

Executive

DRAFT BUDGET 2009 – 2010 Analysis 2

12 January 2009

Report of Strategic Director for Customer Service and Resources and the Chief Accountant

PURPOSE OF REPORT

The Council has to adopt a budget for 2009/10 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 of three opportunities that the Executive has to shape and refine the interaction between service plans and financial matters before the final budget is presented to the Council on the 23rd February 2009. This report also considers an updated Medium Term Financial Forecast to 2013/14 building on the latest projection for 2008/09 and draft budget for 2009/10.

This report is public

Recommendations

The Executive is recommended:

- 1) to consider the draft revenue budget 2 (detailed in Appendix 1) in the context of the Council's service objectives and strategic priorities;
- 2) to agree the approach to the overall capital programme and 09/10 expenditure profile (detailed in Appendix 2);
- 3) to note the draft MTFS position (detailed in Appendix 3)
- 4) to request Officers review the current treasury management strategy in light of the current economic climate and present their recommendations at the February 1st Executive
- 5) to advise of any matters they would like taken into consideration in producing a balanced budget for the next meeting of the Executive ;
- 6) to consider the recommendations of the Resources and Performance Scrutiny Board from their meeting of December 9th 2008 (detailed in Appendix 4)

To note the workshop conclusions from the meeting on 9 December 2009 and to consider them as part of their final discussions on the draft budget; and

To note the request that officers ensure that in 2009 the process for scrutiny of the budgets involves members at an earlier stage and provides additional detail.

- 7) to consider the recommendations of the Resources and Performance Scrutiny Board in relation to concessionary fares. (detailed in Appendix 5)
- not to change the current arrangements for the Concessionary Fares Travel Scheme at the present time but that the situation should be reviewed again in six months

Executive Summary

- 1.1 The budget will form the financial expression of the Council's service delivery plans for 2009/10; the allocation of resources against agreed 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 2009 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 circa £0.7million to around £40k.
- 1.5 The current economic climate presents 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 £2.8million.

Background Information

2.1 Service Plans

Copies of the Service Plans for 2009/10 are available on the Council's intranet site <http://intranet/improvement/draftserviceplans.cfm>.

2.2 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 approximately £40k 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.

2.3 Resources and Performance Scrutiny Board

The Resources and Performance Scrutiny Board has considered the scrutiny of draft 1 of the revenue and capital budget and has reported its recommendations in Appendix 4. There have also reviewed concessionary fares and reported its recommendations in Appendix 5.

Key Issues for Consideration/Reasons for Decision and Options

3.1 This report presents a second analysis of the Council's draft 2009/10 Revenue and Capital Budget and considers 2 items from the work of scrutiny in relation to scrutiny of the budget and concessionary fares.

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

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 10/12/08, 17/12/08

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 2009/10 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 3.1% in 2009/2010. 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 Julie Evans, Strategic Director for Customer Service and Resources , 01295 221595.

Legal: There is a statutory requirement for the Council to set a balanced budget by 11 March 2009 and the draft budget

is part of that process.

Comments checked by Julie Evans, Strategic Director for Customer Service and Resources, 01295 221595.

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 Julie Evans, Strategic Director for Customer Service and Resources, 01295 221595.

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Council

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Resources

Document Information – Appendix 1-3 to follow separately

Appendix No	Title
Appendix 1	Draft Revenue 2009/10 Budget and Analysis 2
Appendix 2	Draft 2009/10 Capital Programme
Appendix 3	Draft Medium Term Financial Forecast 2009/10 to 2013/14
Appendix 4	Resources and Performance Scrutiny Board – Scrutiny of Budget
Appendix 5	Resources and Performance Scrutiny Board – Concessionary Fares
Background Papers	
2008/09 Budget Booklet 2008/09 Capital Programme Medium Term Financial Strategy Budget Guidelines	
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