

| Report of  | Meeting           | Date            |
|--|-------------------|-----------------|
| Director of Transformation<br>(Introduced by the Leader) | Executive Cabinet | 9 December 2010 |

## **2011/12 BUDGET PRINCIPLES**

### **PURPOSE OF REPORT**

1. To advise members of the aspirations of the Executive Cabinet in relation to the 2011/12 budget and the budget principles upon which the budget will be built.

### **RECOMMENDATION(S)**

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

### **EXECUTIVE SUMMARY OF REPORT**

3. Last year the Executive considered the Councils budget based upon a set of core principles, which were discussed and agreed by members. For 2011/12 the Executive are again seeking members views as to the relevance of these principles prior to more detailed proposals coming before the Council in March 2011. The key principles to be adopted are:
  - To continue to be a high performing Council
  - To contain Council Tax increases
  - To protect the Chorley community from the impact of the current economic situation
  - Continuing to provide value for money
  - Safeguarding front line services and focusing on the removal of bureaucracy and managerial posts
  - Looking for opportunities to share services and generate additional revenue
  - Preparing for the future and the uncertainty over public finances
  - To look to reduce debt and the consequent financing charges

### **REASONS FOR RECOMMENDATION(S)**

**(If the recommendations are accepted)**

- 4.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. Not applicable.

## CORPORATE PRIORITIES

6. 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

7. 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 2011/12 has been restricted due to the continued uncertainty regarding the funding of the concessionary travel scheme. The consultation for a revised distribution to upper tier Councils ended on 1 December 2010 and we will/may not know the outcome for some time yet. In addition there are numbers of other proposed changes to funding mechanism that might occur such as the new homes bonus and the deregulation of planning fees, again which are yet to be approved. Hopefully some clarity will exist on the publication of the draft revenue support grant figures currently due to be revealed on 8 December 2010, but it is by no means certain that there will be total clarity in terms of what is/isn't included in the grant settlement and how some of the new forms of incentive will work. As the sums involved are significant it has not been possible for the Executive to consider and present its options. I have set out in Appendix A a brief summary of some of the issues and funding streams currently being considered by Government. I am happy to supply members with more details or to hold individual discussions if they so wish.
8. However, the Executive are still keen to seek views on their overall approach to the next year budget and will be consulting on the Budget Principles to be adopted. The Overview and Scrutiny Committee to be held in February 2011 will have the opportunity to discuss and comment on the following principles.

### Budget Principles

9. Set out below are the key principles which the Executive will seek to adopt in constructing it's budget for 2011/12.

### Continuing to be a high performing Council

10. The Council's new Corporate Strategy sets out the Council's aspirations in terms of deliverables. The targets and measures if achieved will ensure the Council's performance comparatively speaking continues to place is amongst the better Local Authority nationally.

### Council Tax

11. 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 2008/09 to 2010/11 has been just over 1%.
12. **For 2011/12 the Executive will be looking to continue this approach and keep any Council Tax increase as low as possible.**

### Protecting the Chorley Community from the Impact of the recession

13. 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 2011/12 this again will be the aim with any increase being distributed as fairly as possible.

### Providing Better Value Services

14. 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. Our Place Survey results indicate that the taxpayer of Chorley believe the Council provides value for money, and this is something the Executive would want to continue.
15. **Over the coming financial planning period 2011/12-2013/14 this approach will be continued.**

### Safeguarding Frontline Services

16. The Executive is clear on this point that savings and efficiencies should wherever possible come from managerial and administrative costs, better procurement and non priority areas rather than services the taxpayer values.
17. As the overarching budget approach has been to reduce managerial and administration costs, by design the budget for 2011/12 will look to maintain spending in key priority areas which will mean:
  - Driving out in efficiency and cost that do not add value
  - Ensuring our workforce are productive
  - Focusing on the key priorities of the Chorley citizens and business community
  - Living within our means as available resources diminish

### Looking for opportunities to share services and generate additional revenue

18. The Authority has a history of a mixed economy approach to service delivery. However, the opportunities for in particular sharing of services to provide a more efficient and effective service will become more prevalent during the next financial planning period. The Executive are committed to looking at all options in this respect and to continue looking for opportunities to generate additional revenue into the Council by selling the services and products we have to others when that opportunity arises and if it is appropriate to do so.

### Reducing debt and financing charges

19. At present the Council sets aside significant sums from it's revenue budget to repay debt. The Executive will look for opportunities to reduce this rather than always looking for additionality in terms of capital resources. The prudential code which has been adopted by the Council require the Council to only spend what it can afford, so it is prudent financial management to look at opportunities to reduce the ongoing debt burden.

## Preparing for the Future

20. Post 2011/12 the support the Council will receive from Government will reduce. Current forecasts indicate there may be cuts in government support of up to 30% over that period for formula grant, but other forms of incentive may benefit the Council.

In terms of proposals for the future the Executive will seek to:

- Balance the budget over the financial planning period 2011/12-2013/14
  - Continue to change the shape and scale of the organisation to drive through on the efficiencies agenda, through adopting different delivery models.
  - Focus on the priorities of the citizens and business community of Chorley
  - Continue to invest in technology and schemes that generate savings
  - Look to consolidate the Councils debt position and reduce it wherever possible
21. The 2011/12 budget will therefore with this in mind look to prepare the Council for difficult financial time ahead, whilst continuing to prioritise the resources it puts into delivering the aspirations in the Corporate Strategy.

## **IMPLICATIONS OF REPORT**

22. 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.

| <b>Report Author</b> | <b>Ext</b> | <b>Date</b>     | <b>Doc ID</b>            |
|----------------------|------------|-----------------|--------------------------|
| Gary Hall            | 5480       | 3 February 2010 | Budget Principles Report |