

Executive

Draft Budget 2009 – 2010

2 February 2009

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

PURPOSE OF REPORT

The Council is required to produce a balanced budget for 2009/10 as the basis for calculating its level of Council Tax. It 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. The first draft was reported to the December 1st 2008 Executive meeting and a second draft to the January 12 2009 Executive meeting. The information has now been updated to reflect changes since then and, subject to any further changes Members may wish to include tonight, this final draft will be presented to full Council on 23 February 2009.

This report is public

****Please note the appendices to this report are to follow****

Recommendations

The Executive is recommended:

- 1) to approve the changes to the draft budget since 12 January 2009 and consider the draft revenue budget (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 latest MTFS financial forecast (detailed in Appendix 3);
- 4) request officers to produce the formal 09/10 budget booklet on the basis of Appendices 1-3;
- 5) recommend ,subject to any further changes Members may wish to include tonight, the updated draft budget for adoption by the Council on 23 February 2009 (as a key decision);
- 6) recommend that the draft service plans be endorsed;

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 this draft budget is the penultimate part of that process.

- 1.3 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.
- 1.4 As a result the draft budget presented illustrates further progress in securing further efficiency savings to reduce the funding gap identified in the previous draft from £43k to a balanced budget.
- 1.5 The level of council tax being proposed is analysed in Appendix 1.

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 Process

The delivery of a balanced budget representing value for money to local residents is the fundamental objective of the service and financial planning process. This centres on the preparation of service plans, which are developed not only to deliver the Council's corporate objectives and priorities, but also to demonstrate how the published service targets, representing the Council's commitment for delivery in priority areas, are to be achieved. The budget is the financial expression of these plans, within the context of the Council's Medium Term Financial Strategy.

The programme involves elected Members, the Council's senior managers and, in many service teams, operational staff. The views of the public, our community partners, the voluntary sector and the local business community are all actively sought through structured channels during the programme, and these views are reflected in the process of service prioritisation and resource allocation.

The draft budget is based on the latest forecast out-turn position, rather than the current year budget, and managers have had to justify their service and budget proposals through a robust challenge process from senior managers and elected Members.

The entire capital programme has been subject to review and re-profiling and has emerged with a clearer focus on service priority; although it is still felt that there is further work to be undertaken in this area.

2.3 Changes in the Revenue Budget Since 12 January 2009

The draft budget presented in December 2008 presented a funding gap of £0.7million. As a result of internal efficiencies this gap was reduced to £43k. The budget presented in this report benefits from further efficiencies and is balance. All changes since 12 January 2009 are analysed in Appendix 1.

2.4 2009/10 Capital Programme

The capital programme is analysed in Appendix 2 and includes a reconciliation of the movements since December 1st 2008.

2.5 The Future

The Council has successfully managed the budget challenges, previously forecast for 2009/10. It can be seen from the Medium Term Financial forecast in Appendix 3 that the coming years present even further challenges which in the main relate to the rapid decline in investment income due to interest rates. The Council's commitment to reducing its future dependency on investment income has already secured cost reductions in excess of £2.8m over the past 2 years. This strengthens its position to meet the forecast challenges of future years.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 This report presents a final analysis of the Council's draft 2009/10 Revenue and Capital Budget. The details in Appendix 1-3 will form the basis of the budget booklet to be presented to Council on 23rd February to support the setting of Council Tax.

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

Executive 12/01/09
Corporate Management Team 07/01/09, 14/01/09 and 21/01/09

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 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 enable the Council to meet its target.

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 3
Appendix 2	Draft 2009/10 Capital Programme
Appendix 3	Draft Medium Term Financial Forecast 2009/10 to 2013/14
Background Papers	
2008/09 Budget Booklet 2008/09 Capital Programme Medium Term Financial Strategy Budget Guidelines 2009/10 Budget Booklet – to be presented at Council 23 February 2009	
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