

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

13 JULY 2011

REPORT OF FINANCE AND ASSET MANAGEMENT PORTFOLIO HOLDER

A.1 INITIAL FINANCIAL STRATEGY 2012/13

(Report prepared by Karen Neath)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the Initial Financial Forecast and Initial Financial Strategy for 2012/13 and beyond.

EXECUTIVE SUMMARY

Since its formation just over a year ago, the Coalition Government has undertaken measures to reduce the level of spending in the public sector. This culminated in the announcement on the 31st January 2011 by the Secretary of State for Communities and Local Government of the final Local Government Finance Settlement for 2011/12 and the provisional figure for 2012/13. As widely expected the settlement was the worst seen for many years and resulted in an average reduction of 15% and 13% respectively in shire district local authority formula grant funding as well as a reduction in many other grant streams that previously sat outside of formula grant.

There are a number of ongoing Government initiatives that could have an impact on the financial position of the council over the coming years the most prominent of which are the proposed changes to benefits administration and the localisation of council tax benefit and the Local Resource Review.

The Local Government Finance Settlement for Tendring District Council was **£10.941m** in 2011/2 and **£9.663** in 2012/13 which represents a reduction in funding of **£3.001m** over 2010/11. Tendring District Council's Band D council tax for 2011/12 is **£149.13** which is a reduction of 0.5% over 2010/11 and is the third lowest in Essex.

The initial forecast for 2012/13 shows a funding gap of **£1.576m**. The overall savings target for the Council up to and including 2014/15 is **£4.4m**. A total of **£1.3m** of agreed savings was removed from the 2011/12 base budget and together with a nil assumption in 2012/13 for both inflation and cost pressures thereby 'saving' a further **£0.2m**, the four year savings target now stands at **£2.9m**.

It is intended that **£1.9m** of this will be identified as part of the 2012/13 budget enabling a balanced position to be reached for both 2012/13 and 2013/14. A further **£1.0m** would then need to be identified for the 2014/15 budget. Actions are underway to identify the required savings including a major senior management review, minor restructurings, fundamental service reviews, budget efficiency reductions and medium term service actions.

The outcome of this work will inform the Revised Financial Strategy and Initial Budget

Proposals to be presented to Cabinet in December 2011.

RECOMMENDATION(S)

- (a) That Cabinet agrees the initial financial strategy and initial financial forecast for 2012/13.
- (b) That the comments to the cost pressures in Appendix A and any actions therein be agreed.
- (c) That a further report be made to Cabinet in December 2011.
- (d) That Corporate Management Committee be consulted on these initial proposals, recognising that any further inclusion of cost pressures or other budgetary demands would require matching measures to ensure that the funding gap was not increased.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This report will have direct implications for the Council's ability to deliver on the commitments, objectives and priorities set out in both the Corporate Plan and the Community Strategy.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

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

Risk

There are clearly risks associated with the strategy. Not allowing any provision for cost pressures or inflation gives rise to the potential for items that have not been funded to emerge. Should the actual funding gap be greater than that anticipated then there would be a corresponding increase in the savings etc. necessary to balance the budget.

This strategy is risk-based. There are a substantial number of areas that could lead to additional expenditure being incurred, such as: -

- Deteriorating economic environment;
- Emergence of cost pressures not included;
- Local Government Settlement in 2013/14 and 2014/15 is lower than assessed;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's core funding;
- Local or national emergency;
- Breaches or failure of sea defences;
- Income is less than that budgeted for.

It is important that the Council continues to maintain a sufficient level of reserves to support the strategy's risk-based approach. A risk reserve (the general balance) of **£4.0m** (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.

LEGAL

The Council is currently legally required to calculate a budget requirement and set a council tax levy for each financial year.

On 30 July 2010, the Government published a consultation paper on Local Referendums to Veto Excessive Council Tax Increases. The consultation proposed the removal of the existing legislation regarding the imposition of capping limits to be replaced with legislation requiring any billing or precepting authority which sets an excessive council tax increase to hold a referendum. The determination of whether a council tax increase was excessive would be determined by reference to principles set by the Secretary of State.

The consultation also proposed the removal of the requirement for a local authority to set a budget requirement. There would still be a legislative requirement for a local authority to set a council tax for the forthcoming year.

The required legislation to implement these changes is expected to form part of the forthcoming Localism Bill.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications that significantly impact on the Financial Strategy. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Since its formation just over a year ago, the Coalition Government has undertaken measures to reduce the level of spending in the public sector. This culminated in the announcement on the 31st January 2011 by the Secretary of State for Communities and Local Government of the final Local Government Finance Settlement for 2011/12 and the provisional figure for 2012/13. As widely expected the settlement was the worst seen for many years and resulted in an average reduction of 15% and 13% respectively in shire district local authority formula grant funding.

Many grants streams that previously sat outside of formula grant have either been removed or subsumed into the formula calculation. For District Councils this means that generally the only other grant funding streams are benefit subsidy and homelessness grant.

On 4 April, the Minister for Housing and Local Government confirmed the first allocations under the New Homes Bonus. This is a separate funding stream based on the number of new properties built in an area in an annual period. This funding stream is intended to become a permanent feature of Local Government funding. The amount earned for new homes built in any one year period will be payable for the following six years. However, funding for this scheme will come, at least initially, from top slicing the formula grant total.

There are a number of ongoing Government initiatives that could have an impact on the

financial position of the council over the coming years the most prominent of which are the proposed changes to benefits administration and the localisation of council tax benefit and the Local Resource Review. The latter review is considering options as to how local authorities could effectively be funded from locally raised income without the need for the centralised formula grant distribution model. It includes proposals to allow local authorities to retain local business rates rather than paying them into a central pool. The work on council tax and business rate localisation is ongoing but is likely to inform the budget process for 2013/14 onwards.

The Local Government Finance Settlement for Tendring District Council was **£10.941m** in 2011/2 and **£9.663** in 2012/13. This compares to a grant of **£12.664** in 2010/11 (after adjusting for the transfer of concessionary fares to upper tier authorities) and therefore equates to a reduction in funding of **£3.001m**. The budget for 2011/12 was agreed by Council on 8th February 2011 and presented a balanced budget together with an uncommitted fit for purpose budget of **£0.500m** in 2010/11 and **£2.376m** in 2011/12. This budget is to support the Council in delivering a balanced and sustainable budget in future years and to deliver organisational change.

Tendring District Council's Band D council tax for 2011/12 is **£149.13** which is a reduction of 0.5% over 2010/11 and is the third lowest in Essex. The all England Districts average is **£165.65** and the Essex average is **£183.46**. The highest Band D charge for Essex is **£252.81**.

The Council provides a significant range of services over a large geographical area and has a high elderly population. Within our district are some of the most deprived areas in the country and Brooklands, Grasslands and part of the village of Jaywick has now become the most deprived. The Council provides a coastal and tourism based infrastructure and is looking to development within and around Harwich to deliver major business and economic growth.

The Council must therefore ensure that its budget is sufficient to provide the wide range of services that its diversity and needs demand and also support new development and growth. This demand for expenditure must be set against the need to produce a balanced budget and bridge the gap arising, substantially, from the reduction in Government Formula Grant.

FINANCIAL STRATEGY 2011/12 AND BEYOND

PREPARATION OF AN INITIAL FINANCIAL FORECAST FOR 2012/13 AND BEYOND

It is very important for the Council to understand its likely financial position as well as the challenges it faces before it considers and sets the Budget. As set out above the preparation of the 2012/13 Initial Financial Strategy is set against the background of a severe reduction in funding and consequently a sizeable funding gap. However, in order to be clear on the financial challenge that the Council faces over the short to medium term, it is necessary to update the financial forecast.

The Initial Base Budget for 2012/13 – What's Included and What's Excluded?

The starting point for the initial analysis is to move the 2011/11 budget onto a base budget position for 2012/13 that incorporates the following assumptions:

▪ **Cost Pressures**

In past years a key part of the Financial Strategy process has been to undertake a comprehensive process with all Heads of Service to seek detailed information on potential cost pressures over the coming 5 years. These have then been reviewed and ranked with those identified as a priority 1 item included for funding within the financial forecast and budget.

The availability of information on potential upcoming cost pressures has been a key strength of the Financial Strategy for Tendering enabling mitigating action to be taken or funding to be identified early on. However, the knowledge gained from this process has to be balanced against the appropriateness of requesting cost pressures, and therefore potentially increasing costs, at a time when it is clear from the level of the indicative funding gap that substantial savings will have to be made.

Therefore a more cursory engagement with Heads of Service has been undertaken to gather information on cost pressures for 2012/13 onwards on a summary basis. Heads of Service, mindful of the financial position of the Council have restricted cost pressure requests for 2012/13 onwards. Furthermore, as a number of the cost pressures submitted in past years have been in relation to refurbishment of assets these have been separately identified with a view to funding any repairs that are considered high priority from the Asset Refurbishment / Replacement Reserve.

The list of submissions together with a commentary agreed with the Finance and Asset Management Portfolio Holder is attached at **Appendix A**. At this stage this means that there are no cost pressures to be included in the initial financial forecast and **£0.167m** to be funded from the Asset Refurbishment / Replacement Reserve in 2012/13 and **£0.060m** in 2013/14.

▪ **Inflation**

At this stage no allowance for inflation has been included in the initial forecast.

Local Government Services Employers have advised local government trade unions that they are not in a position to offer a pay award for 2011/12. At present the Initial Forecast also assumes a nil pay award in 2012/13 and 2013/14. Budget 2011 announced that following publication of the final report of the Hutton Review of Fair Pay in the Public Sector on 15th March 2011 that Government Departments would consult on implementation plans with their sectors in July 2011. In the Autumn the Government will set out proposals for the future of public sector pensions following the recommendations made by Lord Hutton's Independent Public Service Pensions Commission.

The inflationary rate for contracts has been set at **0%** pending the review of tenders for re-letting of the waste collection and recycling and street sweeping contracts. Other contracts are also being revisited in light of the need to make savings.

Given the need to substantially reduce the net budget overall no general inflationary increase has been included in the forecast for 2012/13. Services will be expected to maintain inflationary increases within budget but should this not be possible use of the contingency can be considered.

No allowance has been made for a general increase in fees and charges. However, Heads of Service will be expected to review all fees and charges to identify where

existing charges can be increased or new charges added to raise additional income towards the overall savings target.

▪ Budget Savings

Following the consideration of budgets savings included in 2011/12, one item – Horticultural Staffing Review – will deliver a further **£0.020m** saving from 2012/13 onwards.

▪ One-Off items in 2011/12 to be Removed from 2012/13 and Beyond Base Budgets

The following items, included as priority 1 in the 2011/12 budget were funded on a one-off basis and therefore need to be removed from the 2012/13 forecast. Provision of £30,000 per annum for the District Council elections has been retained, which over 4 years will provide the £120,000 which it is estimated to cost. This will remove the need for a substantial, one-off cost pressure every 4 years. The cost of meeting the E-planning licence agreements is to be considered as part of the Fundamental Service Review of Planning. The cost of member training was met by one-off funding from Improvement East.

	£'000
District Council Elections	(90)
E-Planning ICT Investment Licence Agreements	(49)
Member Training	(10)
Total	<u>(149)</u>

▪ Other Budget Adjustments

Following late announcements on the amount of Formula Grant to be allocated to district councils arising from changes to concessionary fares transition funding the variance amounts have been carried forward between years. This does not impact on the overall level of grant merely the years in which the funding is allocated. The provisions for member training and E-Planning are to fund the priority 1 cost pressures identified above. The Fit for Purpose Budget has been provided on a one-off basis to support the Council in delivering a balanced and sustainable budget in future years and to deliver organisational change.

	£'000
2011/12 Formula Grant carried forward to fund 2012/13	(76)
2012/13 Formula Grant to be carried forward to fund 2013/14	87
Improvement East funding for member training	10
Increase in Vacancy Provision for E-Planning	49
Commitments from 2010/11	6
Fit for Purpose Budget	(2,371)
Total	<u>(2,295)</u>

▪ Changes to Grant Funded Income

Homelessness Grant of **£0.060m** had been removed from the 2011/12 budget as it was assumed that this grant stream would end. It has in fact been continued over the

four years of the spending review and **£0.085m** has been allocated to Tendring DC in both 2011/12 and 2012/13. A corresponding expenditure budget of **£0.085m** has also been included.

A sum of **£0.283m** has been awarded to Tendring DC in relation to the New Homes Bonus. At this stage the funding has not been assumed in the initial forecast as consideration is being given as to how this funding could best be utilised.

▪ **Carry Forwards from the Base Budget which are to be Removed**

A number of one-off funding streams were applied in 2011/12 from the commitments reserve or from other specific earmarked reserves. These have been removed for 2012/13.

Carry Forwards from the Base Budget	£'000
Use of 2011/12 RSG	(76)
Contribution from Reserves to fund Fit for Purpose Budget	1,871
Contribution from Reserves to fund budget	967
Total	<u>2,762</u>

▪ **Central Government Support - Local Government Finance Settlement**

The Local Government Finance Settlement for Tendring District Council was **£10.941m** in 2011/2 and **£9.663** in 2012/13. Although specific figures have not yet been announced for 2013/14 and 2014/15 further indicative percentage reductions were announced in the Spending Review of 0.9% and 5.6% respectively.

▪ **Council Tax Assumptions**

The council tax grant which was available in 2011/12 to enable local authorities to freeze or reduce their council tax will continue in 2012/13 to fund the equivalent of a 2.5% increase ongoing from 2011/12. However, no new grant is available to enable authorities to freeze or reduce council tax in 2012/13 without any loss of income. For the purposes of the initial forecast a **0%** increase has been assumed but this may need to be revisited as part of the Revised Financial Strategy depending on the size of the funding gap at that time.

INITIAL FINANCIAL FORECAST REQUIREMENT 2012/13

Summary Financial Forecast for 2012/13

The overall base budget for 2012/13, taking into account the assumptions set out above, is as follows: -

Item	2012/13 £'000
Base Budget from 2011/12	18,863
Changes to Council Expenditure	
Inflation and increments	0
Cost Pressures	0
Budget Savings	(20)
Removal of one-off items from 2011/12	(149)
Other Budget Adjustments	(2,295)

Changes to Grant Funded Expenditure	145
Changes to Council Income	
Changes to Grant Funded Income	(145)
Carry Forwards from the Base Budget	2,762
Initial Base Budget Requirement for 2012/13	19,161
Funded By	
Local Government Finance Settlement	9,663
Council Tax (at 0%)	7,650
Council Tax Grant	192
Surplus on Collection Fund	80
Forecast Funding Available	17,585
Funding Gap in 2012/13	1,576

ASSESSMENT OF THE FINANCIAL POSITION FOR 2012/13 AND BEYOND

The strategy and forecast have been heavily influenced by the reduction in Government Formula Grant. Even though no provision has been made for inflation or for cost pressures the initial forecast funding gap for 2012/13 is **£1.576m**.

The overall savings target for the Council up to and including 2014/15 is **£4.4m**. Following the budget review exercise carried out with Portfolio Holders and Heads of Service during 2010 and further savings agreed as part of the budget a total of **£1.3m** was removed from the 2011/12 base budget. In preparing the initial forecast for 2012/13 a nil assumption has been made for both inflation and cost pressures thereby 'saving' a further **£0.2m**. Consequently the four year savings target now stands at **£2.9m**.

It is intended that **£1.9m** of this will be identified as part of the 2012/13 budget enabling a balanced position to be reached for both 2012/13 and 2013/14. A further **£1.0m** would then need to be identified for the 2014/15 budget. Government have given no indication of the level of Formula Grant that would be available beyond 2014/15 and, in any case, it is likely that there will be a new Local Government funding mechanism in place by then. However, the council tax grant will end in 2015/16 and assuming that there are cost and inflationary pressures with no real increase in core funding the Council may well need to make further savings beyond 2014/15.

The forecast position for the coming four years is set out in **Appendix D**. It should be noted that the forecasts have been calculated on the basis that the annual funding gap is closed in each year and that the forecasts therefore represent an ongoing requirement for savings to be found in each of the years. It is not the case that if the funding gap is closed in 2012/13 that a balanced budget position will ensue for 2013/14, 2014/15 and 2015/16.

In terms of preparing the forecast there are a number of variables and unknowns that could be either to the Council's advantage or disadvantage. These include:

Forecast variables that are currently unknown

- Levels of Formula Grant that could be available in 2013/14 and 2014/15;
- Outcomes from the Government's Local Resource Review which is looking into options for the future funding of local authorities including the re-localisation of business rates;
- Outcomes from the proposed localisation of council tax benefit and any impact on council tax collection levels;
- Outcomes from the reviews into Public Sector pay and pensions and any

- impact on long term pension costs and future pay awards;
- Any impact from the removal of the Housing Revenue Account subsidy system;
- The need to adequately fund priorities such as support of the local economy, regeneration of the most deprived areas of the district and the management of the coastline and sea defences;
- The need to replace the cremators at the Crematorium and comply with mercury abatement requirements;
- The outcomes from the re-tender of the waste and recycling and street sweeping contracts.

The latest position on these issues will be taken into account when the Revised Financial Forecast is prepared for consideration by Cabinet in December 2011.

MANAGEMENT OF THE BUDGET IN 2012/13 AND BEYOND

As set out above some savings have already been identified as part of the 2011/12 budget against the **£4.4m** target. This includes **£0.407m** from the detailed budget reviews, led by the Finance and Asset Management Portfolio Holder and involving all Portfolio Holders and Heads of Service, and **£0.677m** from other budget savings.

There are a number of ongoing actions to meet further the **£4.4m** target. The Council is currently implementing a major senior management review which, together with other staffing changes, is expected to deliver further savings of around **£1.0m**. Any exit costs associated with these staffing changes are being met from the fit for purpose budget which was specifically set aside to meet such costs thereby allowing the full impact of the savings to be felt in year 1. A comprehensive exercise to drive out, on a permanent basis, efficiencies contributing to the 2010/11 net savings position is underway. Further discussion with Heads of Service has identified a number of ongoing minor budget reductions which can also be removed from the base budget. In addition, actions included within the Tendring Spending Review Delivery Plan agreed by Cabinet on 10th November 2010 have been further discussed by Cabinet and Heads of Service are now working towards the implementation of actions to deliver these additional savings.

The outcome of all these strands of work will inform the Revised Financial Strategy and Initial Budget Proposals to be presented to Cabinet in December 2011.

BACKGROUND PAPERS FOR THE DECISION

There are none.

APPENDICES

APPENDIX A Summary List of Cost Pressures

APPENDIX B Initial Financial Forecast 2012/13 and Beyond

FINANCIAL STRATEGY 2012/13 AND BEYOND							Commentary	
GENERAL COST PRESSURES			Change compared to 2011/12					
Ref No.	Service	Description	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	
BenRevCP1	Benefits and Revenues	Replacement folding machine	30					Already included in the capital programme but not to be spent until an assessment of the opportunities to share equipment with other authorities has been undertaken
BenRevCP2	Benefits and Revenues	Replacement of high volume printers			10	12		Already included in the capital programme but not to be spent until an assessment of the opportunities to share equipment with other authorities has been undertaken
BenRevCP3	Benefits and Revenues	Replacement scan stations				42		Already included in the capital programme but not to be spent until an assessment of the opportunities to share equipment with other authorities has been undertaken
BenRevCP4	Benefits and Revenues	Replacement Northgate UNIX server		60				Include in capital programme to be funded from Asset Refurbishment / Replacement Reserve but not to be spent until an assessment of the opportunities to share equipment with other authorities has been undertaken
BenRevCP5	Benefits and Revenues	Possible change in court charges	4	4	4	4	4	Not funded. Meet from existing budgets and use contingency if there is a problem.
EnvCP1	Environmental Services	Additional environmental monitoring arising from the development of Bathside Bay container port and associated works				100	100	Not funded. Not required until 2015/16 and subject to development opportunities at Harwich
EnvCP2	Environmental Services	Funding of street cleansing service in relation to new contract to commence on 1 January 2012	140	140	140	140	140	Not funded. Await outcome of tender process.
EnvCP3	Environmental Services	Funding of household waste and recycling collection service (including food waste collection) in relation to new contract to commence on 1 February 2012	249	249	249	249	249	Not funded. Await outcome of tender process.
EnvCP4	Environmental Services	House to house inspections and assessment of 800 properties in Brooklands and Grasslands for clearance	30					Not funded. Subject to agreement of ongoing strategy for Jaywick.
EnvCP5	Environmental Services	Bathside Bay border inspection post for imports as required by EU.					300	Not funded. Not required until 2016/17 and subject to development opportunities at Harwich
EnvCP6	Environmental Services	Reletting Glass contract with potential price increase	20	20	25	25	25	Not funded. Await outcome of tender process.
EnvCP7	Environmental Services	Removal of recycling banks from supermarkets as they do it themselves	50	50	50	50	50	A review of the business case for each recycling bank is being undertaken and will be reported to the Portfolio Holder.
EnvCP8	Environmental Services	Capital funding to support Disabled Facilities Grants approved or started in 2011/2012 and beyond, but rolled over into the following year for payment/completion purposes	300	300	300	300	300	Not funded. Grants to be managed within existing budget provision.
EnvCP9	Environmental Services	Capital funding for renovation grants following loss of central government funding	150	150	150	150	150	Not funded. Grants to be managed within existing budget provision.
HRCP1	Human Resources and Customer Services	Training for newly appointed Managers	10	10	10	10	10	Not funded. Meet from existing budgets and use contingency if there is a problem.
HRCP2	Human Resources and Customer Services	Team spirit combined HR, Payroll and Appraisal software	40					Not funded but business case to be developed and subject to case being made could be funded from the Fit for Purpose budget as an invest to save project.
HRCP3	Human Resources and Customer Services	Renewal of IIP	12					Not funded. Not a priority.
HRCP4	Human Resources and Customer Services	Member Training	5	5	5	5	5	Not funded. Meet from existing budgets and use contingency if there is a problem.
HRCP5	Human Resources and Customer Services	New Occupational Health Provider	7	7	7	7	7	Not funded. Meet from existing budgets and use contingency if there is a problem.
LeiCP1	Leisure Services	New 5th year CAPITAL cost pressure for 2016/17 & adjustments to the approved Capital programme for 2012/12 - 2015/16 re The Councils 5 year rolling transport replacement programme. These vehicles & plant are purchased via a mixture of Contract Hire & Leasing.	-10	43	10	-52	317	Agreed. Impact is on ongoing revenue budget for leasing rentals which is sufficient.
LeiCP2	Leisure Services	Payment to CAMEO (Mercury abatement burden sharing scheme) from Dec 2011 for 50% (800) of total cremations a year.	9	36	36	36	36	Not funded. Adjust contribution to Cremator Replacement reserve to meet cost if required to be funded.
TOTAL			1,046	1,074	996	1,078	1,693	

FINANCIAL STRATEGY 2012/13 AND BEYOND				Commentary
ASSET REPAIR AND REFURBISHMENT				
Ref No.	Service	Title	£000	
EnvRR1	Environmental Services	Conversion of 3 public conveniences in Clacton to allow for charging for their use	200	Not funded. To be considered in line with Public Convenience Strategy.
HRRR1	Human Resources and Customer Services	Upgrade of existing air conditioning units	15	Not funded at the current time.
HRRR2	Human Resources and Customer Services	To upgrade the toilet facilities at the Town Hall and Council Office Weeley	45	To be considered as part of the review of provision of public conveniences
LeiRR1	Bereavement Services	Clacton Cemetery - Drainage works and setting out of new burial section	100	Future cemetery and crematorium provision to be jointly considered and to be informed by the latest position on requirements for mercury abatement (see next cost pressure).
LeiRR2	Bereavement Services	Weeley Crematorium - replacement of Cremators & consideration of Mercury Abatement Equipment	1,700	£700k is available in the Cremator Replacement Reserve towards this cost and a contribution of around £200k is made each year.
LeiRR3	Leisure Services	Clacton Leisure Centre - Replacement of Roof	170	Not funded pending completion of the evaluation of options for the future delivery of sports facilities.
LeiRR4	Leisure Services	Clacton Leisure Centre - Resurfacing of Tennis Courts	25	Not funded pending completion of the evaluation of options for the future delivery of sports facilities.
LeiRR5	Leisure Services	Phased repair/replacement of beach hut staging at The Leas, Walton before they become a safety risk. Includes year one prioritisation survey. Note: This area provides a significant income stream to TDC.	158	Feasibility study to be undertaken and funded from the Asset Refurbishment / Replacement Reserve to establish overall costs based on a five year plan. Estimated cost of study is £10,000.
LeiRR6	Leisure Services	Replacement of timber West Greensward cliff piling with permanent solution. The timber is moving and failure could cause significant structural damage to adjacent assets plus risk of harm in high profile public area. Once completed the site has potential for new beach hut income generation of £3k p.a. Note: The cost pressure is indicative subject to Engineers estimate expected shortly.	100	Minded to fund. Further investigations or feasibility study to be undertaken and discussed with Portfolio Holder.
LeiRR7	Leisure Services	Emergency repairs to Southcliff Beach Hut access steps and adjacent pathways. Note: steps closed for safety reasons but barriers regularly removed/replaced.	27	Minded to fund. Further investigations or feasibility study to be undertaken and discussed with Portfolio Holder.
LeiRR8	Leisure Services	Holland on Sea upper promenade repairs and slurry coat surface from York Road to Holland Haven radar tower.	30	Minded to fund. Further investigations or feasibility study to be undertaken and discussed with Portfolio Holder.
TOTAL			2,255	

2012/13 FINANCIAL STRATEGY- FIVE YEAR FORECAST

	2011/12 £000	2012/13 £000	Assumed Govt	Assumed Govt	Assumed Govt
			Grant Decrease of 0.9%	Grant Decrease of 5.6%	Grant Increase of 0%
<i>Movement in Budget</i>			2013/14 £000	2014/15 £000	2015/16 £000
Base budget from prior year	21,924	18,863	17,585	17,413	16,882
Inflation	(203)	0	150	300	300
Priority 1s	241	0	100	100	100
SIB	(302)	0	0	0	0
Additional Items From Council	0	0	0	0	0
One-off items in 2009/10 removed	(1,410)	(2,455)	0	0	0
Other Budget Adjustments	(84)	0	0	0	0
RSG Funding (to reserves)	76	11	(87)	0	0
Budget Review Meetings	(407)	0	0	0	0
Budget Savings	(677)	(20)	0	0	0
Changes to Grant Funded Expenditure	(966)	0	0	0	0
Changes to Grant Funded Income	966	0	0	0	0
Carry Forwards from the Base Budget	(295)	2,838	0	0	0
RSG from Reserves	0	(76)	(11)	87	0
Forecast Budget	18,863	19,161	17,737	17,900	17,282
Government Grant	10,941	9,663	9,491	8,960	8,960
Council Tax at 0.0%	7,650	7,650	7,650	7,650	7,650
Council Tax Grant for 2011/12	192	192	192	192	0
Surplus on collection fund	80	80	80	80	80
Available from Government Grant and Council Tax	18,863	17,585	17,413	16,882	16,690
Funding Gap	0	1,576	324	1,018	592
Cumulative Funding Gap		1,576	1,900	2,918	3,510