

Executive

Draft Budget and Corporate Plan 2010 – 2011 Analysis 2

11 January 2010

Report of Head of Finance

PURPOSE OF REPORT

The Council has to adopt a budget for 2010/11 as the basis for calculating its level of Council Tax and has to base that budget on its plans for service delivery during the year, recognising any changes in service demand that may arise in future years. This is the second opportunity that the Executive has to shape and refine the interaction between corporate plan service plans and financial matters before the final budget is presented to the Council on the 22 February 2010.

This report is public

Recommendations

The Executive is recommended to:

- (1) Consider the draft revenue budget 2 (detailed in Appendix 1a) in the context of the Council's service objectives and strategic priorities (see the corporate plan Appendix 1b).
- (2) Consider the draft corporate plan for 2010/11 noting the addition of two new aims around the Eco-Town and Breaking the Cycle of Deprivation as requested by the Executive at their meeting on 7 December 2009 (detailed in Appendix 1b).
- (3) Agree the approach to the overall capital programme and 10/11 expenditure profile (detailed in Appendix 2).
- (4) Advise of any matters they would like taken into consideration in producing a balanced budget for the next meeting of the Executive.
- (5) Consider the recommendations of the Resources and Performance Scrutiny Board from their meeting of December 1 2009, having undertaken a review of the Council's prioritisation matrix, revenue expenditure by service and reviewed the capital bids received as part of the 2010/11 process (detailed in Appendix 3).

- (6) Consider the Tax Base Report and associated discretionary powers (Appendix 4) and
- to resolve that, in accordance with the Regulations, as amended, the amount calculated by the Cherwell District Council as its council tax base for the year 2010/2011 shall be 50,113; and
 - to approve the report of the Head of Finance, made pursuant to the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and the calculations referred to therein for the purposes of the Regulations; and
 - to resolve that the tax base for parts of the area be in accordance with the figures shown in column 13 of Appendix 4b.
 - to resolve to continue with the discretionary awards that it resolved to give on December 1 2008 and detailed in Appendix 4c.

Executive Summary

Introduction

- 1.1 The budget will form the financial expression of the Council's corporate and service delivery plans for 2010/11; the allocation of resources against agreed corporate and service priorities is necessary in order to achieve its strategic priorities.
- 1.2 There is a statutory requirement for the Council to set a balanced budget by 11 March 2010 and the draft budget is part of that process.
- 1.3 The re-profiling of the capital programme enables us to improve effectiveness in delivering the commitments
- 1.4 The draft budget presented illustrates significant progress in securing further efficiency savings to substantially reduce the funding gap identified in the previous draft from £349,623 to around £32,659.
- 1.5 The current economic climate continues to present unprecedented challenges in meeting spending priorities without placing undue burden on local taxpayers. The Council's successful approach to improving value for money and securing efficiencies on an ongoing basis provides the foundation for further significant cost reductions in the coming year, over and above contributions secured to date in excess of £2.7 million.

Background Information

2.1 Corporate Plan

The Corporate Plan has been refreshed for the period 2010 - 2012. This refresh reflects the changing economic situation and significant strategic developments affecting the district. The corporate plan takes into account the wide range of public consultation we undertake around local priorities through both our annual satisfaction survey and budget consultation workshops.

At their meeting on 7 December 2009 Executive requested that two new cross cutting aims were added to the corporate plan covering the Eco-Town in Northwest Bicester and the Council's approach to breaking the cycle of deprivation. Both of these new aims have been added to the plan (see appendix 1b)

The targets within the corporate plan for 2010 -11 are currently in draft form and will be confirmed after the public consultation in December and January and the latest performance information in the final quarter of the year. As in previous years a set of council tax promises will be drawn from the corporate plan. These will form a core set of performance targets for the council which directly reflect priorities and will be monitored through our corporate performance scorecard. The final corporate plan targets and promises will be presented to Executive and Council with the final drafts of the budget.

2.2 Service Plans

Copies of the Service Plans for 2010/11 are available on the Council's intranet site: <http://intranet/improvement/draftserviceplans.cfm>.

2.3 The Status of the Budget

The revenue budget as presented has been left, quite deliberately, with a funding gap.

This type of gap is not unusual at this stage in the process and it can be covered by a contribution from the general fund reserve. The funding gap in the draft budget as presented is £32,659 and it is important that Members are aware of this potential deficit before they commit funding against particular priorities and/or divert funding from low priority services.

The final allocation of central Government Grant has been confirmed and has remained as per the three year settlement. The amount available for distribution from the Collection Fund will be confirmed later in the process and further announcements in relation to inflation and interest rates will also be considered. The last draft overstated the Revenue Support Grant by £90K due to an incorrect inflation factor being applied. This £90K has been offset by a Tax Base adjustment of

£24K and the part utilisation of the funding risk contingency.

2.4 Resources and Performance Scrutiny Board

The Resources and Performance Scrutiny Board has undertaken a review of the revenue and capital proposals and has reported its recommendations in Appendix 3.

Key Issues for Consideration/Reasons for Decision and Options

3.1 This report presents a second analysis of the Council's draft 2010/11 Revenue and Capital Budget

The following options have been identified. The approach in the recommendations is believed to be the best way forward

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| Option One | To review draft revenue and capital budget to date and consider actions arising. |
| Option Two | To approve or reject the recommendations above or request that Officers provide additional information. |

Consultations

Corporate Management Team, 16.12.09

Implications

Financial: Financial Effects – the significant financial effects of the budget are identified in Appendix 1. Any decisions made in relation to ongoing expenditure or income in the budget for 2010/11 will have repercussions in future years when current forecasts indicate the financial environment is likely to become increasingly difficult. The Council has a statutory duty to set a balanced budget and could incur the intervention of the Secretary of State if it failed to do so.

Consideration of this item will fall within the provisions of Section 106 of the Local Government Finance Act 1992, and Members affected by those provisions should declare accordingly and refrain from voting on the matter.

Efficiency Savings – Our Medium Term Financial Strategy requires efficiency savings and we have a

NI target of 4% in 2010/11. The draft budget presented includes a significant level of qualifying efficiencies which will be collated and reported to the February Executive meeting.

Comments checked by Phil O'Dell, Interim Chief Financial Officer, 01295 22798

Legal:

There is a statutory requirement for the Council to set a balanced budget by 11 March 2010 and the draft budget is part of that process.

Comments checked by Liz Howlett, Head of Legal and Democratic Service, 01295 221686

Risk Management:

The significant risks and assumptions associated with the draft budget are outlined in Appendix 1 and a risk provision has been considered. On a broader front, if due consideration is not given to matching scarce financial resources carefully against properly assessed service priorities, the Council may fail in achieving its strategic priorities and in its duty to demonstrate value for money.

Comments checked by Phil O'Dell, Interim Chief Financial Officer, 01295 22798

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Councils

Executive Portfolio

Councillor James Macnamara

Portfolio Holder for Resources and Organisational Development

Document Information

Appendix No	Title
Appendix 1a	Draft Revenue 2010/11 Budget and Analysis 2
Appendix 1b	Draft Corporate Plan 2010/11
Appendix 2	Draft 2010/11 Capital Programme
Appendix 3	Resources and Performance Scrutiny Board – Scrutiny of
Appendix 4	Budget
Appendices 4a-c	Council Tax Base Report Supporting documentation
Background Papers	
2009/10 Budget Booklet	

2009/10 Capital Programme
Medium Term Financial Strategy
Budget Guidelines
Draft Service Plans 2010/11

Report Author	Karen Curtin, Head of Finance
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Contact Information	01295 221551 karen.curtin@cherwell-dc.gov.uk
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