

Report of	Meeting	Date
Leader of the Council	Council	26 February 2008

GENERAL FUND REVENUE AND COUNCIL TAX 2008/09 AND CAPITAL PROGRAMME

PURPOSE OF REPORT

1. To seek approval of the Executive Cabinet's budget proposals including the levels of Council Tax increase for 2008/09.

RECOMMENDATIONS

2. The Council is recommended to:
 - a) Approve the budget and Council Tax as set out in the resolution at Appendix 7 allowing for a 2½% increase in Council Tax levels.
 - b) Approve the Council's Capital Programme as set out in Appendix 5
 - c) Approve the pooling arrangement with regard to concessionary transport.
 - d) Note the advice of the Statutory Finance Officer in relation to the robustness of the budget and the risks contained in the budget, contained in the Statutory report with these papers and approve the Treasury Management Strategy and its core principles at Appendix 8.
 - e) Approve the fees and charges increases and car park tariff changes as set out in this report shown at Appendix 4.
 - f) Approve the Councils Medium Terms Financial Strategy.

EXECUTIVE SUMMARY OF REPORT

3. This year's budget I believe needed to achieve a number of objectives, namely:
 - Ensure the Council continued to deliver a balanced budget.
 - The Council continued to deliver value for money for its residents.
 - The Council continued to invest in frontline services and priorities.
4. In terms of the key messages, there are many positives to report:
 - The proposed level of Council Tax increase is well below the current rate of inflation.
 - There will be significant investment in the continued improvement in front line services.



- Disruption to the current council services, which are performing well, has been kept to a minimum.

5. The Executive would have liked to do more, but continued pressure on expenditure means that we have to temper our ambitions. In particular the need to minimise the financial risk to the Council of implementing the free concessionary travel scheme means that the Executive have had to look at all the Council's revenue earning opportunities in order to create that headroom for investment.

BACKGROUND

6. The Executive published a draft budget at the beginning of December 2007 setting out its broad intention for spending and investment in the borough for the forthcoming financial year 2008/09. Some revision to that draft budget were made at the Executive's meeting held on the 14 February following consultation feedback and the receipt of an updated analysis of the financial position

BUDGET CONSULTATION

7. The draft budget was approved for consultation in December 2007. A summary of the conclusions from the consultation is shown at Appendix 1.

8. Executive Cabinet have considered the messages contained in the responses and considered that some amendments in its draft budget be made. A formal response to the issues raised by Scrutiny is also included in Appendix 2 to this report.

9. In general the consultation responses are supportive of the Council's investment priorities. However, no comments were received from the public consultation in relation to either:

- the level of proposed Council Tax increase or;
- the proposals for amendment to the fees and charges.

10. The Executive were asked by the Overview and Scrutiny Committee to consider:

- ensuring the additional cash was distributed so that extra was spent on:
 - Pest Control services
 - Street cleanliness in rural areas
 - Activities for those in areas where access to the Council's leisure facilities is limited

BUDGET PROPOSALS

11. Since the budget consultation document was published a number of adjustments have had to be made to the Continuation budget, based upon updated information. Shown in the table below is a summary of the movements.

	£'000	£'000
Budget Gap reported in December Draft		327
Savings Proposals	(187)	
Fees & Charges Review	(223)	
Growth/Investment	<u>265</u>	
		(145)
Council Tax Increase @ 3%		<u>(182)</u>
Net Expenditure		0
Changes in Directorate Budgets since December		(83)
<u>Changes in Financing:</u>		
Change in Special Expenses		24
Change in Aggregate External Finance		29
Additional headroom available		<u>(30)</u>

12. The table shows that whilst there have been movements in expenditure and income projections, the overall impact is that a small amount of headroom has been created in the budget. In terms of policy choices, the majority of amendments are based upon having better information and are changes the Statutory Finance Officer advises should be made to make the budget more robust.

13. Of the amendments made to the draft revenue budget three policy changes have been made namely:

- The proposed level of Council Tax increase has been reduced from 3% down to 2½%.
- Funds have been diverted from the sums set aside for additional opening hours at Astley Hall into the Get Up and Go Programme in the sum of £20k.
- A non-recurrent sum of £100k is to be used from working balances to spend on neighbourhood improvements to compliment the additional recurrent cash for neighbourhood working.

14. An explanation of the budget variations year on year and the savings and fees and charges proposals are shown at Appendices 3 and 4 respectively. The details of the Executive Cabinet's proposed to the Council are set out in the following Appendices:

Appendix	1	Summary of Consultation Responses
	2	Executives Response to Scrutiny
	3	Significant Budget Movements Year on Year
	4	Savings Items and Fees and Charges Proposals
	5	Capital Programme 2008/09 – 2010/11
	6	Special Expenses and Parish Precepts
	7	Note on Concessionary Travel
	8	Formal Council Resolution
	9	Treasury Management Strategy
	10	Medium Terms Financial Strategy

15. Pressure continues to be placed on the Council's budget from the cost of recycling and the cost of benefits. A significant new risk is the introduction of the free concessionary travel scheme from April 2008. The reasoning is that it is impossible to predict the likely total cost of the scheme and its impact on the Council's budget. The proposed pooling arrangement mitigates the risk to some extent but cannot and will not protect the Council completely.

16. On a positive note the Job Evaluation Scheme has been completed and the additional costs are now factored into the 2008/09 base budget. The result from a financial perspective is that costs have been contained and the completed scheme will not destabilise the Council financially. However, we await the outcome of any potential equal pay claims.

17. In terms of the budget itself the Council is able to continue to redirect resources to its key priorities. The growth areas represent the Council's contribution to improving services in the following areas:

- Direct Services in Neighbourhoods
- The Get Up and Go Programme
- The commissioning of work with the Local Strategic Partnership
- Marketing the town and organising events for residents
- Extending the opening hours at Astley Hall

18. Members may note that the additional costs for services in Neighbourhoods is in a direct result of the Overview and Scrutiny Committee's review of neighbourhood working and the response by the Executive to the review which has now been approved.
19. The administration's aim was to keep the level of Council Tax increase low and the proposed 2½% increase will mean the average increase for the last two years being only 1.25%. The increase is necessary to pay for some of the cost pressures in the budget, but in particular the potential cost of concessionary travel which continues to increase over and above the sums budgeted.
20. The headroom for growth has been reached through continuing to drive out costs but increases in fees and charges are necessary to ensure the Council:
- recovers its costs
 - is competitive but charges a fair price
21. In many cases it is some years since any of the charges have increased. With regard to the headroom now available in the budget and as a result of feedback from budget consultation, the following is proposed in terms of growth.

	£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
TOTAL	265

THE CAPITAL PROGRAMME

22. The Executive again issued its draft Capital Programme in December 2007. The Programme reflected the Executive's intention to focus on the Council's Corporate priorities and the key priorities for investment were identified as:
- Affordable Housing
 - The Town Centre
 - Sustainability and Climate Change
 - Investment in the Council's infrastructure
23. No specific responses were received in relation to capital and the programme will remain unchanged apart from the following:

It has been updated to take account of slippage of expenditure from 2007/08 to 2008/09 and vice versa. Additionally the Council has now been notified that its allocation of housing capital grant for 2008/09 is likely to be £311k. This is less than originally anticipated and in terms of help from the Government for dealing with housing related issues is going to have a marginal impact.

Further consideration has been given to the Programme by the Executive and three further changes to the draft budget has been made namely:

- A bid has been submitted to the Government for grant towards rebuilding the Council's homelessness hostel, namely £3.2m.
- £300k over the next 3 years has been committed to improving the Council's football pitches as part of the Council's aim to encourage physical activity.
- A further £150k has been committed to making the Council's building more energy efficient and fit for purpose.

24. All of the above will be completed without the need for any additional borrowing over the three years and which amounts to the £600k as identified in the draft budget. Further resources have been identified from asset sales specifically from the proposed disposal of land at Friday Street to offset the extra spending. A detailed programme is shown at Appendices 5

CONCLUSION

25. The budget continues to direct resources into the Council's key priorities and address concerns identified by Borough Citizens. The administration ambition to contain the level of Council Tax increase whilst continuing to invest in services has been achieved. Particular focus for 2008/09 has been on resourcing the Council's refreshed Corporate Strategy.
26. There are some significant risks contained in the budget which in the worst case scenario could have a negative affect on the Council's budget and ability to continue to develop services. However, in line with the Statutory Finance Officer's advice the level at which the Council's working balances are kept has been increased to reflect this risk.
27. The Council's Council Tax increase must be viewed in the context of our partner authorities who have increased their element of the Council Tax as follows:

Lancashire County Council	2.95%
Lancashire Fire Authority	4.74%
Lancashire Police Authority	7.95%

FUTURE YEARS PROSPECTS

29. In terms of future years prospects the forecasts show that in the two years following 2008/09 an average saving of £527k will be required to balance the councils budget. This will need to come from either extra council tax or further savings.
30. This sum has increased since the draft budget was approved mainly as a result of the notification of the amount the Council can expect in grant from the government. For the financial planning period the cash increases are to be as follows:
- | | |
|---------|---------------|
| 2008/09 | +£213k (2.6%) |
| 2009/10 | +£137k (1.7%) |
| 2010/11 | +£129k (1.5%) |
31. These sums are less than originally forecast and very poor. The main reason for the reduction is that cash has been switched to upper tier and unitary councils in an attempt to deal with in particular pressure for social care costs.

32. As a result and even after allowing for inflationary council tax rises the savings required will be in the region of £536k in 2009/10 and £199k in 2010/11 based upon the current continuation budget. These figures allow for no further growth
33. The Council will have to work extremely hard to achieve this level of savings given the scale of the savings previously made. If the Council is to minimise the impact on services it will need to be innovative in its approach. Two determining factors could significantly affect this forecast. The first will be the ultimate outcome of the pooling discussions for concessionary transport and the ultimate cost of the scheme. The second will be the arrangement for decriminalised parking with the County Council which will change from 2009 onwards. Details of the forecasts and the Councils approach to the issues are contained in the Medium Term Financial Strategy shown at Appendix 9.

GARY HALL
 ASSISTANT CHIEF EXECUTIVE
 (BUSINESS TRANSFORMATION)

Background Papers			
Document	Date	File	Place of Inspection
Draft Budget Proposal	6/12/2007	Executive Cabinet	Town Hall
Budget Update Report	14/2/2008	Executive Cabinet	Town Hall

Report Author	Ext	Date	Doc ID
Gary Hall	5480	14/02/08	ACE(Bi)/reports/2008/Council/ General Fund Rev and Council Tax