

Executive

Draft Budget 1 and Service Plans 2009 - 2010

1 December 2008

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 first 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 is public

Recommendations

The Executive is recommended:

- 1) to consider the draft budget (detailed in Appendix 1) and service plans in the context of the Council's service objectives and strategic priorities;
- 2) to endorse the proposed service priorities (detailed in Appendix 2);
- 3) to agree the approach to the overall capital programme and 09/10 expenditure profile (detailed in Appendix 3);
- 4) to provide guidance on the treatment of service growth bids (detailed in Appendix 4);
- 5) to advise of any other matters they would like taken into consideration in producing a balanced budget for the next meeting of the Executive on January ;
- 6) to endorse the draft budget and service plans as the basis for consultation;
- 7) to invite the Resources and Performance Scrutiny Board to consider the draft budgets and service plans, service priorities and service growth bids at their meeting on December 9th 2008 and submit their comments to the Executive meeting to be held on 12 January 2009.
- 8) to resolve that the Council does not participate in the Government's free swimming programme due to the fact that the Government grant is insufficient to cover the cost arising.
- 9) To approve a supplementary revenue estimate of £250,000 for the provision of disabled facility grants in the financial year ended 31st March 2009.

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 agreement of the draft budget and service priorities and the guidance on the treatment of service growth bids, will allow the Select Committees to carry out their scrutiny role in respect of the service and financial planning process and resource allocation decisions.
- 1.4 The re-profiling of the capital programme enables us to improve effectiveness in delivering the commitments.

Disabled Facility Grants

- 1.5 The Committee will recall that as a result of performance review during 2007/08 problems were identified in delivering a fully effective Disability Facilities Grants service. This was largely due to the failure of our partnership arrangements with other Districts and the contract provider of our Home Improvement Agency (HIA) service. As a result the Portfolio Holder introduced new management/staffing arrangements, including bringing the HIA service in house under Head of Housing Services. These internal changes coincided with a growth in demand but also a variable rate of referrals made to us by OCC. A significant backlog was cleared in 2007/08 but demand is once again creating a significant waiting list for referrals.
- 1.6 The service has progressed on the basis of a need to address referrals quickly and improve the flow of grant payments and completed works. This has been successful and an excellent service is now being delivered to meet this important need. The 2007/08 budget of £625,000 was supplemented by £244,000 of additional capital rolled forward from the previous year and a significant total spend of £782,000 was achieved with further grants of £243,000 approved but not paid.
- 1.7 The 2008 - 09 capital allocation of £625,000. was based on the previous years budget but grant approvals have proceeded on the assumption that the previous year's capital underspend (comprising £87,000 from the DFG budget and additional funds from the discretionary grants budget) could be made available. Spend is now at a level where a further capital sum is required. This position should now be formalised in the capital programme with a request to approve a supplementary estimate of £250,000.
- 1.8 This year's experience of the new arrangements has allowed a more accurate level of spend to be planned for the 2008 - 09 budget year. That spend level reflects the current staff capacity of the service. It should be noted that the council has moved from underperformance in terms of utilising available capital, to a position where a higher level of spend is sustainable, but the level of demand has now grown to the point it is necessary to make more difficult decisions on how much Cherwell capital should be allocated in future. The

grant system is mandatory, but Government contributions to the scheme are capped. This means that as it becomes necessary to limit Council capital funding the growing demand for the service can only be managed through a waiting list system. This point has not yet been reached, but this is an underlying issue for the future capital programme.

Free Swimming Initiative

- 1.9 The Executive at its meeting on 1 September, considered a report on participating in the Government's free swimming programme for the Over 60s and Under 15s. It concluded that it would submit expressions of interest for both schemes but that prior to any commitment, to consider the financial implications as part of the 2009/10 budget setting process. The additional costs of offering free swimming under the terms of the Government scheme are estimated to be £84,000 in 2009/10 as a consequence of Government funding only part of the actual cost. This cost increases to £162,000 per annum from 2011/12 when the Government's two year grant is withdrawn.
- 1.10 Given that the budget guidelines do not allow for growth and the significant challenges the Council faces in setting a balanced budget, no allowance has been included in the draft budget for the Council to commit to the Government's free swimming programme.

Background Information

2.1 Service Plans

Draft service plans have been prepared alongside the draft budget and have benefited from the new approach (detailed in Appendix 2) and include early consultation feedback and robust peer and member challenge.

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 considering the actions listed in Appendix 2. The funding gap in the draft budget as presented is approximately £0.7m 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.

As in previous years, the final allocation of central Government Grant and the amount available for distribution from the Collection Fund will be confirmed later in the process.

2.3 Service Plans and Budget Guidelines

The Executive agreed the service plans guidelines on 12 May 2008 and the budget guidelines at its meeting on 6 October 2008 after considering the medium term financial

forecast and underlying financial strategy.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 This report present the Council's draft 2009/10 Revenue and Capital Budget, Service Plans and considers 2 items in relation to 2008/09 revenue and capital implications.

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 19/11/08

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 Phil O'Dell, Interim Head of Finance, 01295 227098.

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 Liz Howlett, Head of Legal and

Democratic Services, 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 Head of Finance, 01295 227098.

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Council

Executive Portfolio

Councillor James Macnamara
Portfolio Holder for Resources

Document Information – TO FOLLOW

Appendix No	Title
Appendix 1	Draft Revenue 2009/10 Budget and Analysis
Appendix 2	Service Plans and Service Priorities
Appendix 3	Draft 2009/10 Capital Programme
Appendix 4	Draft 2009/10 Growth Bids
Background Papers	
2008/09 Budget Booklet 2008/09 Capital Programme Medium Term Financial Strategy Budget Guidelines	
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