

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member for Resources)	Executive Cabinet	14/02/2008

## 2008/09 BUDGET UPDATE

### PURPOSE OF REPORT

- To seek the Executive agreement to changes to the draft budget for 2008/09 and which will form the basis of the recommendation to Finance Council on 26 February 2008.

### RECOMMENDATION(S)

- That the following amendments be made to the Executive's Draft Consultation budget.
  - The Council Tax increase for 2008/09 be 2½% rather than the 3% previously proposed.
  - That following budget consultation further investment monies totalling £20k are allocated to the Get Up And Go programme with a similar reduction in the sum allocated to the extra opening of Astley Hall.
  - That a sum of £100k is taken from working balances and reserves for spending on improving neighbourhoods.
  - That members note the addition of the Cotswold House grant bid at a total cost of £3.2m to be financed from grant and £500k of the Council's own resources.
  - That further sums of £300k and £150k respectively of capital be spent on improving the Council football pitches and improving the Council's buildings specifically making them more energy efficient.

### EXECUTIVE SUMMARY OF REPORT

- The updated financial position for 2008/09 is outlined in this paper and allows the Executive Cabinet to make some further policy changes in relation to the budget. After consideration of the position and the results of the budget consultation which is almost complete a series of amendments are proposed, the results of which are outlined in the report. In summary the position is as follows:

- the proposed Council Tax increase has been reduced as compared to the draft budget.
- significant extra sums are to be spent on the Get Up And Go programme and improving neighbourhoods.
- Further capital expenditure is to be incurred improving football pitches and energy efficiency of the Council.

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

**(If the recommendations are accepted)**

4. To finalise the Executive's budget proposals for 2008/09 which will form the basis of the recommendation to Finance Council on 26 February 2008.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. None.

## **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	✓

The budget forms the Council's resources allocation to its strategic objectives, therefore any decision regarding budget allocation potentially affects all of its priorities.

## **BACKGROUND**

7. At its meeting on 6 December 2007 the Executive sets out its proposals for the 2008/09 budget. This draft budget was approved at that meeting for consultation. Subsequently much of the consultation has been completed and I have now been able to update some of the draft budgets based upon the latest and more detailed information.
8. Consequently the Executive now has a choice to make as to whether or not to amend any of its draft budget proposals.
9. The rest of this paper sets out in more detail the changes to the draft budget as a result of the latest information being available and outlines the key messages from the consultation exercise. Whilst consultation is almost complete, the Overview and Scrutiny Committee is yet to meet to finalise their views but I will update the Executive verbally at the meeting.
10. Finally the report sets out the proposed amendments with regard to policy options.

11. The draft budget position in the broadest terms was as follows:

	£'000	£'000
Budget gap based upon service continuation		640
Less proposals to balance and rebasing		- 315
		<u>325</u>
Savings proposals	-187	
Income generated	-223	
3% Council Tax Increase	-180	- 590
Headroom for Growth		<u>- 265</u>

The headroom for growth to be invested was as follows:

	£'000
Cash spent in neighbourhoods	100
Projects delivered by the Council and 15 parties	90
Extending opening hours at Astley Hall	40
Events and Tourism Officer	25
Extend Get Up And Go Scheme	10
Total	265

12. Changes to draft revenue budget:
13. Since the draft budget was issued in December there have been a number of key policy changes that have affected the budget position. In addition more accurate information is now available in relation to government grants and statutory fees and charges increases. Attached at Appendix A is a summary of the key movements and the resultant impact on the bottom line.
14. The Appendix shows that as a result of the budget update a further £35k of headroom is available to spend in 2008/09.
15. An explanation of the key changes to the draft budget is also shown below and summary explanations are included in the appendices for other items.

### **CONCESSIONARY TRAVEL**

16. It is possible that pooling of the concessionary travel budget is the most likely outcome in Lancashire. Consequently this increases the sum that had been budgeted for but reduces our exposure if the scheme is in total overspend. Broadly speaking the draft budget allowed for a 20% increase in costs whilst the pooling arrangement will allow for a 40% increase, based upon the Council putting all the additional grant it received (£275k) into the pool.

17. A further consideration having increased the base budget figure is whether my ascertainment on the prudent level of working balances is now appropriate? I will return to this issue later.

### **CAR PARKING INCOME AND CAPITAL FINANCE CHARGES**

18. The effect of the decision by the developer to postpone the Market Walk development means we are able to add back the anticipated loss of Car Parking Income. Netted off against this is the impact of the loss of the receipt which was to be used to pay off Council debt. Whilst this would have resulted in an increase in capital financing charges, other changes on this element of the budget but in particular slippage on the Capital programme and a better cash flow position means that there will be no equivalent increase in the Capital Finance Charge in 2008/09. Whilst the amendments proposed with regard to those set out in the draft budget for car parking are unchanged. A more detailed proposal explaining how the tariffs will be structured from 2008/09 is attached at Appendix B.

### **RESULTS OF BUDGET CONSULTATION**

19. Attached at Appendix C is a summary of the results of the Council's budget consultation and the outcome from the Scrutiny Panels' review of the budget. In the broadest terms, the key messages are as follows:
- No feedback has been received on the proposed Council Tax rise of 3% or amendments to any of the fess and charges.
  - All those consulted were in support of the Council's priorities for investment.

At a more detailed level the consultees ranked the priorities as follows:

- Improving your neighbourhoods
  - Improving the town centre
  - Putting on more Get Up And Go activities
20. Members of the Executive should note the key messages in respect of any further budget amendments. The Scrutiny Panel also put forward a number of suggestions which broadly mirrored the public consultation. However, they also made suggestions with regard to the proposed fees and changes amendments and details of their view are attached at Appendix D.

### **OPTIONS FOR THE EXECUTIVE**

21. The amendments to the draft budget results in an overall net surplus which means that the Executive has a number of choices to make with regard to the level of proposed Council Tax increase and the level of investment.
22. Following further discussion with the Executive Leader and Members of the Administration the following are proposed as amendments to the draft budget.
- i) A reduction in the proposed level of Council Tax increase from 3% down to 2½% which will result in lost revenue of £30k
  - ii) Following consideration of the views received in budget consultation £20k of the proposed investment in opening hours at Astley Hall to be switched to a further increase in the Get Up And Go programme.

23. As a result the Executive's Investment Proposals will be as follows:

	£000
Investment in frontline neighbourhood services	100
Project delivered in partnership with the LSP	90
Extended opening hours at Astley Hall	20
Events and Tourism Officer	25
Extended Get Up and Go scheme with a focus on rural areas	30
<b>TOTAL</b>	<b>265</b>

24. In addition Members should note that a further £100k of funds is being allocated on a non-recurrent basis to spending in neighbourhood. This money will come from the Council's working balances which are currently forecast to be £1.580m at 31 March 2008. This will leave working balances still in the accepted range outlined in the Council's financial strategy of between £1.25m - £1.50m.

## **CAPITAL PROGRAMME**

25. Whilst very little response has been received with regard to consultation on Capital, again the investment plans particularly in the town centre were welcomed.

26. I have however been able to update the resources forecast and now have clarification on a bid for funding for the homelessness hostel (Cotswold House). In addition further thought has been given to in particular the level and amount of investment in the Council's football pitches. Historically these areas have received very little investment, but have now become a priority as part of the Council's corporate strategy objective to improve the green corridor. Finally full consideration has been given to how the Council might reduce its own carbon footprint. We have received some initial findings from an energy review which indicates investment is likely to be required which over time will be paid back. The details are not yet finalised but it is recognised that some investments will be required along with some further sums to ensure compliance with various regulations to make our building assets fit for purpose.

27. As a result of the above the following amendments are proposed:

- £500k of the sums set aside for meeting housing needs are allocated to the Cotswold House housing bid totalling £3.2m, with £2.7m coming from grant if the Council is successful in the bid.
- £300k is to be spent on football pitch improvement over the next three financial years.
- £150k is allocated for making our building assets fit for purpose and energy efficient.

28. Summary of Capital Programme amendments

<b>Summary of Capital Programme Amendments</b>				
	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>Total £'000</b>
<b><u>Spending</u></b>				
Homelessness Hostel (Cotswold House)	3,200			3,200
Reductions in other housing capital expenditure	(500)			(500)
Investment in Council Assets	150			150
Improvements to Sports Pitches	100	100	100	300
	2,950	100	100	3,150
<b><u>Resourced by</u></b>				
Additional Capital Receipts	250	100	100	450
Government Grants	2,700			2,700
	2,950	100	100	3,150

The table shows the amendment to be made to spending and the resources of that additional spending. The additional resources to finance the expenditure come from additional capital receipts and means that overall the level of anticipated borrowing over the three-year period will not increase from the £600k reported in the draft budget.

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ASSISTANT CHIEF EXECUTIVE (BUSINESS 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	07/02/2008	ACE/Reports/2008/Budget Update – Exec Cab 14 Feb