Forecast is shown at **Appendix D.**

5.13 2006 Residents Survey

The two yearly Residents Survey was scheduled to be undertaken during September and October 2006 as part of the body of work to inform Members on decisions including the Council's Financial Strategy. The contract was let as part of the Essex County Consultation Framework Agreement. In late October 2006 the Council was notified that the appointed contractor had gone into receivership and would cease trading. An alternative contractor has been appointed and it is expected that, although later in the process than planned, headline results will be available and reported to Members prior to Council's considerations of the Cabinet's final budget proposals on 15 February 2007. The survey will include other important issues such as Local Communities, Community Safety, Anti-Social Behaviour, Leisure Facilities and Amenities, Contact with the Council, Tendring Creative Partnerships and the Council's overall priorities.

6.0 COUNCIL TAX LEVEL AND CAPPING

6.1 Council Tax

Cabinet's initial proposals assumed that the level of Council Tax increase would be **4.9%**.

On 28 November 2006, the Minister for Local Government, Mr Woolas, made an oral statement to the House of Commons in which he warned that, given Government's investment in local authorities, there was no excuse for excessive council tax increases and he again expected the average council tax increase to be below 5 per cent.

"Local government should be under no illusions; if there are excessive increases, we will take capping action - as we have done over the last three years. Councils know that we are prepared to take even tougher action if that proves necessary."

Having regard to the extent of the cost pressures facing the Council in 2008/09 and the above Government statements on capping, the revised strategy also assumes the average tax increase to a Band D property to be **4.9%**.

The following table shows the difference in the level of income that could be achieved at various levels of Council Tax below 4.9%:-

Council Tax Increase	**Band D Amount**		**Additional Shortfall Compared to 4.9% Level £**
	Annual £	**Weekly £**	
4.00%	137.39	2.64	59,360
4.25%	137.72	2.65	42,880
4.50%	138.05	2.65	29,380
4.75%	138.39	2.66	9,890
4.90%	138.58	2.67	0

In determining the Revised Initial Financial Strategy, including the level of tax, Cabinet might wish to consider the following key issues:-

- The forecast funding gap for 2008/09 is **£1.2m**. In order to protect the Council's future financial position the key aim must be to support/reduce the funding requirement for 2008/09 and to avoid on-going expenditure as far as possible. This is absolutely critical as the origin of the additional finances is predominantly of a one-off or non-permanent nature and should not be utilised for on-going expenditure commitments.

- Experience in recent years has indicated that whatever pressures are forecasted from one year to the next the list tends to be an expanding position rather than a contracting one. Therefore the funding gap predicted for 2008/09 could be understated.

- Tendring has a low Council Tax level unable to fund all of the Growth Expenditure Items identified by Heads of Service.

- On the 28 November, the Minister for Local Government made a statement warning local authorities of potential capping action. An increase in Council Tax is expected of less than **5**%. Extracts from the statement are set out above.

- In determining any strategy the Cabinet should take a multi-year view of the financial position.

- It is likely that new Growth Expenditure Items will occur in 2007/08 that are not taken into account in the current forecast.

6.2 Capping

The Secretary of State has two options for deciding how to deal with authorities that he considers to have set excessive budgets. He can either "designate" an authority, which means that it is capped in the current year, or "nominate" an authority, which means that he can set a notional budget to be used for comparison in the following year or designate it in the following year.

In deciding whether to designate or nominate authorities for 2006/07, the Government considered not just the level of Council Tax increase but also the increase in budget.

Capping Criteria Used For 2006/07

Criteria	Capping limits (All Authorities)	Tendring
Budget increase	More than 6% over previous year and	13.9%
Increase in Council Tax	More than 5.0% over previous year	4.9%

7.0 RISKS AND RESERVES

There are clearly risks associated with the strategy. The actions to achieve a fully funded budget, including restricting Growth Expenditure Items, give rise to the clear potential for items that have not been funded to emerge or for increases in income etc not to materialise in reality.

The strategy is an integrated process, with each element being dependent upon the others. It requires strong management by the Heads of Service on those Growth Expenditure Items not included within the Forecast and to deliver efficiencies where possible

The Council's future position is dependent upon a continuing strong reserve position that is capable of mitigating some of the risks associated with the 2008/09 forecast.

The strategy adopted in compiling the Revised Forecast has taken a risk-based approach. There are a substantial number of areas that could lead to additional expenditure being incurred, such as: -

Emergence of Growth Expenditure Items not included as Priority 1;
Final local government finance settlement is lower than the provisional;
New legislation;
Local or national emergency;
Non achievement of income;
Non achievement of underspend provision;

Inflation on contracts and utilities higher than estimated;
Non receipt of capital receipts to support the capital programme;
Requests for supplementary estimates;
Adverse change in interest rates.

In view of the above it is vital that the Council has a sufficient level of uncommitted reserves set aside to support the approach identified in this strategy. An uncommitted reserve of approximately **£4m** (including the **£1.6m** minimum working balance) has been approved previously to insure against the eventuality that some of the events listed above actually occur.

8.0 FINANCIAL STRATEGY PROCESS 2008/09 AND BEYOND

8.1 The Financial Landscape for 2008/09

The national financial environment is one of restraint and is likely to result in significant reductions in financial resources available to the public sector.

Sitting alongside this there is an increasing focus on the efficiency agenda, through the Gershon programme of annual efficiency statements and a CPA inspection focus shifting towards value for money, whilst sustaining performance improvement.

The Council continues to face a challenging financial environment. As a starting point, **Appendix E** shows the Financial Forecast for 2008/09 and Beyond, based on the information available at 16 August 2006 which identified a funding gap of **£1.2m** in 2008/09.

An inherent feature of this Revised Financial Strategy for 2007/08 is the need to protect the Council's future financial position. The principles for the allocation of additional resources identified in **5.2** above have the key aim of supporting or reducing the funding requirement for 2008/09 and avoiding on-going expenditure as far as possible. This is critical as the additional finances predominantly originate from one-off or non-permanent sources and should not be utilised for on-going expenditure commitments.

The Financial Strategy approach of risk managing Growth Expenditure Items will result in a number of the excluded Growth Expenditure Items occurring in future years. Added to this, new items will inevitably emerge. The same financial problems will therefore arise in the future as the Council is facing now with little leeway for reductions in discretionary activity without impacting on our Corporate Priorities.

8.2 Implications for the Council's Financial Strategy 2008/09 and Beyond

The work carried out to date has provided a sound approach to managing and protecting as far as possible the Council's current and future financial position. The 'good' CPA rating recognises both our service delivery and organisational management achievements. We have a good understanding of both the national and local issues associated with Council Tax and have managed resources without adversely impacting on performance.

As part of the current strategic approach, the Council has sought to maximise Council Tax revenues, whilst avoiding the risk of capping.

Given the Council's low tax levy and the Government's approach to capping, the ability to increase income in future years is very limited. There are a significant number of unfunded Growth Expenditure Items and experience dictates that in

addition new growth items will emerge during the 2008/09 process. Looking at the provisional funding gap, the steps and measures taken to present a balanced budget for 2007/08 and the current financial climate nationally, it is difficult to envisage a Financial Strategy for 2008/09 which does not involve a continuing drive for efficiency in all our areas of activity.

8.3 Financial Strategy 2008/09

As we approach 2008 we need to be very focused on the Financial Strategy. There is a major significant risk which Members need to be aware of for the need for cuts in services.

We will need to continue with the established process of:-

- The identification, analysis and assessment of cost pressures
- Assessing inflation
- Determining the impact of previous decisions on the 2008/09 budget
- Removing one-off expenditure items
- Identifying any income that may cease (e.g. external grants etc)
- Analysing and predicting the likely level of the Local Government Settlement as well as the level of Council Tax we will levy.

The Financial Strategy process needs to:-

- Provide a strong corporate framework for the Financial Strategy, whilst encouraging innovation and ownership of financial management at service level;
- Continue with the alignment between the Council's priorities and financial planning; and
- Ensure resilience and flexibility in the financial management process in order to respond to demands which occur throughout the year.

The Council and its Services must also quantify and realise efficiencies that result from the use of ICT, performance management, procurement and workforce planning across the Council.

This process has made good progress over the last year. For example in areas such as ICT investment there is a much stronger focus on the benefits realisation and efficiencies analysis prior to any investment decision being taken.

8.4 Efficiencies and the Financial Strategy Process 2008/09

The Council needs to continue to initiate projects that identify ways of becoming more efficient or generate additional income, quantify the resultant savings and maximise the use thereof.

The Council needs to take advantage of the new technology to deliver more services electronically. Previous investment in the Council's website and the Customer Relationship Management (CRM) technology in the pilot Contact Centre should facilitate this.

To maximise efficiencies the Council will also need to have a flexible and adaptable workforce capable of embracing new ways of working.

9.0 IMPLICATIONS

9.1 Community Strategy and Corporate Strategy

Careful planning to ensure financial stability underpins the Council's capacity to achieve the objectives set out in the Corporate Strategy. Individual elements of the strategy are risk assessed against the aspirations of the Council, as well as statutory service requirements. The approach for 2007/08 builds on previous successful financial planning and is key to the Council's aim to be a modern, healthy and well managed organisation.

This report will have direct implications on the Council's ability to deliver on the commitments, objectives and priorities set out in both the Corporate Strategy and the Community Strategy up to 2011. It will particularly impact on the speed with which the Council can deliver its priorities, rather than the priorities themselves.

9.2 Financial

The financial implications are fully considered in the body of this report.

9.3 Legal

The Council is legally required to calculate a budget requirement and set a Council Tax for each financial year.
The Secretary of State may designate capping (for the present financial year) or nominate capping (for the following financial year) for an authority if in his opinion its budget requirement is excessive.
In each case the Secretary of State must inform the authority in writing, and the Local Authority has 21 days in which to make written representations. Following receipt of any representations the Secretary of State may confirm his designation/nomination, or may alter these (including the amount proposed to be the maximum for the budget requirement for that financial year if designated, or the following financial year if nominated).

9.4 Crime and Disorder Act 1998

Financial stability underpins the Council's capacity to deliver its contribution to the Crime and Disorder Strategy.

9.5 Equality and Diversity

The Strategy does not discriminate against any part of the community on the grounds of gender, age, disability, marital status, sexual orientation, creed/religion, ethnic or national origin.

10.0 CONCLUSION

The national financial environment is one of restraint with continuing tight control by Government.

With one of the lowest council taxes in Essex and a large operational base, the Council will continue to face a tight financial position in which requests by Heads of Service to expand their budgets always exceed the resources available.

The Initial Strategy adopted a strong position of only allowing budget expansion where it was absolutely necessary. The initial forecast for 2008/09 strongly indicated a poor and deteriorating financial position with a potential funding gap of at least **£1.2m**.

This Revised Strategy has identified significant predominantly one-off resources available for 2007/08 which, if applied in accordance with the principles proposed, will allow Members the opportunity of significantly expanding the 2007/08 budget beyond that proposed in the Initial Strategy whilst still ensuring that the 2008/09 position is protected as far as possible.

The Revised Initial Financial Strategy is fully funded with an increase in Council Tax for a Band D property of **4.9%** for 2007/08.

The approach does expose the Council to a continuing level of financial risk as in previous years. In order to manage this risk it is an essential part of the Strategy for the levels of uncommitted reserves to remain at approximately **£4m**.

Once the Cabinet has agreed their Revised Initial Financial Strategy proposals they will go forward to the Corporate Management Committee for a 3-week consultation period. The comments of the Corporate Management Committee will be reported back to Cabinet on the 31 January 2007 for final consideration. Cabinet will then make final recommendations to the Council meeting on 15 February 2007.

11.0 RECOMMENDED

(a) That Cabinet agrees the Revised Initial Proposals for the Financial Strategy and Financial Forecast for 2007/08, as detailed in the report.

(b) That, subject to (a) above Cabinet determines their proposals for the Council Tax increase for 2007/08.

(c) That if the final financial position is more advantageous to the Council (from either revised estimates or estimates for 2007/08) then any increase is held in the proposed LDF Reserve.

(d) That if the financial position is less advantageous to the Council (from either revised estimates or estimates for 2007/08) then the proposed LDF Reserve be reduced accordingly.

(e) That Cabinet notes the proposed approach to the Financial Strategy for 2008/09.

(f) That the Cabinet requests the Corporate Management Committee's comments on these Revised Initial Financial Strategy Proposals.

CHIEF EXECUTIVE

MANAGEMENT BOARD &

HEAD OF FINANCIAL SERVICES

List of Appendices

Appendix A	**Summary list of Priority 1 Growth Expenditure Items (as at 16 August 2006) included in the Initial Financial Forecast and Strategy along with other priorities excluded from the forecast.**
Appendix B	**List of Items from consultation with Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed.**
Appendix C	**Revised Priority 1 Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded.**
Appendix D	**Revised Financial Forecast 2007/08. Identifying the detailed changes from the Initial Financial Strategy**
Appendix E	**Initial Financial Forecast 2008/09 and Beyond (as at 16 August 2006).**

FINANCIAL STRATEGY 2007/08 AND BEYOND

Budget Expansion/Growth Expenditure Items in the Initial Financial Strategy (16 August 2006) these have been reviewed and amended - see Appendix C

REVENUE COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)
BenRevR01	Benefits and Revenues	National free concessionary fare scheme	0	0	0	0	0	1	A	1A	1
CPR02	Corporate Performance	ICT service contract volume changes	20	20	20	20	20	1	A	1A	1
EnvR01	Environmental Services	Cost of waste collection from new properties	17	28	36	36	36	1	A	1A	1
EnvR02	Environmental Services	Waste collection contract - retender	131	131	131	131	131	1	A	1A	1
EnvR07	Environmental Services	Establish Bathside border inspection post	0	180	180	300	300	1	B	1B	1
EnvR11	Environmental Services	Public access to CAPS environmental health services	8	8	8	8	8	1	A	1A	1
EnvR12	Environmental Services	Bathside pollution control	0	100	100	100	100	1	A	1A	1
EnvR13	Environmental Services	Frinton public conveniences - implementation of charging	25	25	25	25	25	1	A	1A	1
FSR01	Financial Services	Pension fund triennial actuarial review 2007	0	750	750	750	750	1	A	1A	1
FSR02	Financial Services	Pension fund triennial actuarial review 2010	0	0	0	0	500	2	A	2A	1
FSR03	Financial Services	Pension fund triennial actuarial review 2004- inflation	67	67	67	67	67	1	A	1A	1
FSR04	Financial Services	Specialist and other assistance for insurance retender	0	0	0	11	0	1	A	1A	1
FSR05	Financial Services	Financing cost of the capital programme approved in February 2006	35	56	70	75	79	1	A	1A	1
FSR06	Financial Services	Consultancy to upgrade Agresso major release	15	0	15	0	15	1	A	1A	1
HRR02	Human Resources and Customer Services	Recruitment advertising	25	25	25	25	25	2	C	2C	1
HRR04	Human Resources and Customer Services	Loss of income - Weeley workshops	12	0	0	0	0				1
LegR01	Legal Services	Licensing policy - statutory review	7	0	7	7	0	1	A	1A	1
LegR02	Legal Services	Additional IT maintenance fee - gambling act	5	5	5	5	5	1	A	1A	1
LegR03	Legal Services	District Council elections	95	0	0	0	115	1	A	1A	1
LegR04	Legal Services	Additional IT maintenance fee - land charges	5	5	5	5	5	1	A	1A	1
LegR05	Legal Services	Electoral registration canvass - new provisions	8	8	8	8	8	1	A	1A	1
LegR07	Legal Services	Gambling Act 2005	7	7	7	7	7	1	A	1A	1
LeiR02	Leisure Services	Rolling vehicle / plant replacement programme	0	0	0	8	6	2	A	2A	1
LeiR14	Leisure Services	Reduction in cemetery income	30	30	30	30	30	1	A	1A	1
LeiR19	Leisure Services	Lifestyles running costs	95	95	95	95	95	1	A	1A	1
LeiR20	Leisure Services	Holiday guide advertising income	15	15	15	15	15	3	A	3A	1
LeiR22	Leisure Services	Diesel Costs	6	6	6	6	6	2	A	2A	1
RPCR01	Regeneration, Planning and Community Services	Local Development Framework	241	359	462	200	200	1	A	1A	1
RPCR08	Regeneration, Planning and Community Services	Haven Gateway Partnership	75	75	75	75	75	2	A	2A	1
RPCR09	Regeneration, Planning and Community Services	Clacton air show	10	10	10	10	10	1	A	1A	1
TPR04	Technical and Procurement	Clacton Town Centre enhancements	50	50	50	50	50	2	A	2A	1
		Total Priority 1	**1,004**	**2,055**	**2,202**	**2,069**	**2,683**				
EnvR03	Environmental Services	Recycling collection service	24	396	474	474	474	1	A	1A	2
EnvR05	Environmental Services	Street sweeping - BV improvements	105	105	105	105	105	3	C	3C	2
EnvR16	Environmental Services	Network Rail legal costs	50	0	0	0	0	1	A	1A	2
FSR07	Financial Services	VAT partial exemption	175	175	175	175	175	1	C	1C	2
FSR09	Financial Services	Transaction costs of debit and credit card payments for sundry debtors	5	5	5	5	5	1	A	1A	2

FINANCIAL STRATEGY 2007/08 AND BEYOND

Budget Expansion/Growth Expenditure Items in the Initial Financial Strategy (16 August 2006) these have been reviewed and amended - see Appendix C

REVENUE COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)
HouR1	Housing Services	Homelessness Project Officer	6	25	25	25	25	2	A	2A	2
HRR03	Human Resources and Customer Services	Office buildings repair and maintenance	10	20	20	25	25	2	B	2B	2
LegR06	Legal Services	Counsels fees	20	0	0	0	0	1	A	1A	2
LeiR09	Leisure Services	Clacton Leisure Centre - Maintenance	20	20	20	20	20	2	A	2A	2
LeiR10	Leisure Services	Dovercourt Swimming Pool - Maintenance	17	17	17	17	17	2	A	2A	2
LeiR11	Leisure Services	Frinton Swimming Pool - Maintenance	17	17	17	17	17	2	A	2A	2
LeiR12	Leisure Services	New organ - Weeley Crematorium	10	0	0	0	0	2	A	2A	2
LeiR13	Leisure Services	New chapel sound system - Weeley Crematorium	10	7	7	7	7	1	A	1A	2
RPCR02	Regeneration, Planning and Community Services	BVPI 205 design advice	10	11	11	12	12	1	A	1A	2
RPCR03	Regeneration, Planning and Community Services	Planning fee income	50	50	40	35	30	1	A	1A	2
RPCR04	Regeneration, Planning and Community Services	E-Planning public access	26	26	26	26	26	1	A	1A	2
RPCR05	Regeneration, Planning and Community Services	End to End planning	0	57	57	57	57	2	B	2B	2
RPCR06	Regeneration, Planning and Community Services	E-planning building control public access	7	7	7	7	7	4	C	4C	2
TPR02	Technical and Procurement	Street nameplates	20	20	20	20	20	1	B	1B	2
TPR03	Technical and Procurement	Implement a realistic programme of maintenance to Council's car parks	50	50	50	50	50	2	B	2B	2
TPR08	Technical and Procurement	Seafront safety - recommended works	50	100	100	100	100	1	B	1B	2
		Total Priority 2	**682**	**1,108**	**1,176**	**1,177**	**1,172**				
EnvR04	Environmental Services	Community cleanliness - enforcement officer	26	26	26	26	26	2	C	2C	3
EnvR06	Environmental Services	HASWA training	5	5	5	5	5	1	B	1B	3
EnvR15	Environmental Services	Empty homes officer	22	22	22	22	22	1	A	1A	3
HRR01	Human Resources and Customer Services	Pay and workforce strategy	100	100	0	0	0	3	A	3A	3
LeiR08	Leisure Services	Arts Development Manager	23	23	23	38	38	2	A	2A	3
LeiR16	Leisure Services	Essential repairs to Victorian lights - Clacton seafront	0	0	0	0	10	2	A	2A	3
LeiR21	Leisure Services	Children's play areas- inspection and general maintenance	20	20	20	20	20	3	C	3C	3
		Total Priority 3	**196**	**196**	**96**	**111**	**121**				
LeiR18	Leisure Services	Quality coast award	20	5	5	5	5	2	B	2B	4
TPR07	Technical and Procurement	Contribution to the procurement hub for Essex	30	20	0	0	0	2	A	2A	4
		Total Priority 4	**50**	**25**	**5**	**5**	**5**				
		TOTAL ALL PRIORITIES	**1,932**	**3,384**	**3,479**	**3,362**	**3,981**				

FINANCIAL STRATEGY 2007/08 AND BEYOND

Budget Expansion/Growth Expenditure Items in the Initial Financial Strategy (16 August 2006) these have been reviewed and amended - see Appendix C

CAPITAL COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)
BenRevC01	Benefits and Revenues	Replacement folding and inserting machine	50	0	0	0	0	2	B	2B	1
BenRevC02	Benefits and Revenues	Replacement of DIP scanning machines	0	0	0	42	0	2	B	2B	1
LeiC05	Leisure Services	Weeley Crematorium - Mercury Abatement Equipment and Cremators	0	0	0	0	242	1	A	1A	1
LeiC32	Leisure Services	Replacement of beach hut supports in Frinton and Walton	500	200	0	0	0	2	A	2A	1
		Total Priority 1	**550**	**200**	**0**	**42**	**242**				
EnvC01	Environmental Services	Replacement of 15 public conveniences	1,570	850	850	645	840	3	C	3C	2
HRC02	Human Resources and Customer Services	Provision of additional parking at Weeley council offices	15	0	0	0	0	2	C	2C	2
LeiC07	Leisure Services	Weeley Crematorium - provision of additional car parking capacity	200	0	0	0	0	-	-	--	2
LeiC09	Leisure Services	Weeley Crematorium - extension of the Gardens of Remembrance	35	0	0	0	0	-	-	--	2
LeiC13	Leisure Services	Children's play areas - major refurbishment programme	0	90	90	90	90	2	A	2A	2
LeiC14	Leisure Services	Sports pavilions - refurbishment programme	30	20	20	20		3	B	3B	2
LeiC27	Leisure Services	Seafront shelters - refurbishment programme	30	30	30	30	30	2	C	2C	2
LeiC33	Leisure Services	Children's Play Areas - Major refurbishment of Eastcliff Play Area	100	0	0	0	0	2	A	2A	2
LeiC34	Leisure Services	Children's Play Areas - Major refurbishment of Cliff Park Play Area	70	0	0	0	0	2	A	2A	2
LeiC35	Leisure Services	Children's Play Areas - Major refurbishment of Jubilee Play Area	70	0	0	0	0	2	A	2A	2
		Total Priority 2	**2,120**	**990**	**990**	**785**	**960**				
LeiC01	Leisure Services	Resurfacing of Dovercourt tennis courts	0	50	0	0	0	3	B	3B	3
LeiC04	Leisure Services	Clacton Cemetery landscaping works	100	0	0	0	0	3	C	3C	3
LeiC06	Leisure Services	Clacton Cemetery - provision of additional car parking area	15	0	0	0	0	-	-	--	3
LeiC08	Leisure Services	Weeley Crematorium - extension of existing flower court	25	0	0	0	0	-	-	--	3
LeiC10	Leisure Services	Dovercourt Cemetery - new car park	15	0	0	0	0	-	-	--	3
LeiC11	Leisure Services	Air conditioning to the chapel at Weeley Crematorium	10	0	0	0	0	-	-	--	3
LeiC26	Leisure Services	Phased removal of mid promenade	10	10	10	10	10	3	D	3D	3
LeiC29	Leisure Services	Dovercourt swimming pool - car park	72	0	0	0	0	3	D	3D	3
LeiC30	Leisure Services	Clacton Leisure Centre - car park resurfacing	0	300	0	0	0	3	E	3E	3
LeiC31	Leisure Services	Removal of Cliff Slope opposite Cambridge Road Frinton	40	0	0	0	0	3	B	3B	3
		Total Priority 3	**287**	**360**	**10**	**10**	**10**				
LeiC22	Leisure Services	Clacton Leisure Centre - installation of new floodlights on synthetic pitch	27	0	0	0	0	4	E	4E	4
		Total Priority 4	**27**	**0**	**0**	**0**	**0**				
CPC01	Corporate Performance	Members ICT	46	0	0	0	50	-	-	--	*
CPC04	Corporate Performance	Benefit Fraud software	5	0	0	0	0	3	B	3B	*
CPC05	Corporate Performance	Payroll SQL upgrade	5	0	0	0	0	2	B	2B	*
CPC06	Corporate Performance	Agresso web interface and e-procurement	35	35	0	0	0	3	B	3B	*
CPC07	Corporate Performance	Agresso budgeting module	25	0	0	0	0	3	B	3B	*
		Total Priority *	**116**	**35**	**0**	**0**	**50**				
		TOTAL ALL PRIORITIES	**3,100**	**1,585**	**1,000**	**837**	**1,262**				

* Strategic Priority - For the purpose of the Financial Strategy 2007/08, an overall ongong sum of £271,000 has been included in the Capital Programme to meet the challenges associated with keeping upto date on ICT matters whilst also providing for a level of enhancements and the implementations of new systems / applications. Therefore the above cost pressure will be considered within this level of funding and alongside other similar ICT projects within the ICT Strategy.

FINANCIAL STRATEGY 2007/08 AND BEYOND

Budget Expansion/Growth Expenditure Items in the Initial Financial Strategy (16 August 2006) these have been reviewed and amended - see Appendix C

SAVINGS / INCREASED INCOME OPTION ANALYSIS			Change compared to 2006/07						FAP Team
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Likelihood (A - F)	Strategic (1 - 5)
FSS01	Financial Services	Audit Commission fees	9	9	9	9	9	A	1
FSS03	Financial Services	Reduction in insurance premia	50	50	50	50	50	B	1
LeS01	Leisure Services	Increased income from Lifestyles	98	195	195	195	195	B	1
		TOTAL ALL PRIORITIES	**157**	**254**	**254**	**254**	**254**		

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
All	Both	-	-	The cost pressures that have been upgraded to a priority one [meeting of 13 November 2006] be funded from the £700,000 re LeiC32 [see below] and the £111,000 unallocated ICT programme monies for each year in the period 2008/09 to 2010/11	-	(444)	This will be reviewed as part of the revised financial strategy 2007/08. The £111,000 unallocated balance showing within the ICT Strategy will be brought into consideration with the new capital project assessment process from 2008/09 when ICT projects will be assessed in line with all other capital proposals	Not included – provision to fund replacement beach hut supports at Frinton and Walton has been included in the revised financial strategy to be met up front from revenue with the recovery of this cost from the beach hut owners over a period of 25 years
Housing	Rev	HouR1	Homelessness project officer	This cost pressure should be up-graded to a priority one	6	100	This will be reviewed as part of the revised financial strategy 2007/08.	Included as a priority 1 (On-going)

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
Human Resources and Customer Services	Rev	HRR03	Office buildings repair and maintenance	This cost pressure should be up-graded to a priority one	10	90	This will be reviewed as part of the revised financial strategy 2007/08.	£35,000 has been included as a Priority 1 (One-off)
Leisure Services	Cap	LeiC06	Clacton Cemetery – provision of additional car parking area	This cost pressure should be up-graded to a priority one	15	-	This will be reviewed as part of the revised financial strategy 2007/08.	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects
	Cap	LeiC07	Weeley Crematorium – provisions of additional car parking capacity	This cost pressure should be up-graded to a priority one with £75,000 being allocated in 2007/08 and a further £100,000 being allocated in 2008/09	75	100	This will be reviewed as part of the revised financial strategy 2007/08.	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects
	Cap	LeiC08	Weeley Crematorium – extension of existing flower court	This cost pressure should be up-graded to a priority one	25	-	This will be reviewed as part of the revised financial strategy 2007/08.	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
	Rev	LeiR08	Arts Development Manager	This cost pressure should be up-graded to a priority one	23	122	This will be reviewed as part of the revised financial strategy 2007/08.	Not included
	Cap	LeiC09	Weeley Crematorium – extension of gardens of remembrance	This cost pressure should be up-graded to a priority one	35	-	This will be reviewed as part of the revised financial strategy 2007/08.	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects
	Cap	LeiC13	Children's play areas – major refurbishment programme	This cost pressure should be up-graded to a priority one	-	360	This will be reviewed as part of the revised financial strategy 2007/08.	See LeiC33,34 and 35 below
	Cap	LeiC31	Removal of cliff slope opposite Cambridge Road, Frinton	This cost pressure should be up-graded to a priority one	40	-	This will be reviewed as part of the revised financial strategy 2007/08.	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects
	Rev	LeiR21	Children's play areas – inspection and general maintenance	This cost pressure should be up-graded to a priority one	20	80	This will be reviewed as part of the revised financial strategy 2007/08.	See LeiC33,34 and 35 below

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
	Cap	LeiC32	Replacement of beach hut supports in Frinton and Walton	This cost pressure should be financed through prudential borrowing with the monies being paid back over a 25 year period and that the beach hut owners pay the cost of such borrowing and the interest thereon through the annual licence fee over the same 25 year period thereby freeing up £700,000 to be spent on other items	(500)	(200)	This will be reviewed as part of the revised financial strategy 2007/08.	Included as a revenue funded item – provision to fund replacement beach hut supports at Frinton and Walton has been included in the revised financial strategy to be met up front from revenue with the recovery of this cost from the beach hut owners over a period of 25 years
	Cap	LeiC33	Children's play areas – major refurbishment of Eastcliff Play Area	This cost pressure should be up-graded to a priority one	100	-	This will be reviewed as part of the revised financial strategy 2007/08.	£140,000 has been included as a priority 1 for refurbishment of Eastcliff, Cliff Park and Jubilee play areas

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
	Cap	LeiC34	Children's play areas – major refurbishment of Cliff Park Play Area	This cost pressure should be up-graded to a priority one	70	-	This will be reviewed as part of the revised financial strategy 2007/08.	£140,000 has been included as a priority 1 for refurbishment of Eastcliff, Cliff Park and Jubilee play areas
	Cap	LeiC35	Children's play areas – major refurbishment of Jubilee Play Area	This cost pressure should be up-graded to a priority one	70	-	This will be reviewed as part of the revised financial strategy 2007/08.	£140,000 has been included as a priority 1 for refurbishment of Eastcliff, Cliff Park and Jubilee play areas
Technical and Procurement	Rev	TPR02	Street nameplates	This cost pressure should be up-graded to a priority one	20	80	This will be reviewed as part of the revised financial strategy 2007/08.	£15,000 has been included as a priority 1 (One-off)
	Rev	TPR03	Implement a realistic programme of maintenance to Council's car parks	This cost pressure should be up-graded to a priority one	50	200	This will be reviewed as part of the revised financial strategy 2007/08.	£35,000 has been included as a priority 1 (One-off)

A1 Appendix B

List of Items from consultation with the Corporate Management Committee that Cabinet undertook to reconsider when the Financial Strategy was reviewed

Service	Rev or Cap	Cost pressure reference	Cost pressure title	Corporate Management Committee comment	Impact 2007-08 £000	Impact 2008-09 to 2011/12 £000	Cabinet Comment (5 Dec 2006)	Revised Financial Strategy Position
	Rev	TPR08	Seafront safety – recommended works	This cost pressure should be up-graded to a priority one and be considered for inclusion in the capital programme	50	400	This will be reviewed as part of the revised financial strategy 2007/08. Expenditure is designated as revenue or capital in accordance with proper accounting regulations governing local authorities	Not included at this stage. To be considered as part of the new capital projects assessment process alongside other capital projects
TOTAL					**109**	**888**		

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Budget Expansion/Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded

REVENUE COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team	Note
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)	
BenRevR01	Benefits and Revenues	National free concessionary fare scheme	0	0	0	0	0	1	A	1A	1	
CPR02	Corporate Performance	ICT service contract volume changes	20	20	20	20	20	1	A	1A	1	
EnvR01	Environmental Services	Cost of waste collection from new properties	17	28	36	36	36	1	A	1A	1	
EnvR02	Environmental Services	Waste collection contract - retender	0	0	0	0	0	1	A	1A	1	1
EnvR07	Environmental Services	Establish Bathside border inspection post	0	0	0	0	180	1	B	1B	1	2
EnvR11	Environmental Services	Public access to CAPS environmental health services	8	8	8	8	8	1	A	1A	1	
EnvR12	Environmental Services	Bathside pollution control	0	0	0	0	100	1	A	1A	1	3
EnvR13	Environmental Services	Frinton public conveniences - implementation of charging	25	25	25	25	25	1	A	1A	1	
FSR01	Financial Services	Pension fund triennial actuarial review 2007	0	750	750	750	750	1	A	1A	1	
FSR02	Financial Services	Pension fund triennial actuarial review 2010	0	0	0	0	500	2	A	2A	1	
FSR03	Financial Services	Pension fund triennial actuarial review 2004- inflation	67	67	67	67	67	1	A	1A	1	
FSR04	Financial Services	Specialist and other assistance for insurance retender	0	0	0	11	0	1	A	1A	1	
FSR05	Financial Services	Financing cost of the capital programme approved in February 2006	0	0	0	0	0	1	A	1A	1	4
FSR06	Financial Services	Consultancy to upgrade Agresso major release	15	0	15	0	15	1	A	1A	1	
FSR09	Financial Services	Transaction costs of debit and credit card payments for sundry debtors	5	5	5	5	5	1	A	1A	1	5
HouR1	Housing Services	Homelessness Project Officer	6	25	25	25	25	2	A	2A	1	6
HRR02	Human Resources and Customer Services	Recruitment advertising	25	25	25	25	25	2	C	2C	1	
HRR03	Human Resources and Customer Services	Office buildings repair and maintenance	35	0	0	0	0	2	B	2B	1	7
HRR04	Human Resources and Customer Services	Loss of income - Weeley workshops	12	0	0	0	0	1	A	1A	1	
HRR05	Human Resources and Customer Services	Management development programme	45	0	0	0	0				1	8
LegR01	Legal Services	Licensing policy - statutory review	7	0	7	7	0	1	A	1A	1	
LegR02	Legal Services	Additional IT maintenance fee - gambling act	0	0	0	0	0	1	A	1A	1	9
LegR03	Legal Services	District Council elections	95	0	0	0	115	1	A	1A	1	
LegR04	Legal Services	Additional IT maintenance fee - land charges	5	5	5	5	5	1	A	1A	1	
LegR05	Legal Services	Electoral registration canvass - new provisions	8	8	8	8	8	1	A	1A	1	
LegR07	Legal Services	Gambling Act 2005	7	7	7	7	7	1	A	1A	1	
LeiR02	Leisure Services	Rolling vehicle / plant replacement programme	0	0	0	8	6	2	A	2A	1	
LeiR14	Leisure Services	Reduction in cemetery income	20	20	20	20	20	1	A	1A	1	10
LeiR19	Leisure Services	Lifestyles running costs	95	95	95	95	95	1	A	1A	1	
LeiR20	Leisure Services	Holiday guide advertising income	15	15	15	15	15	3	A	3A	1	
LeiR22	Leisure Services	Diesel Costs	6	6	6	6	6	2	A	2A	1	
RPCR01	Regeneration, Planning and Community Services	Local Development Framework	241	359	462	200	200	1	A	1A	1	11
RPCR08	Regeneration, Planning and Community Services	Haven Gateway Partnership	75	75	75	75	75	2	A	2A	1	12
RPCR09	Regeneration, Planning and Community Services	Clacton air show	10	10	10	10	10	1	A	1A	1	
RPCR10	Regeneration, Planning and Community Services	CAB grant	50	0	0	0	0				1	13
RPCR11	Regeneration, Planning and Community Services	Grants to voluntary organisations	50	0	0	0	0				1	14

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Budget Expansion/Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded

REVENUE COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team	Note
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)	
TPR02	Technical and Procurement	Street nameplates	15	0	0	0	0	1	B	1B	1	15
TPR03	Technical and Procurement	Implement a realistic programme of maintenance to Council's car parks	35	0	0	0	0	2	B	2B	1	16
TPR04	Technical and Procurement	Clacton Town Centre enhancements	50	50	50	50	50	2	A	2A	1	
		Total Priority 1	**1,064**	**1,603**	**1,736**	**1,478**	**2,368**					

Note

1 Following the re-tender process for the waste collection contract this cost pressure is no longer required

2 The occurance of this cost pressure has been realigned to have regard to the likely timeframe for Bathside Bay

3 The occurance of this cost pressure has been realigned to have regard to the likely timeframe for Bathside Bay

4 The financing costs of the capital programme have been included in the detailed estimates

5 This has been reclassified from a priority 2 to a priority 1

6 This has been reclassified from a priority 2 to a priority 1

7 This has been reclassified from a priority 2 to a priority 1 and included at £35,000 on a one-off basis

8 This is a new priority 1 item which has been included at £45,000 on a one-off basis

9 This cost pressure is no longer required as there will not be an additional module for administration of the gambling act and adaption of existing software can be done within current budgets

10 The predicted loss of cemetery income has been reviewed and has been reduced from £30,000 to £20,000

11 An earmarked reserve has been set aside of £257,000 in 2007/08 to meet the costs of the Local Development Framework in 2008/09. However, if actual amounts differ from the estimates assumed in the budget (e.g. LABGI) it is proposed that the LDF reserve be the first call to reduce or delete in order to balance any potential shortfall.

12 A request for a funding contrbution of £20,000 towards the new Executive body of the Haven Gateway Partnership was agreed by Cabinet on 25 October 2006. However, until the final details of the new proposals are implemented it is not proposed to reduce this cost pressure at this time as additional cost may yet emerge

13 This is a new priority 1 item which has been included at £50,000 on a one-off basis

14 This is a new priority 1 item which has been included at £50,000 on a one-off basis to be administered by TCVS

15 This has been reclassified from a priority 2 to a priority 1 and included at £15,000 on a one-off basis

16 This has been reclassified from a priority 2 to a priority 1 and included at £35,000 on a one-off basis

EnvR03	Environmental Services	Recycling collection service	24	396	474	474	474	1	A	1A	2	
EnvR05	Environmental Services	Street sweeping - BV improvements	105	105	105	105	105	3	C	3C	2	
EnvR16	Environmental Services	Network Rail legal costs	50	0	0	0	0	1	A	1A	2	
FSR07	Financial Services	VAT partial exemption	175	175	175	175	175	1	C	1C	2	
LegR06	Legal Services	Counsels fees	20	0	0	0	0	1	A	1A	2	
LeiR09	Leisure Services	Clacton Leisure Centre - Maintenance	20	20	20	20	20	2	A	2A	2	
LeiR10	Leisure Services	Dovercourt Swimming Pool - Maintenance	17	17	17	17	17	2	A	2A	2	
LeiR11	Leisure Services	Frinton Swimming Pool - Maintenance	17	17	17	17	17	2	A	2A	2	
LeiR12	Leisure Services	New organ - Weeley Crematorium	10	0	0	0	0	2	A	2A	2	
LeiR13	Leisure Services	New chapel sound system - Weeley Crematorium	10	7	7	7	7	1	A	1A	2	
RPCR02	Regeneration, Planning and Community Services	BVPI 205 design advice	0	0	0	0	0	1	A	1A	2	16
RPCR03	Regeneration, Planning and Community Services	Planning fee income	50	50	40	35	30	1	A	1A	2	
RPCR04	Regeneration, Planning and Community Services	E-Planning public access	26	26	26	26	26	1	A	1A	2	
RPCR05	Regeneration, Planning and Community Services	End to End planning	0	57	57	57	57	2	B	2B	2	

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Budget Expansion/Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded

REVENUE COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team	Note
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)	
RPCR06	Regeneration, Planning and Community Services	E-planning building control public access	7	7	7	7	7	4	C	4C	2	
TPR08	Technical and Procurement	Seafront safety - recommended works	50	100	100	100	100	1	B	1B	2	
		Total Priority 2	**581**	**977**	**1,045**	**1,040**	**1,035**					

16 This cost pressure is no longer required as an agreement has been reached with Essex County Council for provision of this advice within existing budgets

EnvR04	Environmental Services	Community cleanliness - enforcement officer	26	26	26	26	26	2	C	2C	3	
EnvR06	Environmental Services	HASWA training	5	5	5	5	5	1	B	1B	3	
EnvR15	Environmental Services	Empty homes officer	22	22	22	22	22	1	A	1A	3	
HRR01	Human Resources and Customer Services	Pay and workforce strategy	100	100	0	0	0	3	A	3A	3	
LeiR08	Leisure Services	Arts Development Manager	23	23	23	38	38	2	A	2A	3	
LeiR16	Leisure Services	Essential repairs to Victorian lights - Clacton seafront	0	0	0	0	10	2	A	2A	3	
LeiR21	Leisure Services	Children's play areas- inspection and general maintenance	20	20	20	20	20	3	C	3C	3	
		Total Priority 3	**196**	**196**	**96**	**111**	**121**					
LeiR18	Leisure Services	Quality coast award	20	5	5	5	5	2	B	2B	4	
TPR07	Technical and Procurement	Contribution to the procurement hub for Essex	30	20	0	0	0	2	A	2A	4	
		Total Priority 4	**50**	**25**	**5**	**5**	**5**					
		TOTAL ALL PRIORITIES	**1,891**	**2,801**	**2,882**	**2,634**	**3,529**					

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Budget Expansion/Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded

CAPITAL COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team	Note
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Impact (1 - 4)	Likelihood (A - F)	Services Risk Assessment	Strategic (1 - 5)	
BenRevC01	Benefits and Revenues	Replacement folding and inserting machine	50	0	0	0	0	2	B	2B	1	
BenRevC02	Benefits and Revenues	Replacement of DIP scanning machines	0	0	0	42	0	2	B	2B	1	
EnvC02	Environmental Services	Replacement of Dovercourt public conveniences	350	0	0	0	0				1	1
LeiC05	Leisure Services	Weeley Crematorium - Mercury Abatement Equipment and Cremators	0	0	0	0	300	1	A	1A	1	2
LeiC32	Leisure Services	Replacement of beach hut supports in Frinton and Walton	700	0	0	0	0	2	A	2A	1	3
LeiC36	Leisure Services	Vehicle replacement	0	0	0	0	348	2	A	2A	1	4
LeiC37	Leisure Services	Major refurbishment of Eastcliff, Cliff Park and Jubilee play areas	140	0	0	0	0				1	5
RPCC01	Regeneration, Planning and Community Services	End to end planning	316	0	0	0	0				1	6
		Total Priority 1	**1,556**	**0**	**0**	**42**	**648**					

Note

1 This is a new priority 1 for the replacement of public conveniences at Dovercourt

2 Following a reassessment of the costs this has been increased to £300,000 in 2011/12

3 Provision has been made in 2007/08 to allow the replacement of beach hut supports to take place at Frinton in 2007/08 and at Walton in 2008/09

4 This is a new priority 1 to allow for the replacement of vehicles through leasing. The associated revenue costs are already included as a priority 1 (LeiR02)

5 This is a new priority 1 to allow for the refurbishment of Eastcliff, Cliff Park and Jubilee play areas. It replaces priority 2 cost pressures LeiC33, LeiC34 and LeiC35

6 This is a new priority 1 for the implementation of electronic end to end planning

EnvC01	Environmental Services	Replacement of 15 public conveniences	1,220	850	850	645	840	3	C	3C	2	7
HRC02	Human Resources and Customer Services	Provision of additional parking at Weeley council offices	15	0	0	0	0	2	C	2C	2	
LeiC07	Leisure Services	Weeley Crematorium - provision of additional car parking capacity	200	0	0	0	0	-	-	--	2	
LeiC09	Leisure Services	Weeley Crematorium - extension of the Gardens of Remembrance	35	0	0	0	0	-	-	--	2	
LeiC13	Leisure Services	Children's play areas - major refurbishment programme	0	90	90	90	90	2	A	2A	2	
LeiC14	Leisure Services	Sports pavilions - refurbishment programme	30	20	20	20		3	B	3B	2	
LeiC27	Leisure Services	Seafront shelters - refurbishment programme	30	30	30	30	30	2	C	2C	2	
LeiC33	Leisure Services	Children's Play Areas - Major refurbishment of Eastcliff Play Area	0	0	0	0	0	2	A	2A	2	8
LeiC34	Leisure Services	Children's Play Areas - Major refurbishment of Cliff Park Play Area	0	0	0	0	0	2	A	2A	2	9
LeiC35	Leisure Services	Children's Play Areas - Major refurbishment of Jubilee Play Area	0	0	0	0	0	2	A	2A	2	10
		Total Priority 2	**1,530**	**990**	**990**	**785**	**960**					

Note

7 This priority 2 has been reduced by £350,000 in 2007/08 which is now included as a priority 1 for the replacement of public conveniences at Dovercourt

8 This priority 2 has been removed as £140,000 has now been included as a priority 1 for the refurbishment of Eastcliff, Cliff Park and Jubilee play areas

9 This priority 2 has been removed as £140,000 has now been included as a priority 1 for the refurbishment of Eastcliff, Cliff Park and Jubilee play areas

10 This priority 2 has been removed as £140,000 has now been included as a priority 1 for the refurbishment of Eastcliff, Cliff Park and Jubilee play areas

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Budget Expansion/Growth Expenditure Items proposed to be funded in the Revised Initial Financial Forecast along with all other priorities which will not be funded

CAPITAL COST PRESSURES			Change compared to 2006/07					Service to Enter			FAP Team	Note
Ref No.	Service	Title	2007/08	2008/09	2009/10	2010/11	2011/12	Impact	Likelihood	Services Risk	Strategic	
LeiC01	Leisure Services	Resurfacing of Dovercourt tennis courts	0	50	0	0	0	3	B	3B	3	
LeiC04	Leisure Services	Clacton Cemetery landscaping works	100	0	0	0	0	3	C	3C	3	
LeiC06	Leisure Services	Clacton Cemetery - provision of additional car parking area	15	0	0	0	0	-	-	--	3	
LeiC08	Leisure Services	Weeley Crematorium - extension of existing flower court	25	0	0	0	0	-	-	--	3	
LeiC10	Leisure Services	Dovercourt Cemetery - new car park	15	0	0	0	0	-	-	--	3	
LeiC11	Leisure Services	Air conditioning to the chapel at Weeley Crematorium	10	0	0	0	0	-	-	--	3	
LeiC26	Leisure Services	Phased removal of mid promenade	10	10	10	10	10	3	D	3D	3	
LeiC29	Leisure Services	Dovercourt swimming pool - car park	72	0	0	0	0	3	D	3D	3	
LeiC30	Leisure Services	Clacton Leisure Centre - car park resurfacing	0	300	0	0	0	3	E	3E	3	
LeiC31	Leisure Services	Removal of Cliff Slope opposite Cambridge Road Frinton	40	0	0	0	0	3	B	3B	3	
		Total Priority 3	**287**	**360**	**10**	**10**	**10**					
LeiC22	Leisure Services	Clacton Leisure Centre - installation of new floodlights on synthetic pitch	27	0	0	0	0	4	E	4E	4	
		Total Priority 4	**27**	**0**	**0**	**0**	**0**					
CPC01	Corporate Performance	Members ICT	46	0	0	0	50	-	-	--	*	
CPC04	Corporate Performance	Benefit Fraud software	5	0	0	0	0	3	B	3B	*	
CPC05	Corporate Performance	Payroll SQL upgrade	5	0	0	0	0	2	B	2B	*	
CPC06	Corporate Performance	Agresso web interface and e-procurement	35	35	0	0	0	3	B	3B	*	
CPC07	Corporate Performance	Agresso budgeting module	25	0	0	0	0	3	B	3B	*	
		Total Priority *	**116**	**35**	**0**	**0**	**50**					

* Strategic Priority - For the purpose of the Financial Strategy 2007/08, an overall ongong sum of £271,000 has been included in the Capital Programme to meet the challenges associated with keeping upto date on ICT matters whilst also providing for a level of enhancements and the implementations of new systems / applications. Therefore the above cost pressure will be considered within this level of funding and alongside other similar ICT projects within the ICT Strategy. The ICT Strategy was agreed at Council on 26 September 2006 and this determines which of the above projects are included as preferred schemes to be funded from the capital provision of £271,000.

FINANCIAL STRATEGY 2007/08 AND BEYOND

Revised Priority 1 Savings proposed to be funded in the Revised Initial Financial Forecast. (No change from the Initial Strategy)

SAVINGS / INCREASED INCOME OPTION ANALYSIS			Change compared to 2006/07						FAP Team
Ref No.	Service	Title	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Likelihood (A - F)	Strategic (1 - 5)
FSS01	Financial Services	Audit Commission fees	9	9	9	9	9	A	1
FSS03	Financial Services	Reduction in insurance premia	50	50	50	50	50	B	1
LeS01	Leisure Services	Increased income from Lifestyles	98	195	195	195	195	B	1
		TOTAL ALL PRIORITIES	**157**	**254**	**254**	**254**	**254**		

REVISED FINANCIAL FORECAST 2007/08 - CHANGES TO THE INITIAL STRATEGY

	£000	£000
Base Budget 2006/07		**18,982**
Inflation and increments		886
Priority 1 growth expenditure items		1,404
Other budget adjustments		583
One-off items for 2006/07		-1,847
2006/07 savings/increased income - effect in 2007/08		-34
Initial Financial Forecast 2007/08		**19,974**
Re-visit Priority 1 Growth Expenditure Items		
Growth Expenditure Items Removed		
Waste collection contract - retender	-131	
Financing costs of the capital programme approved February 2006	-35	
Reduction in cemetery income	-10	
Additional IT maintenance fee- gambling act	-5	
Priority 2 Growth Expenditure Items Moved to Priority 1		
Office buildings repair and maintenance	35	
Implement a programme of maintenance to Council's car parks	35	
Street nameplates	15	
Homelessness project officer	6	
Transaction costs of debit and credit card payments for sundry debtors	5	
Growth Expenditure Items Added - new Priority 1's		
End to End Planning IT system	316	
Contribution to earmarked reserve for Local Development Framework	257	
Replacement of beach hut supports in Frinton and Walton - provision for work on the Leas in 2008/09	200	
Replacement of public conveniences at Dovercourt	350	
Children's play areas - provision for major refurbishment of East Cliff, Cliff Park and Jubilee play areas	140	
CAB - one-off increase in grant	50	
Other voluntary organisations - one-off increase in grant administered by TCVS	50	
Management development programme	45	1,323
Savings / Increased Income		
Closure of Brightlingsea cash office - included in the initial strategy as a saving but not able to be achieved	32	32
One-off items for 2006/07		
Weeley data link - removed as a one-off in initial strategy but is ongoing	12	
Additional funding for CAB agreed from horticulture budget for one year only in 2006/07	-12	0
Changes arising from the Estimate Process		
Increase in Cost		
Provision for borrowing £2m in 2007/08	200	
Planning Delivery Grant - amount to be spent on capital (requirement of PDG)	98	
Provision for pay award at 2.95%	70	
Service improvement budget	70	
Provision for increased staff costs	68	
Clacton Leisure Centre - historic unrealised income removed	44	
Pension credit income now incorporated in benefits administration grant	39	
Recharge adjustments	27	
Members allowances - ongoing impact of allowances for 2006/07	19	
Dovercourt market - loss of income from market site	15	
Other minor changes arising from the estimate process	8	658
Reduction in Cost		
Local authority business growth incentive scheme - anticipated grant in 2007/08	-400	
Treasury Management - interest on investments and borrowing	-334	
Waste collection contract - savings over budget from re-tendering	-286	
Planning Delivery Grant - additional grant over that assumed in the initial strategy	-190	
Uncommitted balance carried forward from 2006/07	-176	
Insurance premiums - anticipated savings from new contract	-162	
Benefits administration grant	-143	
First time rural sewage - end of twelve year funding agreement	-81	
PACE centre - impact of revised agreement with lessor	-80	
Salary and pension changes	-75	
Westcliff Theatre - agreed funding profile	-20	
Provision for job evaluation	-9	-1,956
Revised 2007/08 Forecast Budget		**20,031**
Funding		
Council tax	6,920	
Central Government support	12,971	
Surplus on collection fund	140	**20,031**

Initial Financial Forecast 2008/09 and Beyond As At 16 August 2006

	2008/09	2009/10	2010/11	20011/12
	£000	£000	£000	£000
Initial base budget from prior year	19,971	20,440	20,926	21,431
Inflation and increments	1,000	1,020	1,050	1,070
Ongoing effect of Priority 1 Growth Expenditure Items from 2007/08 and other budget adjustments	686	-38	-76	817
	21,657	21,422	21,900	23,318
Amount to be raised from Council Tax (at 4.9%)	-7,259	-7,614	-7,987	-8,379
Forecast Central Government Support	-13,101	-13,232	-13,364	-13,498
Forecast Surplus on Collection Fund	-80	-80	-80	-80
	-20,440	-20,926	-21,431	-21,957
Initial Funding Gap	1,217	496	469	1,361