



Corporate Plan

2007 - 10

Making Gateshead a Better Place

A Message from the Leader of the Council -

Place shaping in Gateshead



Gateshead has changed significantly over the last 25 years. Our journey has been based on a long term vision and commitment to unlocking the potential of Gateshead. This picture of change is impressively illustrated through some of Gateshead's achievements. Our reputation has grown nationally, £500 Million has been invested in Gateshead Quays in the last 10 years. In 1987, unemployment in Gateshead was 17%, today it is 4%.

We are now entering the next stage in our journey of shaping our landscape, our place, to improve the quality of life for Gateshead residents.

The Gateshead Strategic Partnership has agreed its Vision for the Borough, Vision 2030, a long term strategy which sets out our collective aims and priorities for the future. This Corporate Plan is Gateshead Council's statement of intent – our priorities and action to achieve Vision 2030. Our full Council of 66 elected members, including our 10 Cabinet Members, have agreed 6 corporate priorities for the Council for the next 3 years. This Plan explains what these are and how we will make these happen. Elected Members through our Overview and Scrutiny Committees will monitor the performance and progress of this Plan.

We have three promises;

- Making Gateshead a better place
- Listening to local people
- Delivering excellent services

We look forward to making the Plan a reality.

*Councillor Mick Henry,
Leader of the Council*

A Message from the Chief Executive



We are entering a new phase in Gateshead, one of opportunity and ambition as we help shape and create a 21st Century Gateshead.

This Corporate Plan is a tool to help us focus resources and is a means by which our action can be measured and reviewed. It identifies our corporate priorities, our corporate values and our improvement targets. The Plan covers a 3 year period (2007 – 2010) with Improvement Targets being reviewed annually.

This Plan aims to simplify a potentially complex planning and performance regime. It sets out our corporate planning framework and our planning and performance cycle. It identifies our focus for the next 3 years (our priorities), what we aim to achieve (our improvement targets) and how we aim to do this (our resources). It also sets out how we will communicate our performance ('have we done what we said we would') to residents.

The intended audience of this Plan is our employees and our partners. It is based on the 6 Corporate Priorities agreed by our elected Members. It is a management tool to deliver those priorities.

This is an exciting time for us as we continue to shape Gateshead and to deliver what local people have told us matters to them.

Roger Kelly
Chief Executive

Our Vision 2030



Our Vision 2030

“Local people realising their full potential, enjoying the best quality of life in a healthy, equal, safe, prosperous and sustainable Gateshead.”

How will we achieve this Vision?

Gateshead Council has a duty to prepare a Sustainable Community Strategy setting the strategic vision for Gateshead. This strategic and community leadership role is a key priority for Gateshead to improve the quality of life for residents and to improve Gateshead.

This role is undertaken through the Gateshead Strategic Partnership (GSP) which brings together public, private, voluntary and community services and agrees priorities and action.

Gateshead Strategic Partnership has spent nearly a year talking to local people, public, private and voluntary sector agencies to identify and agree this long term vision and ambition for the future.

The GSP has prepared Vision 2030, the Sustainable Community Strategy for Gateshead. Within this are 6 ‘Big Ideas’. These are:

- City of Gateshead
- Gateshead goes Global
- Creative Gateshead
- Sustainable Gateshead
- Active and Healthy Gateshead
- Gateshead Volunteers

This Corporate Plan sets out Gateshead Council’s role – over the next 3 years – to achieve these Big Ideas.

Our Corporate Values



Our Promises

We have three promises:

Making Gateshead a better place
Listening to local people
Delivering excellent services

Our Corporate Values are:

Gateshead Council relies on all of its employees to be its ambassadors and to:

- Provide the best... *and* ... continue to make it better
- Embrace equality... *and* ... value difference
- Work with others ... *and* ... take personal responsibility
- Is honest and fair ... *and* ... be polite and caring
- Take pride in the past ... *and* ... build a better future
- Recognise our successes ... *and* ... learn from our mistakes

All of these are underpinned by:

ADOPT A 'CAN DO' APPROACH *AND* PUT PEOPLE FIRST"
ONE COMMUNITY, ONE COUNCIL, WORKING TOGETHER

Our Corporate Priorities

We have agreed 6 Corporate Priorities for the next 3 years. These will determine our activity and our resource allocation.

- Corporate Priority 1** Building Stronger Communities
- Corporate Priority 2** Empowering Children & Young People
- Corporate Priority 3** Empowering Older People & ensuring Healthier Communities
- Corporate Priority 4** Improving Accessibility, Connectivity and Economic Prosperity
- Corporate Priority 5** Serving our Customers
- Corporate Priority 6** Ensuring a Sustainable Gateshead

Our Corporate Priorities

- How we deliver these



Corporate Priority 1:

Building Stronger Communities

- Enhance engagement with neighbourhoods and communities to deliver locally responsive services
- Build cohesive and diverse communities
- Ensure a cleaner, greener, safer Gateshead
- Increase and improve access to community, cultural and learning opportunities through community “hubs”

Corporate Priority 2:

Empowering Children & Young People

- Develop mechanisms to further involve children and young people in decision-making processes
- Build capacity to reduce out-of-borough placements
- Reduce childhood obesity
- Increase the number of young people (post 16) entering into higher and further education

Corporate Priority 3:

Empowering Older People & Ensuring Healthier Communities

- Support local people living longer, healthier lives; reducing the life expectancy gap between the best and worst areas in the borough
- Implement the smoking ban and ensure Gateshead becomes “smoke-free”
- Support more older people and people with disabilities to live independently
- Through the Gateshead Strategic Partnership, work with the voluntary sector and other partners to further develop preventative services

Corporate Priority 4:

Improving Accessibility, Connectivity and Economic Prosperity

- Attract more people to live, work, visit and study in Gateshead
- Deliver key regeneration projects – Gateshead Central, schools and housing - sustainably
- Develop innovative transport solutions to address congestion
- Reduce worklessness and improve skills, and focus on knowledge based creative and innovation industries



Corporate Priority 5:

Serving Our Customers

- Deliver effective customer services hubs and satellites across the borough
- Developing new technologies to enhance customer service
- Continuously improve services, targeting areas of under performance
- Improve communication and develop mechanisms to involve all user-groups in the improvement of customer-focussed services

Corporate Priority 6:

Ensuring a Sustainable Gateshead

- Emphasise environmental sustainability and equality in all policies, services and new developments
- Build capacity across the council, partners, and local communities
- Improve approaches to sustainable waste and increase recycling rates in the borough
- Collaborate to deliver efficient, high quality services – through the Gateshead Strategic Partnership - and with other public, private and voluntary sectors
- Ensure best use of resources to deliver VFM services and long-term financial sustainability

Resources



The Council has three strategic resources:

- People (Employees)
- Finances
- Assets (Land and Property)

Employees

There are 10,300 employees who work for Gateshead Council. Corporate priority 6 aims to develop the capacity of the Council and our partners. We will aim to do this through investing in our employees through:

- Training and development (all employees will own Achievement & Development Plans which are reviewed every 6 months)
- Investors in People accreditation
- Our aim of a year-on-year increase in staff satisfaction

Finance

The Council's 3 year Medium Term Financial Strategy sets its strategic financial framework. Resources are allocated according to the 6 corporate priorities of the Corporate Strategic Plan.

The Council is committed to achieving 2.5% efficiency savings per year. Four cross-cutting efficiency projects which aim to achieve these efficiencies include:

- Asset Base
- Procurement
- Administration and ICT
- Human Resources

In addition to this, Groups and Services identify their contributions to achieving these efficiency savings through Services Plans and the policy and service planning cycle (budget setting process).

The Council's Medium Term Financial Strategy is an integral part of the Corporate Plan and is incorporated in this plan.



Assets

The Council's Asset Management Strategy sets out the framework for retaining and managing buildings and land. The Council owns 369 operational properties with a revenue budget of £26.2 Million. The Council's Efficiency Review has identified and agreed cashable efficiencies of £500,000 per year from assets to be reinvested into frontline services.

These resources are managed effectively through strategic risk assessment.

Risk Management

Risk management is embedded into the culture of the Council, with all officers at all levels recognising that risk management is part of their job. Risk management is closely aligned to the Council's strategic priorities with a clear focus on those significant risks that would prevent the Council achieving its key business objectives.

The Council has approved a Corporate Risk Management Policy, which is subject to an annual review.

The Risk Management Policy includes the requirement to

- identify strategic and operational risks
- assess the risks for likelihood and impact
- identify mitigating controls
- allocate responsibility for the mitigating controls.

The Council maintains and reviews a register of its business risks, linking them to strategic objectives and assigning ownership for each risk. The risks identified from within partnerships and other joint working arrangements are identified both as part of this process and in the case of partnership risks, also identified within specific partnership risk registers. The risk register is supported by a series of Group/Service risk registers that identify and assign the lower level operational risks. These risks are identified by services in Service Plans and are monitored and reviewed on an annual basis.

The Council's risk management process is reviewed comprehensively on an annual basis. Quarterly reviews are also conducted to facilitate in-year development and adherence to best practice.

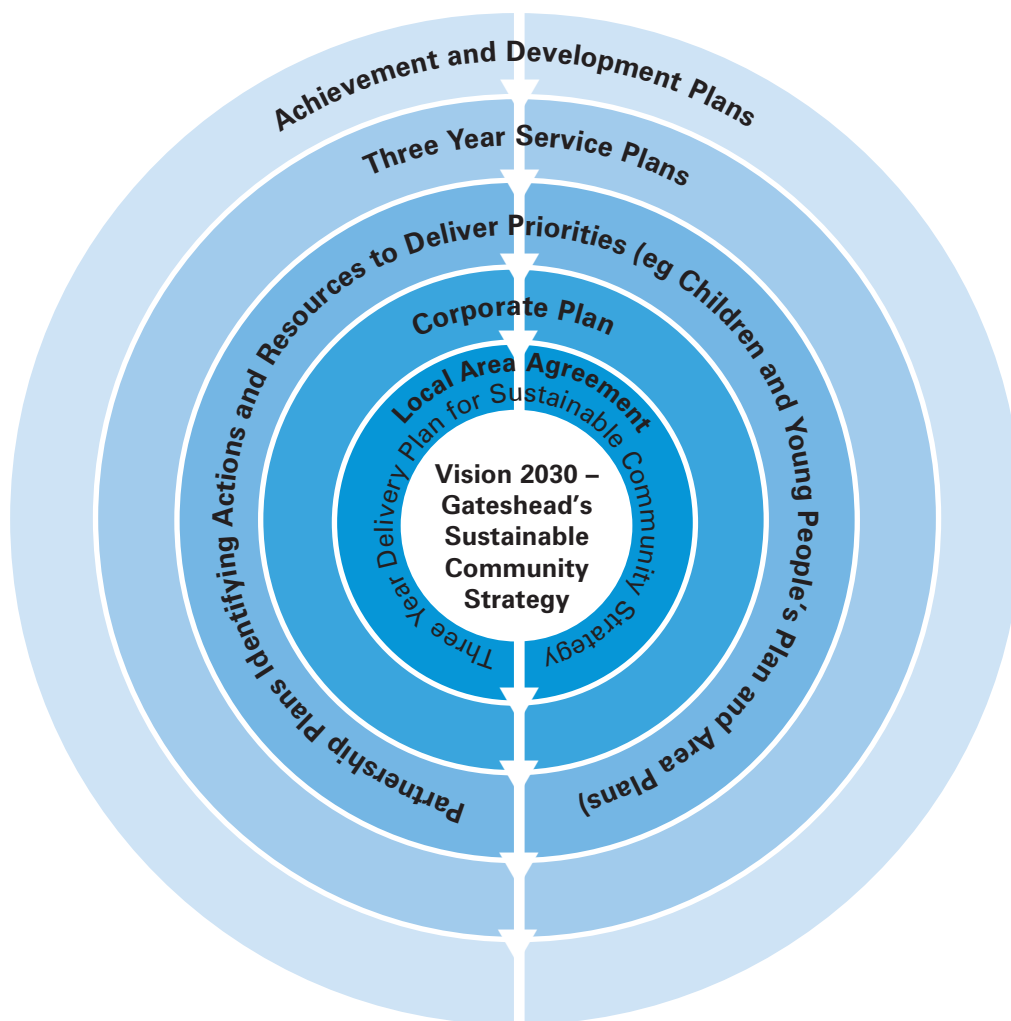
The Council's planning and performance management framework



Gateshead's Corporate Planning and Performance Framework supports the achievement of our vision by increasing capacity and achieving service excellence.

Our approach to corporate planning and performance has been developed to ensure that the system is simple and easy to use but is also robust and transparent. We aim to have a clear link between our plans to ensure delivery of our agreed outcomes to achieve better services for the local people of Gateshead.

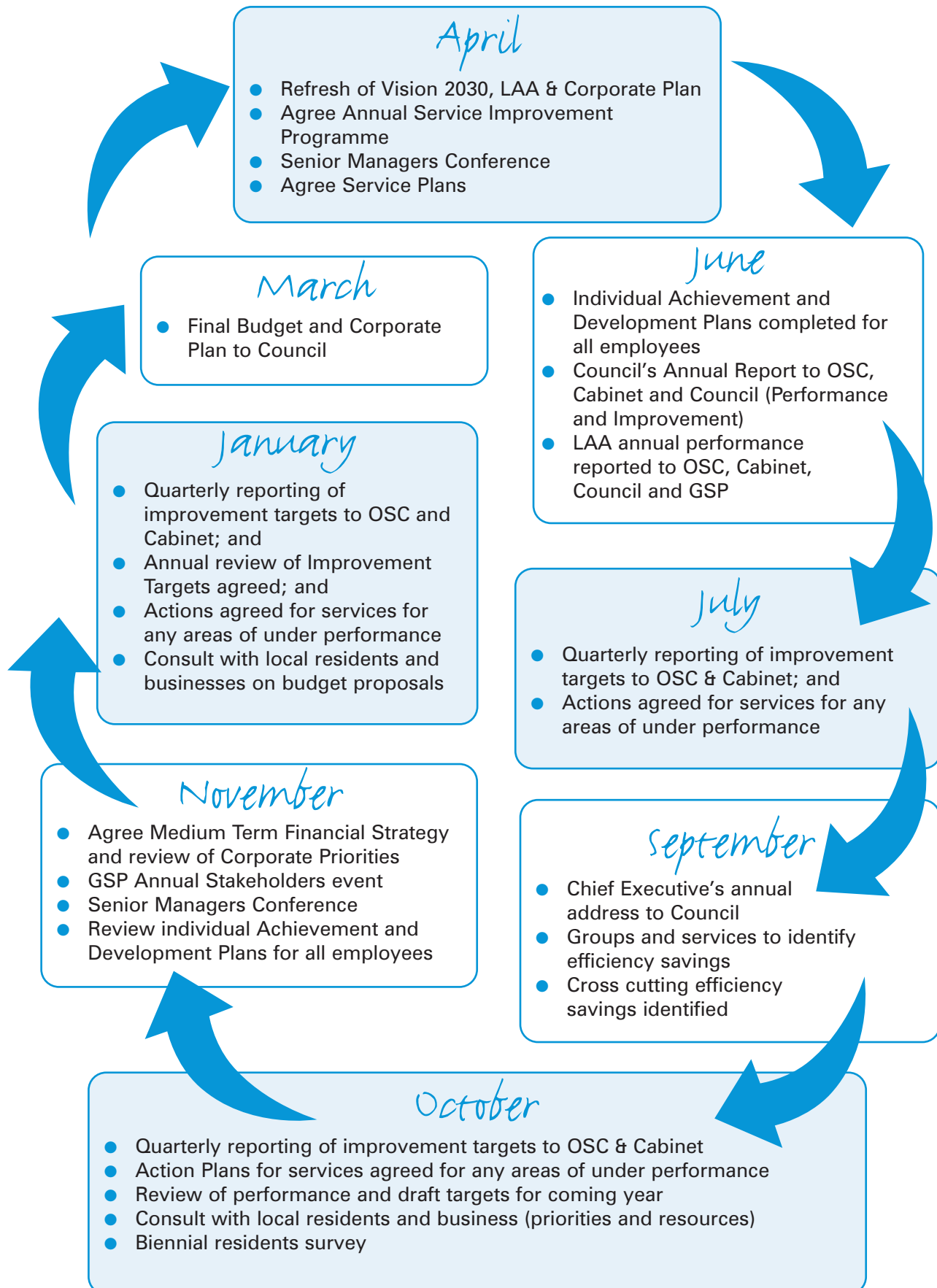
The annual corporate planning process translates the Council's priorities into definite outcomes and improvement targets that drive continuous improvement and efficient and effective use of resources.



The diagram above shows how the framework fits together from the Sustainable Community Strategy, the Local Area Agreement, all the way through to individual Achievement and Development Plans

The key stages of our planning and performance management cycle

The illustration below shows the key actions throughout the year which makes up the Council's planning and performance management cycle.



The framework aligns the needs and aspirations of local people to available resources and ensures that the Council understands and acts on performance issues at each level of the organisation.

The focus of this framework is on fewer, more **strategic improvement targets**, which are outcome based and reflect local priorities. The improvement targets, agreed by the Council will be used as the basis of reporting to local people on progress against the priorities. The achievement of the improvement targets along with the Local Area Agreement will also be the foundation of the discussions with central government around performance and improvement.

The improvement targets are supported by around 200 **performance measures**, which will help to provide challenge and assurance on local delivery, assess progress during the year and identify risks for future delivery.

Service Improvement

There is a strong commitment to continuous improvement and the Council is working to embed a performance culture throughout the organisation. The Council has continued to strengthen its planning and performance management arrangements so that we can have the greatest possible impact on local people's quality of life.

The key features of our framework are:

- bold aspirations to stretch and motivate the organisation
- a focus on people, service and financial performance
- an integrated system linking Vision 2030 and the Council's priorities to service plans and employee objectives
- strong leadership and accountability across all levels of the council
- engagement of employees at all levels and in all areas - a culture of ownership and commitment to ensure that individuals who are best placed to ensure delivery of targets have real ownership for doing so
- robust, transparent and rigorous systems, processes and procedures
- a coherent set of performance measures and targets to translate the aspirations into a set of specific indicators against which performance and progress can be measured
- rigorous performance review to ensure that continuously improving performance is being delivered in line with expectations
- easy to understand performance information that can be used for decision-making and service improvement
- integration of performance with risk management
- reinforcement of the importance of improvement to motivate individuals to deliver the targeted performance

Our programme of Service Improvement

On an annual basis the Council agrees its priorities for improvement in the year ahead. Priorities for improvement are identified in a number of ways:

- Monitoring current performance and assessment of existing and emerging priorities (Cabinet; Overview and Scrutiny Committees)
- Ongoing evaluation of performance and review
- Involving the community – this occurs throughout the year, but is focused in the activity of Viewpoint and the biennial residents survey
- As a result of changes in legislation or other external factors

Annual Service Improvement Programme

The Council's Annual Service Improvement Programme is agreed in April each year. The framework for the Improvement Programme is:

- **Annual cross cutting and area based reviews** (based on Best Value Principles) to achieve the Sustainable Community Strategy (Vision 2030) and the Council's Corporate Priorities. These will usually focus on strategic and long term aspirations of the Gateshead Strategic Partnership (GSP) and the Council and will be undertaken jointly with partners.
- **Annual service specific reviews** (based on Best Value Principles) to achieve the Council's corporate priorities and to achieve the Improvement Targets within this Corporate Plan. These will usually focus on areas of underperformance and will be undertaken by the Council. They will be shorter, focused reviews and will be supported by performance clinics.
- **Annual Scrutiny Reviews**, undertaken by the Council's Overview and Scrutiny Committees. These form part of the Committees annual work programme and are identified by the Overview and Scrutiny Committees and agreed by Cabinet.
- **Implement the Improvement Plans of completed Best Value Reviews** and report progress to Overview and Scrutiny Committees and Cabinet every 6 months.
- **A series of service assessments** as required by the Audit Commission and other Inspectorates.

The methodology and timescales undertaken for each of the types of reviews will differ.

Communication and community involvement



Every thing we do is underpinned by community involvement ensuring that individuals, service users, businesses and communities -

- are well informed about the Council and its partners, their work and the issues which affect their lives;
- are actively involved in the planning and development of the services that affect them;
- feel able to influence, shape and contribute to the services they receive and what happens in their area.

Our aims are:

- **Improved decision-making** – where decisions are informed through effective consultation and involvement.
- **Improved services and satisfaction** – where the views of local people are taken into account and services are targeted more closely to what the community wants and needs
- **Increased public confidence and improved local democracy** – where local people obtain a greater understanding of what the Council does along with becoming actively involved in the growth and development of services that impact on their lives.

The Council aims to have a co-ordinated and inclusive approach to community involvement and communications. Our community involvement and communications strategies work towards providing a culture where participation is encouraged, recognised and used in shaping and delivering improvements to services. The strategies complement and support the role that Councillors have within communities, ensuring that individual and community views help inform council decisions.

Through the Corporate Plan we will move from not only giving information but also engaging and involving local people in a continuous two way conversation with the Council and our partners.

- **Public Information:** notifying local people of what we intend to do, informing them of how they can get involved in consultation and participation and then ensuring that we provide appropriate and timely feedback on the outcome. For example press releases and publications.
- **Public Consultation:** asking people what they think about something we intend to do and acting on the findings. For example through Viewpoint - the citizens' panel, residents surveys, public meetings, website consultation and Council News.
- **Public Participation:** asking local people to help the Council decide what to do and encouraging them to take part in carrying out the decisions. For example through Neighbourhood Management and Planning for Real.



- **Public Empowerment:** giving people influence in decision making, and supporting them to develop and carry out their own plans, both in the neighbourhoods that they live in and the services they receive. For example Area Forums and local community partnerships. The first Area Forums will be held in June 2007, we will then monitor and review the effectiveness of the forums in June 2008.

We consult residents and businesses regularly to get their views. Key dates include:

- Biennial residents satisfaction survey (October)
- Priorities and resources consultation (October and January)
- Summer and Winter Viewpoint survey
- Annual programme of Viewpoint Focus Groups

We also inform and consult local people and businesses through the following main communication methods:

- 6 editions of Council News
- Daily press releases
- The Council's website
- A to Z of services

Our Promises

We have three promises:

Making Gateshead a better place
Listening to local people
Delivering excellent services

Our corporate priorities and improvement targets aim to deliver these promises. Service Plans and Achievement and Development Plans are designed and agreed with these promises in mind.

They will be supported by a series of campaigns. These include:

- It's Your Gateshead
(Making Gateshead a Better Place by delivering a cleaner, greener, safer Gateshead)
- Tell Us
(Making Gateshead a Better Place by listening to local people and acting on what you say)

Measuring our impact



The Corporate Plan will be measured through performance measures and improvement targets. Each year updated inserts to the Corporate Plan will be produced for each corporate priority along with an updated Annual Service Improvement Programme.

The Corporate Plan is one of a suite of documents that set out the Council's vision, priorities, achievements and how we work. These include:

- Vision 2030
- Gateshead Council's Corporate Plan
- Annual Report
- Gateshead Councillors' Handbook
- Guide to Gateshead Council

If you would like more information about Gateshead Council's Corporate Plan contact:

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KEY PERFORMANCE MEASURES FOR 2007/2008

How we measure our success to continually improve

Corporate Priority 1: Building Stronger Communities

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Building stronger communities</p> <p>Enhance engagement with neighbourhoods and communities to deliver locally responsive services</p> <p>Build cohesive and diverse communities</p> <p>Ensure a cleaner, greener, safer Gateshead</p> <p>Increase and improve access to community, cultural and learning opportunities through community "hubs"</p>	<p>Sustainable Gateshead</p> <p>Creative Gateshead</p> <p>Gateshead Volunteers</p> <p>LAA Theme - Safer and Stronger Communities</p>	<ul style="list-style-type: none"> ● Increase the percentage of people satisfied with overall cleanliness of the area from 72 to between 73-78% (BV89) ● Reduce the proportion of relevant land and highways (expressed as a %) from which unacceptable levels of graffiti are visible to between 10% and 7.5% (BV199b) ● Reduce the proportion of relevant land and highways (expressed as a %) that is assessed as having combined deposits of litter and detritus that fall below an acceptable level from 16.67% - 5.1% (BV199a) ● Increase the percentage of new abandoned vehicle reports investigated within 24 hours from 64.31% to 91% (BV218a) ● Reduce the average number of days taken to repair a street lighting fault, which is under the control of the local authority from 5.03 to 4.4 days (BV215a) ● Percentage of users satisfied with libraries from 75% to 76% (BV119b) ● Reduction in violent crime by 8% in 2007/08 compared with 2004/05 (BV127a) ● Achieve Level 3 of the Equality Standard by 2007 and Level 5 of the Equality Standard by 2009 ● The percentage of local authority employees with a disability from 0.86% to 1.80% (BV16a) ● Ensure the percentage turnout for local elections is at least 40% ● Increase the percentage of residents surveyed who said that they feel 'fairly safe' or 'very safe' during the day from 93.2% to 94.5% ● Increase the percentage of residents who said that they feel 'fairly safe' or 'very safe' after dark from 57.4% to 60-62% ● Increase the percentage of people volunteering in sport and active recreation for at least one hour a week from 4.82% to at least 5% (CBS 77) ● Increase from 64%, the percentage of residents who feel that people from different backgrounds get on well together (CX4) ● Reduce the number of adults killed or seriously injured in road traffic collisions from 80 to less than 80 (BV99) ● Narrow the crime gap between worst performing police beat areas and the rest of Gateshead. Reduce the percentage of the ten worst performing areas by 1% across all crimes, criminal damage, violent crime and youth disorder

KEY PERFORMANCE MEASURES FOR 2007/2008

How we measure our success to continually improve

Corporate Priority 2: Empowering Children and Young People

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Empowering Children and Young People</p> <p>Develop mechanisms to further involve children and young people in decision-making processes</p> <p>Build capacity to reduce out-of-borough placements</p> <p>Reduce childhood obesity</p> <p>Increase the number of young people (post 16) entering into higher and further education</p>	<p>Sustainable Gateshead</p> <p>Creative Gateshead</p> <p>Active and Healthy Gateshead</p> <p>LAA Theme – Safer and Stronger Communities</p> <p>LAA Theme – Children and Young People</p>	<ul style="list-style-type: none"> ● Increase the percentage of children attaining 5 or more A* - G GCSEs including Maths and English from 89.2% to 92% (BV39) ● Reduce the percentage of post 16 year olds not in education employment and training from 13.8% to 10.35% (LC30) ● Increase the number of young people accessing School Holiday Activity Programmes from 3142 to 4500 by 2009 ● Continue to review all child protection cases within agreed timescale (DT4 BV162 PAF/CF/C20) ● Increase the percentage of children and young people participating in 2 hours of high quality Physical Education and School Sport per week from 74% to 85% ● Reduce the number of children killed or seriously injured in road traffic collisions from 17 to less than 14 (BV99) ● Increase the number of young people in citizenship and democracy groups from 151 to 270 ● Increase the educational attainment of Looked After Children in Year 11 from an average 129 points to 137 ● Improve performance in adoptions of children looked after to at least 9% (BV 163) ● 95 – 100% of children looked after will have communicated their views to a statutory review (PAF CF/C63) ● No more than 15% of children newly looked after will be placed more than 20 miles from home (PAF CF/C69) ● The ratio of former care leavers in employment, education or training, in comparison with the local labour force of 18 – 25 year olds will be 0.9 – 0.95 (BV 161) ● By 2010, all children and young people will be offered at least 4 hours of quality physical activity provided both in and out of school ● Monitor the height and weight of all children and young people to reduce the number of overweight or obese youngsters ● Reduce the percentage of pupils 0-19 with statements of SEN as a percentage of all children from 2.08% to 1.7% ● Reduce the percentage of half days missed due to total absence in secondary schools maintained by the LEA from 8.12% to 7.68% (BV45) ● Reduce the percentage of half days missed due to total absence in primary schools maintained by the LEA from 5.37% to 5.16% (BV46)

KEY PERFORMANCE MEASURES FOR 2007/2008

2007/2008

How we measure our success to continually improve

Corporate Priority 3: Empowering Older People and Ensuring Healthier Communities

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Empowering Older People and ensuring Healthier Communities</p> <p>Support local people living longer, healthier lives; reducing the life expectancy gap between the best and worst areas in the borough</p> <p>Implement the smoking ban and ensure Gateshead becomes "smoke-free"</p> <p>Support more older people and people with disabilities to live independently</p> <p>Through the Gateshead Strategic Partnership, work with the voluntary sector and other partners to further develop preventative services</p>	<p>Active and Healthy Gateshead</p> <p>Gateshead Volunteers</p> <p>Creative Gateshead</p> <p>Sustainable Gateshead</p> <p>LAA Theme – Healthier Communities and Older People</p>	<ul style="list-style-type: none"> ● Ensure the percentage of people participating in at least 30 minutes moderate intensity sport and active recreation in England on three or more days a week ('3 x 30') from 22.68% to at least 25% ● Acceptable waiting times for care packages from 82.95% to 86-92% (BV 196 PAF D56) ● Acceptable waiting times for assessment for older clients from 80.56% to 83-88% (BV195 PAF D55) ● Reduce premature mortality rates and reduce inequalities in premature mortality rates between wards of neighbourhoods as measured by: average person life expectancy of 5 worst performing wards – targets to be set during 2007/08 ● Service users who are supported to establish and maintain independent living from 96.2% to 96-98% (SP KPI 1) ● Increase the number of adults and older people receiving direct payments at 31 March per 100,000 population aged 18 or over from 75.12 to between 120-130 (BV201) ● Assist at least 165 people in receipt of Incapacity Benefits or people with disabilities into sustainable employment for 16 hours or more per week lasting for 13 consecutive weeks or more by 2009/10 (DE26) ● Increase the levels of overall satisfaction with sports provision in respondents' local area from 59% to 63% in 2009/2010 and 67% in 2012/2013 (BV 119a) ● Reduce the all age, all cause mortality rate in line with government requirements

KEY PERFORMANCE MEASURES FOR 2007/2008

2007/2008

How we measure our success to continually improve

Corporate Priority 4: Improving Accessibility, Connectivity and Economic Prosperity

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Improving Accessibility, Connectivity and Economic Prosperity</p> <p>Attract more people to live, work, visit and study in Gateshead</p> <p>Deliver key regeneration projects – Gateshead Central, schools and housing - sustainably</p> <p>Develop innovative transport solutions to address congestion</p> <p>Reduce worklessness and improve skills, and focus on knowledge based creative and innovation industries</p>	<p>City of Gateshead</p> <p>Gateshead Goes Global</p> <p>Sustainable Gateshead</p> <p>Creative Gateshead</p> <p>LAA Theme – Economy and Environment</p>	<ul style="list-style-type: none"> ● Meet the milestones which the current Local Development Scheme sets out (BV200b) ● Reduce the percentage of working age population that is economically inactive from 23.5% to 23.15% (DE32) ● Ensure that the percentage change in the number of VAT registrations is at least 1.3% each year (DE34) ● Reduce the percentage of council homes not meeting the decency standard from 39.85% to 13.33% (BV184a) ● Percentage of population that are within 20 minutes travel time (urban areas by walk; rural areas by car) of a range of three different sports facility types, of which one has achieved a specified quality assured standard from 28.04% to 40% (CBS 78) ● By 2010, 70% of vulnerable people living in Decent Homes in the private sector ● By 2010, 710 private sector properties improved to support housing market renewal

KEY PERFORMANCE MEASURES FOR 2007/2008

How we measure our success to continually improve

Corporate Priority 5: Serving Our Customers

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Serving our customers</p> <p>Deliver effective customer services hubs and satellites across the borough</p> <p>Developing new technologies to enhance customer service</p> <p>Continuously improve services, targeting areas of under performance</p> <p>Improve communication and develop mechanisms to involve all user-groups in the improvement of customer-focussed services</p>	<p>City of Gateshead</p> <p>Sustainable Gateshead</p> <p>LAA Theme – All</p>	<ul style="list-style-type: none"> ● Increase the percentage of citizens satisfied with the overall service of the Council from 62% to 67% (BV3) ● Increase the percentage of residents who agree that the Council listens to their views from 43.9% to 48%. (CX2) ● Increase the percentage who agree that they can influence decisions affecting local area from 43% to 45% (CX6) ● Increase satisfaction with the length of time it takes to answer customer calls – set baseline in 2007/08 ● Increase satisfaction with the length of time it takes to deal with customer enquiries – set baseline in 2007/08 ● Increase the number of customer service access points for people to contact the Council from 16 to 21 ● Increase the percentage of authority buildings open to the public in which all public areas are suitable for, and accessible to, disabled people from 19.2% to 90% (BV156) ● Increase satisfaction of Members with support available for them to carry out their role (baseline to be established) ● Full Investors in People accreditation for Gateshead Council by 2008 ● Reduce the average processing time taken for all new housing and council tax benefit (HB/CTB) claims submitted to the local authority, for which the date of the decision is within the financial year being reported from 47.09 day to 28 days (BV78a)

KEY PERFORMANCE MEASURES FOR 2007/2008

How we measure our success to continually improve

Corporate Priority 6: Ensuring a Sustainable Gateshead

Corporate Priority	Vision 2030 'Big Idea' and Local Area Agreement	Key Improvement Targets to be Achieved by 2010
<p>Ensuring a Sustainable Gateshead</p> <p>Emphasise environmental sustainability and equality in all policies, services and new developments</p> <p>Build capacity across the council, partners, and local communities</p> <p>Improve approaches to sustainable waste and increase recycling rates in the borough</p> <p>Collaborate to deliver efficient, high quality services – through the Gateshead Strategic Partnership - and with other public, private and voluntary sectors</p> <p>Ensure best use of resources to deliver VFM services and long-term financial sustainability</p>	<p>Sustainable Gateshead</p> <p>Creative Gateshead</p> <p>LAA Theme – Safer and Stronger Communities</p>	<ul style="list-style-type: none"> ● Increase the percentage of household waste which has been sent by the authority for recycling from 11.64% to 15.75% (BV82a) ● To increase the percentage of the fleet operating on a blend of fuel containing at least 20% biodiesel from 0% to 50% ● Reduce the number of working days lost due to sickness absence from 12.29 to 10.25 (BV12) ● Deliver over and above our statutory efficiency target (to be reinvested into corporate priorities) – targets to be set following Government Comprehensive Spending Review ● Reduce overall energy use in council buildings by 10% ● Increase the percentage of council tax collected by the authority in the year from 95.9% to 97.3% (BV9) ● Designate at least five further sites as Local Nature Reserves by the end of 2010 ● Exceed the percentage of new homes built on previously developed land by at least 5% above the national average ● Increase the percentage by value of environmentally friendly office supplies sold to Gateshead customers through the NEPO contract by 5% per year

The Annual Service Improvement Programme for 2007/08 is as follows:

Type of Review	Review Topic
Annual cross cutting Area Based Review	Health Inequalities - narrowing the 10 year gap of life expectancy between Central and West Gateshead. A joint review with Health Partners (PCT and Gateshead NHS Foundation Trust, focusing on the life expectancy differences between the best and worst wards in the borough).
Annual Service specific reviews	Communications, Engagement and Satisfaction - address the decrease in resident satisfaction rates in the Borough, in particular the relationship between greater communication, consultation and engagement and increase in satisfaction and engagement rates.
Annual Overview and Scrutiny Reviews	<p>Corporate Vitality OSC – Procurement</p> <p>Children and Young People OSC – Impact of Children’s Centres and Early Years activities</p> <p>Healthier Communities OSC – Health Inequalities</p> <p>Sustainable Communities People – Review of participation in community sport and leisure</p> <p>Sustainable Communities Place – Review of opportunities for building social housing</p>
Implement Improvement Plans of completed Best Value Reviews	Birtley Best Value Review; Services to Neighbourhoods Best Value Review; Best Value Review of Leisure Services; Best Value Review of Services to Schools; Best Value Review of Services to Tenants; Libraries; Review of Community Safety
Service assessments as required by the Audit Commission and Inspection	<p>Social care for adults:</p> <ul style="list-style-type: none"> ● Assess the Council’s performance against the ‘Performance Assessment Framework’ (PAF) ● Support the completion of the Self Assessment for Adult Care that the Council provides to CSCI each year <p>Complete the annual performance appraisal (APA) of services supporting children and young people in local authority areas.</p> <p>Complete the Benefits self-assessment for CPA by 30 June 2007</p> <p>Carry out a self-assessment of services that contribute to the Housing Assessment under CPA. Agree service improvement activity needed.</p> <p>Carry out a self-assessment of services that contribute to the Culture Assessment under CPA. Agree service improvement activity needed.</p> <p>Carry out a self-assessment of services that contribute to the Environment Assessment under CPA. Agree service improvement activity needed.</p> <p>Complete the self-assessment to contribute to the annual assessment of ‘use of resources’ carried out by the Audit Commission. Assist with any associated site-visit.</p> <p>Complete the annual efficiency statement</p>

GATESHEAD COUNCIL CABINET MEMBERS 2007/2008



Councillor
Mick Henry
Leader of the Council



Councillor
Peter Mole



Councillor
Catherine Donovan



Councillor
Linda Green



Councillor
John McElroy



Councillor Ian Mearns
*Deputy
Leader of the Council*



Councillor
Michael McNestry



Councillor
Malcolm Graham



Councillor
David Napier



Councillor
David Bollands

GATESHEAD COUNCIL
STRATEGY GROUP
2007/2008



Roger Kelly
Chief Executive



Jane Robinson
*Assistant
Chief Executive*



Maureen Kesteven
*Strategic Director
Legal and Corporate
Services*



Derek Coates
*Strategic Director
Finance and ICT*



Maggie Atkinson
*Group Director
Learning and Children*



Steve Bramwell
*Group Director
Community Based
Services*



Derek Quinn
*Group Director
Development and
Enterprise*



John Robinson
*Group Director
Local Environmental
Services*

GATESHEAD COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

2007/08 – 2009/10



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1 Purpose of the Medium Term Financial Strategy

- 1.1 The MTFFS is a key part of the Council's Policy and Service Planning and Performance Management framework which aims to ensure that all revenue resources are directed towards policy priorities and is an integral part of the Corporate Business Plan. The strategy describes the financial direction of the Council and outlines the financial pressures over a 3 year period. It is also the initial indication of the likely direction for financial planning over the next year.
- 1.2 The MTFFS establishes how available resources will be allocated to priority service areas and corporate budget pressures in line with Council priorities following extensive consultation with Councillors, residents, partners and other stakeholders.

2 Benefits of the MTFFS

- 2.1 The MTFFS assists in:-
- Meeting the strategic priorities of the Council and responding to service resource requirements.
 - Improving financial planning and the financial management of the Council's revenue and capital resources.
 - Maximising the use of resources available to the Council, both internal and external.
 - Ensuring that the Council provides value for money and continues to achieve efficiency gains.
 - Allowing the development of longer term budgets and strategic thinking.
 - Aligning financial resources to Council's spending priorities.
 - Reviewing the Council's policy on reserves.
 - Responding to external pressures.
 - Developing a sustainable budget over the medium term.

3 Principles of the MTFS

3.1 The principles underlying the MTFS 2007/08 to 2009/10 are as follows:-

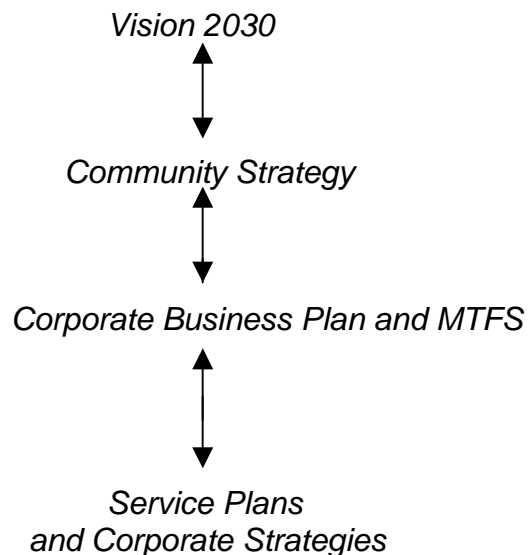
- 1) The overall financial strategy will be to ensure that the Council's resources are directed to achieving the Council's six key priorities of:-
 - Building Stronger Communities
 - Empowering Children & Young People
 - Empowering Older People & Ensuring Healthier Communities
 - Improving Accessibility, Connectivity and Economic Prosperity
 - Serving our Customers
 - Ensuring a Sustainable Gateshead
- 2) The Council recognises that it will not be able to continue to resource current levels of service without putting an extra burden on council taxpayers and will ensure that efficiency savings in non-priority areas are identified and redirected to priority areas.
- 3) Overall Council spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.
- 4) The Council will maintain its general reserve at a minimum of 3% of its net budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of general reserves.
- 5) The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.
- 6) The Council will continue to improve its approach to efficiency, value for money and procurement. It will specifically ensure that existing targets for efficiency gains of £5.2m per annum to the end of 2007/08 are identified and recorded and will seek to achieve further efficiency targets arising from the 2007 Comprehensive Spending Review.
- 7) The Council recognises the impact of increases in council tax levels in an area of relatively low income and low wealth (as measured by property values) and will balance the need for council tax increases against the delivery of its six medium term objectives.

- 8) The Council will use the service planning process to review its level of fees and charges annually to ensure they are set at an appropriate level in line with policy priorities and take into account comparative levels of charge and ability to pay.
- 9) The Council will consider ways in which it can maximise its powers of well-being including the consideration of new charges to maximise income, and trading opportunities.
- 10) The Council will consider the use of prudential borrowing to support the capital programme implications of the delivery of its six key priorities and will ensure that the cost of borrowing is met from efficiency gains or the agreed use of earmarked reserves.
- 11) The Council will continue to contribute to reviews of the local government finance system, both in its own right and as a member of lobbying groups, such as ANEC and SIGOMA.
- 12) The Council will ensure that specific school resources earmarked in the Dedicated Schools Grant are distributed in line with the formula for Local Management of Schools and this distribution is regularly reviewed in conjunction with the Gateshead Schools Forum.
- 13) The Council's service planning process will inform the review of the MTFS on an annual basis. The annual review will include an update of the 3 year budget forecast.
- 14) Opportunities for securing external funding to support the Council's medium term objectives will be sought. The implications of the cessation or withdrawal of funding will also continue to be reviewed so that options can be considered on the future of funded schemes.

4 Policy Context

Corporate Plans and Strategies

4.1 The hierarchy of corporate plans and strategies is shown below.



- 4.2 Vision 2030 is led by the Gateshead Strategic Partnership and is the overarching strategy setting out the long term vision and priorities for the future of Gateshead. The Partnership has agreed, that it aims to achieve *strong communities at the heart of the Vision for 2030*.
- 4.3 The Community Strategy sets out high level objectives agreed by the Gateshead Strategic Partnership following consultation with the community.
- 4.4 The Corporate Business Plan sets out the Council's medium term objectives and how these contribute to the delivery of the Community Strategy. The MTFS forms part of the Corporate Business Plan.
- 4.5 Service Plans are produced annually for all Council services and demonstrate how each service contributes to achieving the Council's 6 medium term priorities. Service Plans include 3 year forecasts of strategic operational and budget pressures which help inform the annual review of the MTFS.
- 4.6 Corporate Strategies include the Human Resources Strategy, the People and Organisational Improvement Strategy, the ICT Strategy, the Capital Strategy, and the Children & Young People's Plan. These strategies are linked to the Corporate Business Plan and MTFS.

Key Priorities

4.7 The Council's 6 key priorities for 2007/08 – 2009/10 are each underpinned by a number of other priorities. These are:-

- 1 Building Stronger Communities
 - Enhance engagement with neighbourhoods and communities to deliver locally responsive services
 - Build cohesive and diverse communities
 - Ensure a cleaner, greener, safer Gateshead
 - Increase and improve access to community, cultural and learning opportunities through community 'hubs'
- 2 Empowering Children & Young People
 - Develop mechanisms to further involve children and young people in decision-making processes
 - Build capacity to reduce out-of-borough placements
 - Reduce childhood obesity
 - Increase the number of young people (post 16) entering into higher and further education
- 3 Empowering Older People & Ensuring Healthier Communities
 - Support local people living longer, healthier lives; reducing the life expectancy gap between the best and worst areas in the borough
 - Implement the smoking ban and ensure Gateshead becomes 'smoke free'
 - Support more older people and people with disabilities to live independently
 - Through the Gateshead Strategic Partnership work with the voluntary sector and other partners to further develop preventative services
- 4 Improving Accessibility, Connectivity and Economic Prosperity
 - Attract more people to live, work, visit and study in Gateshead
 - Deliver key regeneration projects – Gateshead Central, schools and housing – sustainably
 - Develop innovative transport solutions to address congestion
 - Reduce worklessness and improve skills
 - Agree an economic strategy for Gateshead focussing on knowledge based creative and innovation industries
- 5 Serving our Customers
 - Deliver effective customer service hubs and satellites across the borough which are part of the community 'hub' network
 - Developing new technologies to enhance customer service
 - Continuously improve services, targeting areas of under performance
 - Improve communication and develop mechanisms to involve all user-groups in the improvement of customer-focussed services

- 6 Ensuring a Sustainable Gateshead
- Emphasise environmental sustainability and equality in all policies services and new developments
 - Build capacity across the Council, partners and local communities
 - Increase recycling rates in the Borough
 - Collaborate to deliver efficient, high quality services through the Gateshead Strategic Partnership and with other public, private and voluntary sectors
 - Ensure best use of resources to deliver Value for Money services and long term financial sustainability.

Key Challenges

4.8 The emerging challenges for Gateshead include:-

- Continuous decline in population over the past 25 years, although the last 3 years have seen an increase of 500 people to the Borough.
- An ageing population, but there is evidence of increasing migration to Gateshead and new communities developing.
- Significant improvement in our unemployment rate (4%), but unemployment is still high in some wards (10%).
- Worklessness - high levels of people out of work, especially disadvantaged groups such as older people; lone parents; over 50's; and people with disabilities.
- Health - poor health remains an issue, with significant differences between wards.
- A low wage economy and lack of enterprise.
- Car ownership increasing, congestion increasing, whilst public transport usage is decreasing.

5 Financial Context

Government Policy

5.1 Government policy for the period of the MTFS, particularly in respect of the Comprehensive Spending Review 2007 (CSR 2007), the Local Government White Paper and the Lyons Review is expected to result in an increasing emphasis on:-

- Neighbourhoods
- Partnership Working with both other local authorities and other public/private sector organisations
- Pooled Budgets and Local Area Agreements
- Potential structural changes in the public sector, particularly in health and police
- Changes to external inspection regimes, including the CPA

- Continued development of achieving VFM in public services and the extension of efficiency targets of 2.5% per year for local government

CSR 2007

- 5.2 The CSR 2007 will be announced in June 2007 and will set out the Government's funding plans for 2008-2011. It is likely to be the tightest spending review since 1997. It is expected that local authorities will continue to be required to deliver annual efficiency gains beyond 2007 at a higher level than the current targets of 2.5%.

Local Government White Paper/Lyons Review

- 5.3 The Government published the Local Government White Paper on 26 October 2006. The key proposals within the white paper are:-
- A new performance framework that significantly reduces the number of national performance indicators and which will replace CPA with a new assessment framework.
 - An enhanced role for Councils as strategic leaders and place shapers through stronger Local Strategic Partnerships and LAAs.
 - Stronger cities, strategic regions by reforming Passenger Transport Authorities.
 - Stronger political leadership.
 - A strengthened role for front line councillors.
 - A wider and stronger role for scrutiny.

Although the White Paper identifies a number of key areas which could have financial implications for local authorities, it does not consider the Local Government Funding System.

- 5.4 The Lyons Review, which will consider options for the future funding of local government was expected to report in December 2006, but recent reports suggest it might be postponed until the new year. The initial delay in the reporting of the findings of this review has meant the postponement of the revaluation of council taxes originally planned for 2007.

Current Local Government Finance System

- 5.5 For the 2006/07 Local Government Finance Settlement, the Government introduced a new methodology for distributing grant to local authorities, the Four Block Model and also introduced a 2 year settlement for local authorities for the first time. The 2006/07 settlement announced formula grant figures for 2006/07 and indicative grant figures for 2007/08.
- 5.6 In 2006/07 Gateshead received a grant increase of 2.1% after taking account of amending reports, adjusting prior year population data errors. This compared to a national average increase of 3%.

- 5.7 Gateshead is expected for 2007/08 to be at 'the floor' for grant increases (2.7%) compared to a national average increase of 3.8% on the basis of the 2006/07 settlement announcement. This represents an anticipated increase in grant of £2.55m. Future financial settlements beyond 2007/08 will be announced in the Spending Review 2007 and are expected to be tight. It is therefore important that the Council continues to maximise efficiency gains over this period.

Education Funding System

- 5.8 The 2006/07 Local Government Finance Settlement also introduced the new Dedicated Schools Grant (DSG). For 2006/07 the Council received £95.668m and for 2007/08 the DSG is expected to be £101.069m an increase of £5.4m (5.65%).
- 5.9 The DSG is required to be spent directly on schools and given the above inflation increases in grant it leaves a proportionately lower level of grant increase for all other Council services. In common with all other Council services, non-schools education services are still financed through Formula Grant.

Economic Trends

- 5.10 The Bank of England has recently increased the base rate to 5%. This has positive benefits on increasing returns on investments but it is also expected to increase the cost of borrowing. In the longer term (2008-10) the market expectation is that inflation will fall back to around 2% if the Bank of England's interest rate policy is successful.
- 5.11 A combination of lower returns and longer life expectancies have led to a shortfall in the Tyne and Wear Pension Fund which has resulted in increases in employer contributions from 2005/06 onwards following the latest actuarial triennial valuation. The next actuarial valuation is due in 2007/08 when the impact of recent changes to reduce liabilities can be taken into account.

6 Council's Current Financial Position

2005/06 Outturn Position

- 6.1 Actual revenue spending in 2005/06 was £245.841m, which represents an underspend of £0.922m against the original estimate of £246.763m.
- 6.2 The Council's net revenue budget for 2005/06 was set at £255.763m, including levies and precepts (£246.763m before levies and precepts) and the Council agreed that a gross contribution from reserves of £5m would be used to support the overall 2005/06 budget.

- 6.3 The underspend of £0.922m for the year meant that an equivalent gross figure of £4.078m from reserves would be used to support 2005/06 expenditure, including contributions to earmarked reserves from service budgets.
- 6.4 In the Council's Statement of Accounts, the net contribution to/from earmarked reserves is shown. The net contribution to reserves in 2005/06 was £1.999m, which is equal to the £4.078m gross contribution, less £5.966m contribution to reserves from within service budgets.
- 6.5 The £5.966m includes not only items which were budgeted for, such as the £1.884m contribution to the Gateshead Development Pool, but also amounts which are prescribed by the requirements of the SORP, which include appropriations to the insurance reserve (£4.902m), schools reserves (£0.666m) and the waste trading reserve (£0.432m).

2006/07 Budget Pressures

- 6.6 The 2006/07 Base Budget is under increasing pressure in a number of priority service areas. A report to Cabinet on 17 October 2006, based on the six monthly position to the end of September, suggests an overspend in the current year of £0.9m. Although action is being taken to reduce this figure, the budget will continue to remain under pressure as reflected in the base budget forecasts for 2007/08 onwards, shown in Section 12.

External Funding

- 6.7 The Council has been successful in sourcing external funding and delivering the required outcomes. This places a continuing reliance on the number of different funding regimes which the Council and its partners can access. These regimes often have financial implications such as the need to provide matched funding and short timescales in terms of the duration of funding.
- 6.8 The MTFs identifies the financial implications of these external funding regimes, particularly those resulting from the withdrawal of funding, so that decisions can be made as part of the Policy, Service Planning and Performance Management framework on whether alternative funding can be identified. Those most at risk due to funding not being available in 2007/08 total £1.4m. Schemes where funding will expire in 2007/08 but alternative sources are being pursued are not included at this stage.

7 Medium Term Budget Pressures

7.1 As part of the Council's Policy and Service Planning and Performance Management Framework, individual service plans have identified future medium term budget pressures. For each Council Group, these have been identified as follows:-

Community Based Services

- 7.2 Community Based Services manages a net revenue budget of £61 million. The past 2-3 years have presented significant challenges for Community Based services, particularly around sustainability of external funding, the growing demand and cost of services and the formation of the Gateshead Housing Company, to manage the Council's housing stock, which attracted £232m to achieve the decent homes standard.
- 7.3 Spending on Older People is high and is matched by 3 stars from CSCI, with 'excellent capacity for improvement' for performance in Adult Social Care. Residential Care client numbers are above average, reflecting the Council's demographics. Resources have been diverted from residential and nursing home care to domiciliary care and promoting independence.
- 7.4 The Council is a below average spender for community housing, supporting people and housing management, the latter due to efficiencies arising from the establishment of the Gateshead Housing Company.
- 7.5 Projections for natural demographic growth demonstrates that pressure on services will continue to rise across all client groups with the over 75 age group growing significantly in a five year period. In addition, the nature of the cases is beginning to reflect very complex needs for a growing number of frail people.
- 7.6 Transitions from Children to Adults now represent a significant number of expensive packages, which will impact on adult's services over the next few years. In addition, adaptations to support people in their own homes are growing and costly, creating significant budget pressures. The cost of care will continue to rise as the growth will impact on the number of clients reliant on support. This will be in addition to the annual price increases.
- 7.7 The service has come some way to address the budget pressures by addressing costs of the service. Over the past 2-3 years there has been a reduction of 20% of the workforce in direct employment. Services are now being commissioned differently, from the independent and voluntary sector, £25m is currently invested in external provision.
- 7.8 Expenditure on Cultural Services is in the upper quartile, matched by high levels of use and satisfaction. Culture is a high priority in Gateshead and the Council has focussed on regeneration through culture, which has realised several iconic structures and significant private sector investment.

- 7.9 Some Cultural and Community Services are facing uncertainty around sustainability and external funding over the next few years.

The majority of externally funded services have been delivered within a standstill budget for the last three years. The provision of the same level of service has resulted in a non-cashable efficiency saving in the order of £132,000 per annum.

- 7.10 It is acknowledged that some Leisure facilities are not efficient as a result of their age and quality, consequently there are greater demands on repairs and maintenance budgets, large utility costs due to inefficient and poorer quality buildings, with current in year budget pressure of £100,000 due to utility price increases. Current income streams are impacted by the quality of buildings.
- 7.11 The Library Service is facing staffing budget pressures. The AIRS Service has traditionally been supported by external commercial work, which is unpredictable, but there is now increased competition. Future pressures may be envisaged in respect of Audio Visual Service, which generates a revenue stream as new technology (downloading music, etc) will see a reduction in demand for recorded music and film. Efficiencies are being sought in terms of back office functions and operational areas where joint working between library and leisure teams in areas such as janitorial duties, transport etc can be more cost effective.
- 7.12 A review is ongoing across CBS and Learning and Children to identify efficiencies in support services. This will involve reviewing business support and administration functions, around the principle of resourcing a central operation, funded across the two groups, and making greater use of improved ICT.

Development and Enterprise

- 7.13 Development and Enterprise has a net revenue budget of £12.2m (gross £30.6m). The Group relies heavily on external funding and income generated from fees and property. A significant proportion of the Group's gross budget is spent within the Transport and Highways service. Issues relevant to the D&E budget in terms of risks and pressures are:-
- Ending of some external funding, in particular SRB
 - Impact of Highways Agency on major developments – the lack of major developments in the A1 corridor have an impact on income targets
 - Income generation from low value rentals
 - Energy costs, particularly in relation to street lighting
 - Decriminalisation of Parking Enforcement
 - Parking income and condition of car parks
 - Reductions to Highways maintenance budget in previous years.
 - Capital projects – Town Centre, Gateshead Quays, HMR, BSF

- Achieving quality of design – including working with developers on major applications
- Implementation of Gambling Act
- Developing GIS corporately
- Improving accessibility to Council buildings and complying with DDA requirements

7.14 Expenditure on Planning and Development is higher than the average due to the initial investment in e-government to allow the public electronic access to planning documents.

Learning and Children

7.15 Learning and Children has a net revenue budget of £122.7m (£27m net of Dedicated Schools Grant of £95.7m). A number of major external funding streams are either due to end in March 2008 or there is no confirmation of the form in which these streams will continue beyond that date. The major sources are:-

- Neighbourhood Nursery funding to end March 2007
- Children's Centres funding uncertain beyond March 2008
- Standards Fund £2.5m ends March 2008
- NRF £835,000 ends March 2008
- Early Years £5m ends March 2008
- Budget Holder Lead Professional funding of £525,000 to end March 2008
- Children's Fund £140,000 end March 2008

7.16 Expenditure on Education per pupil is above average, reflecting the priority attached to education within Gateshead. This investment has made a significant contribution to improved educational standards in schools with Gateshead being among the top performing councils in the country for GCSE results.

7.17 Youth and Community Learning expenditure is relatively high, reflecting expenditure on adult learning youth work, summer play schemes and community centres. The priority attached in Gateshead to adult learning and the provision of community centres is high. These are important areas of service delivery in areas of high deprivation like Gateshead. A review of community centres is ongoing to ensure that value for money is being obtained.

7.18 Children and Families Social Services spends in line with national averages and is matched by a 3 star rating from CSCI for the service. The recent JAR report rated the service as 'good'. The Council has moved resources from children's residential care into fostering and adoption services.

7.19 Feedback from the recent JAR Review highlighted that in comparison to neighbouring authorities, spending levels are close to national average levels, a little above in Education and slightly below average in Social Care.

In particular, spending pressures have been identified in the following areas:-

- SEN Transport – the recent loss of Ombudsman’s appeal and compensation payment may lead to increased demand.
- Out of Borough Placements – Invest to Save Strategy for Treatment and Foster Care (Springboard Fostering) pump priming ends March 2007 – potential impact on mainstream funding of £400,000.
- Foster Care Allowances – there is a continuing pressure on foster care allowances. The strategy is to reduce looked after children.
- Unaccompanied Asylum Seekers – a Home Office review of unaccompanied asylum seekers concluded that there is a potential dispersal from the South East to regional centres. As the majority are 16-17 year olds, there will be an impact on Leaving Care budgets and on Education issues.

7.20 Other issues that will need to be managed over the period of the Medium Term Strategy include:-

- The Local Government White Paper, and the Government Green Paper on Looked After Children (LAC) published in October 2006 puts an expected heavy emphasis on Education issues of LAC (corporate parent role of the authority) and emphasises the need for pooled budgets to ensure the requirements of “Every Child Matters” are delivered.
- The planned Connexions move to local authorities by April 2008, although the current funding and method of service delivery is not yet agreed.
- The current restructuring of Gateshead PCT may leave funding vulnerable.
- The implications of the Education Act 2006 which will place a greater emphasis on devolved and delegated budgets and the level of resources directed to schools.

Local Environmental Services

7.21 The Local Environmental Services net revenue budget is £19.2m. Local Environmental Services has experienced significant change over the last 12 months due to the loss of the Housing Repair and Maintenance work to the private sector, the adverse impact of Job Evaluation on ‘trading services’, and rising expectation driven both nationally and locally in relation to ‘Cleaner, Greener, Safer’. It does, however, make a significant contribution to making Gateshead a good place to live as evidenced by the recent success in the international ‘LivCom awards’.

- 7.22 There are a number of 'Liveability' issues affecting LES, including the roll-out of reconfigured Neighbourhood Services arrangements to all Neighbourhood Management areas, together with pressures to extend coverage of the Neighbourhood Warden Scheme.
- 7.23 Waste Management continues to provide significant service and budget pressures arising from the Waste Management Strategy and the need to renegotiate Waste Disposal Contracts, achieving landfill diversion targets, and raising recycling standards both in terms of percentage recycled and collection methods.
- 7.24 Expenditure on waste disposal is upper quartile due to the relatively high levels of household waste collected per head. Gateshead actively promotes its bulky household waste collection service due to low car ownership in the Borough. The Council is reviewing the achievement of value for money in waste disposal through its lead role on the strategic waste collaboration project with neighbouring authorities.
- 7.25 Issues arising from Trading Services within LES include the impact of Job Evaluation, the implementation of new nutritional standards in relation to school meals and reversing the trend of reduced take up, and the delivery of the major house improvement programme on behalf of the Gateshead Housing Company.

Central Services

- 7.26 The Central Services revenue budget is £22.1m. Central Services supports the delivery of Council wide priorities and services. It aims to ensure Council services are value for money and funding opportunities are maximised across the Council and through partnerships, such as the Gateshead Strategic Partnership. It also aims to ensure that risks to the Council are managed or reduced. Priorities include:-
- Achieving level 3 of the Equalities Standard
 - Agreeing the Council's Year 2 Local Area Agreement
 - Developing systems and support to deliver the Customer Service Strategy
 - Supporting new schools programmes, PFI and Building Schools for the Future, and other regeneration projects.
 - Delivery of cross cutting efficiencies reviews
 - Developing capacity across the Council and Borough
 - Collaborative working with partners and other public bodies.

Corporate Budget Pressures

Equal Pay

- 7.27 The Council has previously agreed a compensatory payments scheme to prevent a large number of equal pay claims. The cost of this scheme at £8.5m was capitalised in order to minimise the potential financial risk to the Council. Recent developments in other councils and tribunal cases in the region are changing the nature of potential claims and associated liabilities. Although the Council is partially protected as a result of decisions taken in previous years, further significant liabilities are accruing which could destabilise the Council's budget in the medium term. A strategy is being developed for dealing with the potential costs of equal pay over the life of the MTFS.

The Council is currently undertaking a job evaluation exercise to implement a new pay structure from 1 April 2007. The implications of this new pay structure will be significant for the Council over the period of the MTFS.

Schools PFI/Building Schools for the Future (BSF)

- 7.28 PFI and BSF have afforded the Council opportunities to improve school buildings and improve educational standards. However there are significant financial implications in terms of the affordability gap which will need to be met by redirecting resources from non-schools services. The Schools PFI affordability gap is £1.1m from 2007/08 onwards. The costs of BSF likely to impact on 2007/08 could be of the order of £800,000.

Efficiency Targets

- 7.29 The Spending Review 2004 introduced efficiency targets of 2.5% per year for each year up to 2007/08. Nationally local government is expected to deliver £6.45 billion of efficiency gains and productivity improvements over this period.
- 7.30 The Council has submitted Annual Efficiency Statements which identified how efficiencies are planned to be achieved, and the level of efficiencies actually achieved for each financial year. For 2004/05 £3.968m efficiencies were achieved and for 2005/06 the Council has achieved £6.383m efficiency gains, of which £2.884m were cashable. The Council's overall efficiency target for 2006/07 is £5.2m, half of which, £2.6m, must be cashable. These efficiencies will form part of the achievement of the MTFS.
- 7.31 The Council has identified four cross cutting efficiency workstreams, covering procurement, admin and ICT, 21st century working and asset base, which have been given a target of achieving £2m cashable efficiencies for 2007/08.
- 7.32 The Council will need to meet what are expected to be increasing efficiency targets beyond 2007/08 and these are reflected in the MTFS.

Pay and Price Increases

- 7.33 During the period of the current MTFS, 3 year pay awards have been agreed for local authorities. For 2007/08 and beyond, pay awards are yet to be agreed. The Government has indicated that it expects pay awards for 2007/08 to be around 2% to reflect tighter funding settlements over the period of the CSR 2007. Therefore the MTFS needs to make adequate provision for the likely pay award for 2007/08 and future years in line with these expectations.
- 7.34 Other price inflation has been assumed to increase in line with the appropriate price indicators but there are expected to be significant price increases in future years in relation to energy costs.

8 Fees and Charges

- 8.1 Fees and charges within Gateshead are still relatively low compared to neighbouring authorities, despite some increases in recent years. To ensure that the Council maintains essential services, existing fees and charges need to be reviewed by each Service and this will form part of the overall budget setting process in line with the principles of the MTFS.
- 8.2 Groups and Services will also explore the potential for new fees and charges for discretionary services afforded to the Council under its trading and charging powers which need to reflect Council policies and priorities.

9 Capital and Prudential Borrowing

- 9.1 The revenue impact of the Council's Capital Programme is identified as part of the process for setting the Council's Capital Programme and is reflected in the MTFS.
- 9.2 The introduction of prudential borrowing allows local authorities to borrow for capital spending when it is affordable. Consideration the of impact of any potential future prudential borrowing on the MTFS and the Council's annual budget position needs to ensure that cashable efficiencies are generated to at least meet the additional cost of borrowing, or that adequate provision is made within the Council's reserves to meet these costs.
- 9.3 A provision for some prudential borrowing to support high priority capital investment is included in the MTFS forecast in Section 12.

10 Reserves

- 10.1 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 10.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the SORP). The Strategic Director, Finance and ICT is required, as part of the budget setting process, to provide a statement on the adequacy of reserves.

Reserves Policy

- 10.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of 3% of its net revenue budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of general reserves.
 - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its medium term objectives. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.
 - The Council will maintain capital reserves at a minimum of 10% of the anticipated capital receipts over the life of the 3 year capital programme.

Annual Review of Reserves

- 10.4 A review of all strategic reserves is undertaken annually in line with the CIPFA guidance on Reserves and Balances (LAAP Bulletin No 55 February 2003) and the requirements of the SORP.
- 10.5 The annual review process involves the review of each individual strategic reserve and identifies:-
- The purpose for which the reserve is held.
 - An assessment of the appropriate level of the reserve to meet potential future liabilities in line with the Council's reserves policy
 - A risk assessment of each reserve
 - The reviewed level of reserve following this risk assessment.

- 10.6 At 31 March 2007 the Council's reserves are expected to be £53.116m. Of this sum, £44.014m is earmarked to meet some of the pressures outlined in the MTFS, as well as other specific purposes including the Insurance Reserve, to meet current and future claims, Gateshead Development Pool and Cultural Development Fund.
- 10.7 The remaining £9.1m is held in a general reserve to provide a level of contingency and meet any unforeseen expenditure.

Review of Reserves 2006/07

- 10.8 *DLO General* – Risk assessment suggests this is no longer required as a specific reserve and is more appropriate to be held in the General Reserve.
- 10.9 *Renewals* – This has been consolidated within the Capital Reserve in 2006/07.
- 10.10 *Pensions (£6m)*
This reserve is earmarked to meet increases in employer's liability and increases in back funding requirements, with £1.5m earmarked in 2006/07, £3m in 2007/08 and £3m notionally in 2008/09 (pending triennial valuation). The Reserve is therefore earmarked for use over the period of MTFS. The reserve exists to ensure potential increases in back funding payment to Tyne and Wear Superannuation Fund are provided for.
- 10.11 *Capital (£6m)*
This reserve is to provide for future development on large capital projects as an alternative to borrowing. The level of reserve is based on minimum 10% of anticipated capital receipts over the 3 year capital programme (estimated at £60m). The reserve exists to mitigate the risk of insufficient capital funds to finance capital programme, for example capital receipts not generated or capital grant not secured. Following the use of £4m from this reserve in 2005/06, which reduced the balance to £0.5m, it is proposed that it should be reinstated to a level of £6m following a risk assessment.
- 10.12 *Insurance (£7.9m)*
The reserve is to allow for possible claims against the Council which are not covered by external policies such as claims for liability and storm damage and to cover insured liability claims falling within the claims excess and policy stop loss. The reserve is based on an assessment of both insured and uninsured liabilities and claims potentially falling on the Council. The risk assessment undertaken for 2006/07 proposes that this reserve be reduced to £4m over the life of the MTFS.
- 10.13 *Repairs and Maintenance* – This item has been consolidated within the Capital Reserve in 2006/07.

10.14 *Grant Clawback (£7.4m)*

The reserve is for grant received which may need to be repaid. The reserve exists to mitigate the risk of potential clawback of funding following European Audit of ERDF grant claims and is based on the value of claims in respect of Baltic and The Sage Gateshead and other projects subject to audit.

10.15 *Gateshead Development Pool (£12.1m)*

The reserve was established following the sale of shares in Newcastle International Airport Ltd when the Council agreed to use the proceeds of the airport capital receipt to set up Gateshead Development Pool. The Strategic Reserve represents the revenue contributions to date to the Pool. The reserve is available to allow the Council to achieve its key priorities. It is proposed that the reserve be used to meet the costs of prudential borrowing identified in the MTFS.

10.16 *Cultural Development Fund (£1.7m)*

In addition to establishing the Gateshead Development Pool, the Council also agreed that interest earned from investing the airport capital receipt would be used to establish a Cultural Development Fund to be used for cultural initiatives within the Borough. The interest earned in 2005/06 was used in full to fund expenditure on initiatives throughout the year. The reserve is earmarked for Gateshead contributions to Culture 10 initiatives and has been established to mitigate the risk of insufficient financial resources for this programme.

10.17 *Bridge Maintenance (£2.1m)*

This reserve was established to meet the costs of future bridge maintenance work. It is based on estimated future costs of replacing main bearings and protective systems on bridges and unplanned repairs and maintenance. The reserve exists to mitigate the risk of insufficient financial resources being available for these key structures.

10.18 *Developer Contributions (£0.3m)*

This reserve consists of developer contributions in respect of agreed regeneration schemes following Section 106 agreements and relates to developers contributions to play schemes on future residential developments and other contributions arising from Development Control decisions.

10.19 *LATS (£0.4m)*

This reserve represents the value of unused Landfill Allowances in accordance with LAAP Bulletin 64. It is based on the value of unused Landfill Allowances carried forward to future years.

10.20 *School Trading*

Risk assessment suggests this is no longer required as a specific reserve and is more appropriate to be held in General Reserve.

10.21 *General Reserve*

The General Reserve acts as a contingency and allows the Council to meet any unforeseen expenditure without destabilising the budget in the short term. It has been assessed at a minimum of 3% of net revenue budget (excluding schools) in line with the Council's reserves policy and MTFS principles.

10.22 The Council also holds reserves to reflect the shares issued by Newcastle International Airport, which would only be realisable if any part of the shareholding is sold (£4.4m) and £11.3m representing the cumulative balance of schools reserves. Schools reserves are currently ring fenced for schools use and cannot be used for other priorities within the Council. DfES is currently consulting on the future use of schools reserves.

Planned Use of Reserves 2007/08 to 2009/10

10.23 The following table illustrates the planned use of reserves over the life of the MTFS which forms part of the indicative funding package set out in Section 12.

	Balance 31.3.07 £000	Balance 31.3.08 £000	Balance 31.3.09 £000	Balance 31.3.10 £000
Pensions	6,000	3,000	-	-
Capital	6,000	6,000	6,000	6,000
Insurance	7,931	5,931	3,931	3,931
Grant Clawback	7,444	7,444	7,444	7,444
Development Pool	12,085	9,485	6,885	4,285
Cultural Development	1,727	1,427	1,027	527
Bridge Maintenance	2,117	2,117	2,117	2,117
Developer Contributions	277	277	277	277
LATS	433	433	433	433
Strategic Reserves	44,014	36,114	28,114	25,014
General Reserve	9,102	7,102	6,102	5,602
Total	53,116	43,216	34,216	30,616

10.24 The Gateshead Development Pool receives revenue contributions from services where the fund has been used to pump prime invest to save initiatives or support prudential borrowing. The planned movements on the Gateshead Development Pool for the period of the MTFS are as follows:-

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
Opening Balance	12,085	9,485	6,885
Revenue contributions from Services	400	400	400
Prudential Borrowing	2,000	2,000	2,000
Ward based schemes	1,000	1,000	1,000
Closing Balance	9,485	6,885	4,285

10.25 The Cultural Development Fund receives the interest on the Gateshead Development Pool on an annual basis and is used to fund expenditure on cultural initiatives. The planned movements on the Cultural Development Fund for the period of the MTFS are as follows:-

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
Opening Balance	1,727	1,427	1,027
Interest Receipts	650	520	390
Cultural Projects	950	920	890
Closing Balance	1,427	1,027	527

10.26 The overall level of financial resources available to the Council is finite and therefore the continued use of reserves above a certain level cannot be sustained in the longer term without placing the Council's financial provision at risk. The MTFS recognises that the Council's financial reserves are maintained at a prudent level to protect present and future Council services.

10.27 The Council's revenue and capital reserves will be further reviewed before the Council agrees its annual revenue budget and capital programme in February 2007.

11 Funding

11.1 Anticipated Formula Grant funding is illustrated in the budget forecasts outlined in Section 12. Indicative funding representing an increase of 2.7% for 2007/08 was announced as part of the 2006/07 Local Government Finance Settlement. For periods beyond 2007/08 it has been assumed that Formula Grant will increase by 2.5% to reflect expectations in the CSR 2007.

11.2 Schools budgets and DSG have been excluded from these future figures, given that any variation in DSG must be passed on to school budgets.

- 11.3 The funding included in Section 12 assumes at this stage that there are no council tax increases to meet future budget pressures. An increase of 1% on council tax equates to an additional £0.734m and is ultimately limited by the risk of capping for increases over 5%.
- 11.4 The use of reserves reflect both the principles of the MTFs and the outcome of the risk assessment reported in Section 10. Further use of reserves above this level are not recommended.

12 Indicative Budget Forecasts 2007/08 – 2009/10

- 12.1 Indicative budget forecasts for the period 2007/08-2009/10 have been produced to reflect the issues raised as part of the review of the MTFs. These are for illustrative purposes at this stage, given the uncertainty surrounding the costs of some of these financial pressures, the outcome of the CSR 2007 in relation to funding and efficiencies, and the recognition that further work is required to refine these figures before the budget is finalised in February 2007.

	2007/08 £m	2008/09 £m	2009/10 £m
1. Revenue Base Budget	270.3		
less DSG	95.7		
Revised (Non Schools) Base Budget	174.6	185.4	195.7
2. Increase in Pay and Prices			
- Salaries (2.5%)	2.5	2.5	2.5
- Energy	1.4	1.0	1.0
- Social Services Residential Fees	1.0	1.0	1.0
- Other	1.4	1.0	1.0
3. Budget Pressures			
<u>Income Pressures</u>			
- Cessation of external funding	1.4	4.0	1.0
- Other income budget pressures	0.3		-
<u>Expenditure Pressures</u>			
Corporate Priorities:-			
- Pensions	3.0	1.0	1.0
- Schools PFI	1.1	-	
- Building Schools for the Future (BSF)	0.8	0.6	0.6

	2007/08 £m	2008/09 £m	2009/10 £m
Service Pressures:-			
- Adults Social services			
- Transitional costs of Childrens to Adults	0.4	-	-
- FAC eligibility	0.6	-	-
- Children's Services			
- Out of Borough Placements	0.4	-	-
- Transport for Looked After Children	0.6	-	-
- Foster Carer Allowances	0.3	-	-
- School meals	0.5	-	-
- Waste Disposal			
- Landfill	0.3	0.5	0.5
- Waste	-	1.5	0.5
- Passenger Transport	0.3	0.3	0.3
	190.9	198.8	205.1
4. Planned Efficiency Savings/Target	(4.0)	(3.6)	(3.6)
Prudential borrowing	2.0	-	-
Treasury Management	(2.0)	0.5	-
Development Pool Contribution	(1.5)	-	-
	185.4	195.7	201.5
5. Revised Base Budget			
Anticipated Funding			
- Formula Grant	96.3	98.6	101.1
- Council Tax	73.3	73.3	73.3
- LPSA Reward Grant	1.2	1.2	-
- Use of Reserves			
- Earmarked	6.9	7.0	2.1
- General	2.0	1.0	0.5
- Other Funding Options	5.7	14.6	24.5
Total Funding Requirement	185.4	195.7	201.5

13 Funding Options

- 13.1 The indicative budget forecasts outlined in Section 12 show that other funding options need to be considered to deliver a balanced budget.
- 13.2 Further consideration of budget proposals will take place over the next few months to enable the Council to consider its priorities for 2007/08 alongside the provisional local government finance settlement expected to be announced at the end of November.
- 13.3 At this stage funding options include:-

- Additional efficiencies
- Council Tax increases
- Reassessment of Priorities
- External Funding/Additional Income

Additional Efficiencies

- 13.4 The indicative budget forecasts assume that the planned efficiencies of £4m for 2007/08 will be achieved and the current 2.5% target set by the Government will increase as part of the delivery of the CSR 2007 in 2008/09 onwards. £3.6m a year is equivalent to an increase in the annual target for cashable savings to 3.5%. Opportunities for additional efficiencies over and above the cross cutting efficiency projects and efficiency proposals from Groups will need to be sought. Efficiency savings delivered in 2007/08 will assist in reducing the funding gap in future years.

Council Tax Increases

- 13.5 A 1% increase in council tax generates £0.734m before taking account of potential changes in council taxbase.

For illustrative purposes, and given council tax capping is expected to continue to be applied, a maximum increase of 5% would generate £3.7m additional revenue in 2007/08. The cumulative additional income generated for a range of council tax increases is as follows:-

Increase	2007/08 Additional Income (£m)	2008/09 Additional Income (£m)	2009/10 Additional Income (£m)
1%	0.73	1.47	2.21
2%	1.47	2.97	4.5
3%	2.20	4.47	6.8
4%	2.94	6.0	9.18
5%	3.70	7.6	11.68

Reassessment of Priorities

- 13.6 A further option is to reassess the current base budget and the priorities for growth. This will be carried out over the next two months to allow a balanced budget to be considered in February 2007.

External Funding and Additional Income

- 13.7 The Council has been successful in securing and delivery outcomes from external funding in previous years. Specific general and one-off funding will continue to be sought in line with the principles of the MTFS. Local Authority Business Growth Incentive funding is likely to be received in 2006/07 and 2007/08, although at this stage the amount is not known. This has not been reflected in the MTFS due to the uncertainty surrounding the amount and timing, but is available to meet one-off spending to deliver key priorities.

14 Risk Assessment

A comprehensive financial risk assessment is undertaken for the Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. The key strategic financial risks to be considered in developing the MTFS are as follows:-

<u>Risk</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Risk Management</u>
Future available resources less than assumed	Medium	High	Annual review of reserves and reserves policy to identify future resources
Pay Awards and price inflation higher than assumed	Low	Medium	Central contingency budget for pay and price increases in line with previous year's expected increases
Future spending plans underestimated	Medium	Medium	Service planning process identifies future budget pressures. Growth bids in line with Council priorities.
Anticipated savings/ efficiencies not achieved	Medium	Medium	Regular monitoring and reporting. Non achievement of savings would require compensating reductions in planned spending within services.
Revenue implications of capital programmes not fully anticipated	Low	Medium	Capital bid approval identifies revenue implications and links to Council priorities.
Income targets not achieved	Medium	Medium	Regular monitoring and reporting
Budget monitoring not effective	Medium	High	Regular monitoring and reporting in line with corporate framework

<u>Risk</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Risk Management</u>
Exit strategies for external funding leasing/tapering not met	Medium	High	Regular monitoring and reporting
Interest rates lower than expected	Medium	High	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2007/08 onwards have been incorporated into the MTFs.
All MTFs risks not adequately identified	Low	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process.

15 Conclusion

- 15.1 The MTFs presents a sustainable financial position over the medium term that will allow resources to be directed towards the Council's key priority areas.
- 15.2 The Strategy also shows that the Council's revenue budget is under pressure in a number of areas. This is reflected in the latest position for 2006/07 where pressures in a number of key services are partially offset by positive outcomes in areas such as treasury management.
- 15.3 The Council's base budget is increasing at a much greater rate than the funding available, and is still dependent on reserves to balance. Reserves are available to support the budget over the medium term, but will also need to be supplemented by efficiency savings over this period.
- 15.4 Further funding options, including council tax increases, will be considered over the next two months that will allow a balanced budget over the medium term to be considered by Members in February 2007.