

REPORT TO:

PLANNING & ENVIRONMENT OVERVIEW & SCRUTINY PANEL: 26th January 2009
CHILDRENS SERVICES & LEISURE OVERVIEW & SCRUTINY PANEL: 28th January 2009
ADULT SERVICES & HEALTH OVERVIEW & SCRUTINY PANEL: 29th January 2009
CORPORATE SERVICES OVERVIEW & SCRUTINY PANEL: 5th February 2009

Title: **BUDGET REPORT**
Date: as above
Member Reporting: Councillor Hilton
Contact Officer(s): Andrew Brooker, Head of Finance, 01628 796341
Peter Brown, Chief Accountant, 01628 796207
Wards affected: All

1. **SUMMARY**

The purpose of this report is to inform the panel of progress to date in the preparation of the 2009/10 Budget and seek the panel's views on the issues that remain to be addressed.

2. **MEMBER'S RECOMMENDATION: That the contents of the Report be noted and that the comments of the Panel be reported to Cabinet to be considered as part of its budget setting deliberation.**

3. **SUPPORTING INFORMATION**

3.1 Wards Affected

All wards will be affected by the 2009/10 Budget.

3.2 Relevant Matters Upon Which Decision is Based & Reasons Supporting Recommendation

3.2.1 This report should be read in conjunction with the Preliminary Budget Report presented to Cabinet on the 18th December 2008 which outlined the impact on the Borough of:

- The potential implication of the "credit crunch"
- The Provisional Grant Settlement for 2009/10

3.2.2 The report also published an updated Medium Term Financial Plan, which, for planning purposes, identified spending targets for each Directorate. These targets made allowances for:

- Inflation in the coming year, in particular on contracted services
- Pay Awards, provision for awards effective from April 2009
- Service Pressures i.e. demographic pressures, landfill tax, changes in specific grant
- Capital Financing costs, provision for potential revenue impact of future capital spend
- Council Tax Revenue, including potential tax base increases
- Increases in the Dedicated Schools Grant

Credit Crunch

- 3.2.3 The uncertainty faced by the national and global economic position posed questions not faced by local authorities for some time if ever before. Whilst there has been some impact on service provision, additional enquiries for Housing Policy and a significant increase in Housing Benefit claimants (many of whom do not qualify for support after assessment), some commercial tenants under pressure and reduced income from interest on balances, to date the impact has not been too severe.
- 3.2.4 Clearly the position changes almost daily and a close watch is being maintained on key indicators.
- 3.2.5 How should the council react to this scenario? One option is to assume the worst and include in its tax base provision for reduced income and additional spend in those areas likely to see an impact. This approach would result in either higher Council Tax or greater service reductions elsewhere to make room for these 'provisions'.
- 3.2.6 The alternative approach which is favoured at the present time is to assume that the actions being taken by national government will have the desired effect on ensuring that the recession being faced is relatively short (up to 24 months) and thereafter we will start to see economic activity returning to something close to the 'norm'.
- 3.2.7 The council is relatively well placed in terms of reserves to adopt the approach, in the short term at least, to wait and see, to use reserves to meet short term financial pressures, in so doing keeping Council Tax increase to a low level and preserving, as far as possible, service provision.
- 3.2.8 This approach works in the short term, and needs to be kept under review. If indications suggest that the recession is going to be longer than the 24 months then some more specific actions will be required to bring the Council's budget into balance.

Revenue Budget 2009/10

- 3.2.9 Directors have been charged with preparing budgets within these targets which included indicative efficiency targets, in so doing Directors have identified service specific pressures, largely of an unavoidable nature. Working with Lead Members, Directors have identified measures necessary to deliver spending plans within the specified targets. The specific service budget pressures and the measures under consideration to ensure that planned expenditure is contained within spending targets are identified in the attached appendices.
- 3.2.10 Appendix A shows how the budgets have moved from the 2008/09 Budget to the proposed 2009/10 Budget. In addition Appendix B details the saving for each directorate. A detailed review of the administrative support of a number of services will lead to a reduction in staffing need. The majority of the posts lost are currently vacant and the level of service provision will be maintained.

3.2.11 To provide some context Appendix C details the current approved budget for Services and the proposed Budget for 2009/10. It is worth noting that additional spend of £660k per annum represents approximately 1% on Council Tax

Capital Programme 2009/10 – 2011/12

3.2.12 The Preliminary Budget Report discusses the overall capital financing assumptions included in the Medium Term Financial Plan. Directors have identified a number of capital projects necessary to maintain the Councils infrastructure and develop essential services. These projects have been “prioritised” according to: cost (revenue and capital); impact on service delivery; and availability of external funding.

3.2.13 In the meantime, Appendix D details the proposed capital programme and panel members’ views are sought on the relative priority given to specific schemes.

3.2.14 The schemes are summarised by directorate.

3.2.15 Again to provide some context £1m of corporately funded capital spend has an ongoing capital financing cost implication to the revenue budget (for up to 25years) of £80k in a full year (0.14% on Council Tax)

4 OPTIONS AVAILABLE AND RISK ASSESSMENT

4.1 Options

	Option	Comments	Financial Implications
1	Accept the report	This report is for Information	Contained within the appendices
2	Amend the report	The panel can propose alternative capital schemes provided they replace agreed items of equal value	No additional impact

4.2 Risk assessment

4.2.1 All measures proposed in the budget have been subject of a risk assessment both in terms of deliverability and service impact. The assessment of General Fund Reserve includes an assessment of the financial impact of a range of economic and environmental factors which may impact on the Councils budget.

5. Implication

The following implications have been addressed where indicated below

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	✓	N/A	N/A	N/A

Background Papers: Budget papers 2009-10; Medium Term Financial Plan 2009/10 to 2011/12; Department of Communities and Local Government web site (RSG provisional settlement 2008/09 to 2010/11; Preliminary Budget Report – Cabinet 18th December 2008

REVENUE BUDGET MOVEMENT 2008-09 TO 2009-10

Item	2008-09 Original Budget £'000	Inflation £'000	Full Year Effects (FYE) £'000	Loss of Grants £'000	Other variations	New Growth £'000	New Savings £'000	2009-10 Original Budget £'000
Children's Services	16,400	407	43		564	371	(1,102)	16,683
Adult & Community Services	36,402	1,149	(17)	1,783	(292)	397	(1,103)	38,319
Environmental Services	14,968	756	518		(260)	730	(869)	15,843
Resources	11,264	180	317	165	43	150	(630)	11,489
Chief Executive	6,120	76	0		476	61	(284)	6,449
Total Service budgets	85,154	2,568	861	1,948	531	1,709	(3,988)	88,783
Environment agency	130	3						133
Capital financing and interest	5,414				(6)			5,408
Corporate initiatives	(376)							(376)
Net Requirement	90,322	2,571	861	1,948	525	1,709	(3,988)	93,948
Special expenses	(1,075)	(41)						(1,102)
Gross Council Tax Requirement	89,247	2,530	861	1,948	525	1,709	(3,988)	92,846
Collection Fund (surplus)/ deficit	(215)				215			0
Area based grant	(5,188)			(1,948)				(7,136)
Formula grant	(18,257)	(279)						(18,536)
Net Requirement	65,587	2,251	861	0	740	1,709	(3,988)	67,174

TAX BASE 64,434 330 64,764

Council Tax at band D £ 1,017.89 £ 1,037.21

Percentage Increase 1.90%

Directorate: Environmental Services

BUDGET SAVINGS

Line ref	Description of Saving	Current Budget	2009/10	2010/11	Full Year Effect
		£'000	£'000	£'000	£'000
SAVINGS					
1	Highways & Engineering				
2	Review Bus subsidies on renewal of contracts.	440	30		30
3	Safer road partnership review grant allocation	225	30		30
4	Street lighting review maintenance & energy budgets	850	80		80
5	Street Lighting - use of commuted sums for street lighting maintenance	45	10		10
6	Winter Maintenance contract - saving dependant on weather	125	10		10
7	Increase Use of Commuted sums for bridges maintenance	20	10		10
8	Reduce grounds maintenance/trees specification	400	25		25
9	Invest in zebra and pelican crossings at key school sites	30	5		5
10	Fund VMS equipment replacement contract from S106 income	50	50	(50)	-
11	Parking				
12	Increase number of resident parking schemes		5		5
13	Review operational costs	2,603	30		30
14	Consider other income streams-boot sales etc		15		15
15	Additional income from car parking operations as approved by Cabinet	(5,565)	35		35
16	Public Protection				
17	Waste Disposal tonnage reduction - 1,500 tonnes	2,335	90		90
18	Increase volume of trade waste	20	10		10
19	New recycling initiatives		75	75	150
20	Efficiency savings Civic Amenity sites	180	80		80
21	Reduction in transport costs of waste materials	338	15		15
22	Operations				
23	Reduce Maintenance budget CCTV - reflecting new network investment	170	10		10
24	Increased level of Highway Licence income	90	20		20
25	Review operational costs	1,480	40		40
26	Increase income target for dropped crossings.	10	5		5
27	Introduction of pooled cars arrangement		25	25	50
28	Asset Management				
29	Savings on new cleaning contract.	170	15		15
30	Review maintenance budgets	150	35		35
31	Review operational costs	1,100	100		100
32	Sub Total		855	50	905
33	Insurance saving recharged from resources to other services		14		14
34	Total		869	50	919

REVENUE BUDGET 2009/10

DIRECT COST SUMMARY	2007/08	2008/09		2009/10
	Actual	Budget	Approved Estimate	Budget
	£000	£000	£000	£000
Children's Services				
Individual Schools Budget	61,253	62,760	63,594	64,053
Central Schools Budget	8,947	10,013	9,401	11,264
Dedicated Schools Grant	(70,484)	(73,044)	(73,269)	(75,697)
Integrated Children's Services	2,740	4,410	4,575	4,067
Commissioning	3,338	4,400	4,464	4,632
Safeguarding & Specialist Services	7,551	7,861	7,762	8,364
Total Children's Services	13,345	16,400	16,527	16,683
Adult & Community Services				
Adult Social Care	27,253	29,269	29,523	30,276
Specific Government Grants	(3,594)	(239)	(534)	0
Housing	1,019	1,018	953	2,774
Leisure Services	2,824	2,623	2,694	2,079
Library Information, Heritage & Arts	3,009	2,902	2,917	2,937
Adult Management	1,001	830	1,059	253
Total Adult & Community Services	31,512	36,403	36,612	38,319
Environmental Services				
Highways & Engineering	4,568	4,722	4,722	5,291
Operations	3,678	3,859	4,038	3,636
Parking Services	(2,541)	(2,811)	(2,771)	(2,603)
Public Protection & Sustainability	8,475	9,585	9,743	10,059
Property Services	(1,018)	(899)	(899)	(796)
Corporate Management	555	511	471	256
Total Environmental Services	13,717	14,967	15,304	15,843
Resources				
Strategic Director of Resources Office	0	0	0	151
Finance	3,174	3,454	3,506	3,570
Customer Service Centre	1,132	1,115	1,210	1,249
Legal Services	724	776	792	933
Business Improvement	2,870	2,753	3,484	3,102
Procurement	231	348	389	405
Human Resources	1,963	2,089	2,071	2,079
	10,094	10,535	11,452	11,489
Chief Executive				
Chief Executive Office	643	651	650	697
Planning Services	1,880	2,289	2,289	2,403
Policy and Performance	3,527	3,908	3,187	3,349
Total Chief Executive	6,050	6,848	6,126	6,449
TOTAL EXPENDITURE	74,718	85,153	86,021	88,783

REVENUE BUDGET 2009/10

DIRECT COST SUMMARY	2007/08	2008/09		2009/10
	Actual	Budget	Approved Estimate	Budget
	£000	£000	£000	£000
Contribution from Insurance Fund	0	0	0	0
Contribution to/ (from) Earmarked Reserve	1,476	0	(425)	0
Corporate Initiatives	0	(376)	(331)	(376)
Other Adjustments	428	0	(534)	0
Levies-				
Environment Agency	117	130	130	133
Capital Financing inc Interest Receipts	3,866	5,414	5,414	5,408
NET REQUIREMENTS	80,605	90,321	90,275	93,948
Less - Special Expenses	(1,018)	(1,075)	(1,075)	(1,102)
Transfer (from)/ to balances	39	0	63	0
GROSS COUNCIL TAX REQUIREMENT	79,626	89,246	89,263	92,846
Area Based Grant	0	(5,188)	(5,205)	(7,136)
Redistributed Business Rate	(13,589)	(16,026)	(16,026)	(15,060)
Revenue Support Grant	(2,281)	(2,231)	(2,231)	(3,476)
Collection Fund Surplus	(227)	(215)	(215)	0
	(16,097)	(23,660)	(23,677)	(25,672)
NET COUNCIL TAX REQUIREMENT	63,529	65,586	65,586	67,174
<i>Council Tax Information:</i>				
Tax Base (Band D equivalent)		64,434		64,764
Tax levy (on Band D property)		£ 1,017.88		£ 1,041.23
<i>General Fund Balances:</i>				
Working Balance	5,716	5,728	5,755	5,818
Transfer to/ (from) General Fund	39	0	63	0
	5,755	5,728	5,818	5,818

Notes:

Service budgets in 2008/09 adjusted for Area Based Grants transferred to funding statement

The 2009/10 Dedicated Schools Grant (DSG) funded Schools Budget is based upon an estimate of the DSG for that year. The actual amount of grant is determined by the January 2009 pupil census and will not be known till March 2009, at which time budget allocations will be adjusted accordingly. The 2008-09 DSG base budget figures have been adjusted to show the actual amount of DSG received in that year and the budgets this funded. The 2008/9 DSG funded budgets shown above therefore are those budgets allocated to schools on 1 April 2008 following the pupil census in January 2008. This adjustment does not affect the net Children's Services 08-09 Budget

CAPITAL PROGRAMME 2009/10 AND ONWARD

Portfolio Summary	2008/09 Approved		Net	2009/10		Net	2010/11 Indicative		Net	2011/12 Indicative		Net	TOTAL		Net
	Gross	Income		Gross	Income		Gross	Income		Gross	Income		Gross	Income	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive															
Planning & Development Team	165	(31)	134	130	(130)	0	285	0	285	70	0	70	650	(161)	489
Policy & Performance	98	0	98	0	0	0	107	0	107	0	0	0	98	0	98
Total Chief Executive	263	(31)	232	130	(130)	0	392	0	392	70	0	70	748	(161)	587
Resources															
Business Improvement	1,300	0	1,300	560	0	560	100	0	100	100	0	100	2,060	0	2,060
CSC	320	(59)	261	150	0	150	220	0	220	0	0	0	690	(59)	631
Other	168	0	168	0	0	0	50	0	50	50	0	50	268	0	268
Total Resources	1,788	(59)	1,729	710	0	710	370	0	370	150	0	150	3,018	(59)	2,959
Environmental Services															
Local Transport Plan	4,874	(1,639)	3,235	5,290	(2,020)	3,270	8,710	(4,950)	3,760	4,020	(725)	3,295	22,894	(9,334)	13,560
Parking Schemes	1,408	(1,298)	110	250	0	250	120	0	120	220	0	220	1,998	(1,298)	700
Operations	1,038	(41)	997	175	(25)	150	150	0	150	150	0	150	1,513	(66)	1,447
Public Protection	867	(554)	313	1,376	(818)	558	654	(374)	280	560	(270)	290	3,457	(2,016)	1,441
Asset Management	1,826	0	1,826	135	0	135	862	0	862	752	0	752	3,575	0	3,575
Total Environmental Services	10,013	(3,532)	6,481	7,226	(2,863)	4,363	10,496	(5,324)	5,172	5,702	(995)	4,707	33,437	(12,714)	20,723
Children's Services															
Non Schools	2,561	(1,178)	1,383	1,816	(1,694)	122	1,271	(1,204)	67	16	0	16	5,664	(4,076)	1,588
Schools - Non Devolved	11,300	(9,934)	1,366	19,253	(18,305)	948	19,472	(18,724)	748	369	0	369	50,394	(46,963)	3,431
Schools - Devolved Capital	3,604	(3,604)	0	2,356	(2,356)	0	2,349	(2,349)	0	0	0	0	11,848	(8,309)	3,539
Total Children's Services	17,465	(14,716)	2,749	23,425	(22,355)	1,070	23,092	(22,277)	815	385	0	385	67,906	(59,348)	8,558
Adult and Community Services															
Adult Social Care	121	(43)	78	50	0	50	50	0	50	50	0	50	271	(43)	228
Housing	2,039	(1,999)	40	40	0	40	40	0	40	40	0	40	2,159	(1,999)	160
General	302	(252)	50	30	(30)	0	32	(32)	0	0	0	0	364	(314)	50
Library & Information Service	2,094	(696)	1,398	55	(5)	50	135	0	135	50	0	50	2,334	(701)	1,633
Leisure Centres	626	(225)	401	305	(60)	245	0	0	0	430	0	430	1,361	(285)	1,076
Outdoor Facilities	2,901	(2,851)	50	890	(765)	125	270	(200)	70	305	(50)	255	4,366	(3,866)	500
Total Adult & Community Services	8,083	(6,066)	2,017	1,370	(860)	510	527	(232)	295	875	(50)	825	10,855	(7,208)	3,647
Total Committed Schemes	37,612	(24,404)	13,208	32,861	(26,208)	6,653	34,877	(27,833)	7,044	7,182	(1,045)	6,137	115,964	(79,490)	36,474

External Funding	£000	£000	£000	£000
Government Grants	(15,689)	(22,998)	(27,283)	(670)
Developers' Contributions	(8,242)	(2,251)	(475)	(250)
Other Contributions	(473)	(959)	(75)	(125)
Total External Funding Sources	(24,404)	(26,208)	(27,833)	(1,045)
Total Corporate Funding	13,208	6,653	7,044	6,137