

Report of	Meeting	Date
Director of Transformation (Introduced by the Executive Member of Resources)	Executive Cabinet	18 February 2010

2010/11 BUDGET PRINCIPLES

PURPOSE OF REPORT

1. To advise members of the current forecast position for 2010/11 based upon the latest available information.
2. To advise members of the aspirations of the Executive Cabinet in relation to the 2010/11 budget.

RECOMMENDATION(S)

3. That the information and budget principles be approved for consultation/discussion.

EXECUTIVE SUMMARY OF REPORT

4. This report summarises the progress being made towards presenting the Executives proposal for the 2010/11 budget following the confirmation on 28 January 2010 of the final funding figures from government. The analysis shows that after accounting for volume changes eg changes in expenditure and income not associated with policy changes, the Council would have required further saving of £747k to balance the budget in 2010/11. Decision made by the Executive during this year has resulted in that savings target being achieved. Consequently the forecasts are that for the 2010/11 budget is balanced. The budget framework to be adopted by the Executive in constructing its budget and which is currently being finalised will be built on the following principles:

- Containing Council Tax increases
- Protecting businesses from the ongoing impact of the recession
- Continuing to provide value for money
- Protecting front line services
- Preparing for the future and the uncertainty over public finances

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

5. To update members of the current budgetary forecast position in 2010/11 in advance of the budget setting Council meeting to be held on 2 March 2010.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. Not applicable.

CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

BACKGROUND

8. In previous years the current Executive Cabinet have been able to present their proposed budget prior to the budget setting meeting at Council. However the ability to do this for 2010/11 has been restricted due to the uncertainty regarding the funding of the concessionary travel scheme. The consultation for a revised distribution mechanism for the funding concluded at the end of December 2009. Confirmation of the sums to be received by Chorley Council was received at the end of January 2010. As the sums involved are significant it has not been possible for the Executive to consider and present its options in the normal way.
9. Given that certainty has now been removed the budget package will be available for debate at the future Council meeting on 2 March 2010.
10. However, the Executive are still keen to seek views on their overall approach to the next year budget and has been consulting on the Budget Principles to be adopted through local press. The Overview and Scrutiny Committee to be held on 15 February 2010 has had the opportunity to discuss and comment on the following principles. A further public consultation is also taking place on those principles.

Budget Principles

11. Set out below are the key principles which the Executive will seek to adopt in constructing it's budget for 2009/10.

Council Tax

12. The Executive have as an overriding principle of each of it's budgets over the last three years aimed to contain Council Tax increases. In 2006 Council Tax was frozen, and the average increase over the financial year 2007/08 to 2009/10 has been 1.4%.
13. **For 2010/11 the Executive will be looking to continue this approach and keep any Council Tax increase as low as possible.**

Protecting Business in Chorley

14. Again over subsequent budgets the Executive have aimed to protect business in Chorley by where ever possible restricting increase in car parking charges and market rents, despite this source of funding being a key increase stream for the Council. **For 2010/11 the Executive will again aim to protect wherever possible local businesses.**

Providing Better Value Services

15. The Executive approach has traditionally, been to provide value for money to the tax payer of Chorley. The efficiencies and savings made historically and the recent use of resources and organisational assessment score provide some evidence that has been achieved successfully.
16. **Over the coming financial planning period 2010/11-2012/13 this approach will be continued.**

Protecting Frontline Services

17. The Executive is clear on this point that savings and efficiencies should wherever possible come from managerial and administrative costs, rather than frontline service.
18. **The approach for 2010/11 will be no different, and the series of restructuring undertaken recently continues this approach.**

Maintaining Frontline Services

19. As the overarching budget approach has been to reduce managerial and administration costs, by design the budget for 2010/11 will look to maintain spending in key priority areas which will mean:
 - Helping to continue to fund the provision of 22 PCSO's in the borough.
 - Continuing to provide free swimming and the Get Up and Go activity programme.
 - Investing in partnership working to help reduce teenage pregnancy, alcohol harm and to encourage active lifestyle.
 - Working to help reduce unemployment in the area.
 - Investing in solutions to reduce the Council's carbon footprint.
 - Improving the Town Centre.
 - Continuing to invest in and provide more affordable homes.
 - Providing street pastors and play rangers to help reduce anti-social behaviour.
 - Completing the building of the Buckshaw railway station.

Preparing for the Future

20. Post 2010/11 the state of the public finances and hence the support the Council will receive from Government is uncertain. Current forecasts indicate there may be cuts in government support rather than any increases? The scale of these reductions in grant is unclear, but could mean a cut of between 10-12% over the next spending period 2011/12 – 2012/13 which will make life very different for local authority budgets. In addition to this the Pension Fund triennial review will become effective from April 2011 and the effects of the recession will continue to impact on local authority budgets for some time.

21. The 2010/11 budget will therefore with this in mind look to prepare the Council for difficult financial time ahead.

Updated Budget Forecasts 2010/11

22. Set at in Appendix A is a summary of the budget forecasts for the next financial year 2010/11. Based upon a continuation budget with no further policy change, the key movements between the two financial years 2009/10 and 2010/11 is also shown.
23. The analysis shows that the Council's cash budget of £15.477m will be reduced to £15.040m for 2010/11 as a result of the savings achieved. This represents a reduction of 0.437 or a 2.8% year on year.

Budget Consultation

24. The Overview and Scrutiny Committee have had the opportunity to scrutinise this budget principles paper and their feedback will be reported verbally to this meeting. Consultation will take place with the business community through the Chamber of Trade through a online consultation with 300 members of the Citizens Panel.

IMPLICATIONS OF REPORT

25. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Financial implications are indicated in the body of the report.

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5480	3 February 2010	