



**Report to:** Council

**Date of Meeting:** 1 March 2007

**Report from:** Director of Resources

**Title of Report:** 2007/2008 General Fund Revenue  
Budget and Council Tax Proposals

**Agenda Item Number:** **15**

---

**1. PURPOSE OF REPORT**

- 1.1 The report summarises the 2007/08 general fund budget proposals and council tax recommendations for consideration by Council.

**2. CONSULTATION**

- 2.1 Corporate Management Team has been fully involved in the work supporting the budget projections and has been consulted on the report. Service Team Managers have been fully engaged in the budget preparation process for their service areas. The proposals in respect of fees and charges are the suggested levels from the relevant Service Team Managers. The Overview and Scrutiny Panels considered the budget proposals for the services within their respective remits and the Panels' comments are detailed in section 11 of the report.
- 2.2 Finally, non-domestic ratepayers were consulted on the Council's budget proposals and their comments are summarised in section 12 of the report.

**3. CORPORATE PLAN AND PRIORITIES**

- 3.1 As the report is wholly concerned with the general fund revenue budget, it provides the means by which the Council will achieve the targets set out in the Corporate Plan for 2006/09 and which will be reviewed in the 2007/10 Corporate Plan to be published in June.

- 3.2 The council must continue to reassess its priorities and non priorities as part of the corporate planning cycle. The current priorities were first set out in June 2005 within the first three year corporate plan for 2005/2008. It has been considered that these priorities remain as pertinent now as they did in 2005 and indeed many of the actions designed to meet the priorities remain to be completed. It is therefore considered there is no value in reviewing these priorities at this current time and that the existing priorities ought to be used for the setting of next year's budget. It will be important that for the purposes of the development of future years' ambition the council will need to re-assess its priorities, and indeed non priorities during the next financial year. Processes are in place to enable this to happen.
- 3.3 Last year the council was able to take into account its Residents' Opinion Survey to assist budget setting. This year's opinion survey is linked to the Best Value Performance information and at this stage only unweighted information, other than planning performance, is available as results so far are awaiting ratification by Government Office. As such it is difficult to use the information so far available to inform the budget setting process. However the council asked additional questions about value for money, which do not have to be ratified by Government Office and headline information is set out in the next section.

#### **4. IMPLICATIONS**

##### **4.1 Financial and Value for Money**

The financial implications are detailed throughout the report. The outcome of each service area's Value for Money assessment has been reviewed by the Overview and Scrutiny Panels when they considered the budget proposals for the services within their remit.

The headline results of the Residents Opinion survey on value for money include;

##### Priority 1 Customer Excellence

- 74.2% feel that all services delivers value for money and 21.3% would pay more for them
- 85.7% feel that the concessionary fares scheme delivers value for money and 29.7% would pay more

##### Priority 2 Working in Partnership

- 78.2 % feel that the community safety service delivers value for money and 45.4% would pay more for it

##### Priority 3 Meeting the Decent Homes

- 68.7% feel that housing strategy is value for money and 20.5% would pay more

##### Priority 4 Regenerating the District

- 72.5% feel that the regeneration service delivers value for money and 25.5% would pay more
- 67.6% feel that planning is value for money

#### Priority 5. Neighbourhood Management

- 91.% feel that the household waste collection is value for money
- 88.2% feel that the recycling service delivers value for money and 34.7% would pay more for it
- 68.9% feel that the street cleaning service delivers value for money and 20.3% would pay more
- 79.5% feel that environmental health services are value for money and 21.1% would pay more

#### Priority 6 New Ways of Working in Leisure

- 76.1% feel that open space services provide value for money and 20.3% would pay more
- 72.8% feel that leisure facilities are value for money
- 66.5% feel that other leisure services provide value for money

#### Priority 7 Maximising Efficiencies

- 60.5% feel that Revenues and Benefits provide value for money
- 65.2% feel that other services deliver value for money

#### 4.2 Legal

There are no legal implications.

#### 4.3 Personnel

Some of the savings do result in the deletion of vacant posts.

#### 4.4 Other Services

Clearly the budget proposals for 2007/08 have implications for all service areas of the Council.

#### 4.5 Diversity

The budget proposals for 2007/08 do not make any specific additional provision for equalities and diversity work.

#### 4.6 Risk

The budget proposals have been subjected to a risk assessment which is summarised in Appendix D to the report.

#### 4.7 Crime and Disorder

The Crime and Disorder Act of 1998 requires the Council to consider all of its budgets, policies and plans in the light of their contribution to the reduction of crime and disorder.

#### 4.8 Other Implications

There are no other implications arising from the contents of the report.

## 5. **THE FINANCE SETTLEMENT**

5.1 The final finance settlement for 2007/08 was received on 18 January 2007:-

	<b>£million</b>
Revenue Support Grant	0.725
NDR	4.317
Formula Grant	5.042

Increase in formula grant compared with 2006/07 = £0.147m (or 3%).

## 6. **RESOURCES AVAILABLE FOR 2007/08**

6.1 As stated in section 5.1 above, Chester le Street District Council will receive formula grant of £5.042 million in 2007/08. The level of resources available to the Council to fund its general fund revenue expenditure is also dependent on Council Tax levels. Every 1% increase in Council Tax raises approximately £29,000.

6.2 In estimating the resources available, it is assumed that the District Council's share of Council Tax will increase by 4.8%. This will result in a Band D Council Tax of £176.06 for the District Council, an increase of £8.06, for the year, on the 2006/07 Band D tax for £168.00.

6.3 The Council Tax has to be calculated at Band D, but approximately 84% of the properties are in a lower Council Tax band and will, therefore, pay less than the 'average' Band D Council Tax.

6.4 After taking account of the increase in the taxbase, the collection fund surplus, and the assumed Council Tax increase, resources raised from Council Tax in 2007/08 will amount to £3,058,794.

6.5 This means that the total resources available to fund the Council's General Fund revenue expenditure amount to:-

	<b>£</b>
Formula Grant	5,041,615
Council Tax	3,058,794
	8,100,409

## 7. **2007/08 BUDGET**

7.1 A significant amount of growth has been incorporated in the budget projections as it is unavoidable. This included increases in salaries, wages and pensions; reductions in income, incorporating the impact of one-off grants, special events and benefits subsidy; increases in the concessionary fares budget.

- 7.2 After taking account of all unavoidable growth, the projected 2007/08 base budget amounts to £8.550 million.
- 7.3 Savings of £446,000 were approved by the Executive at its meeting on 8 January 2007. These have all been incorporated into the 2007/08 base budget proposals, thereby reducing the overall figure to £8.100 million.
- 7.4 The draft 2007/08 budget assumes an ongoing saving of £215,000 from vacancies.
- 7.5 The 2007/08 budget proposals are summarised in Appendix A to the report.
- 7.6 It is not possible for the whole of the Residents' Opinion Survey to be used to assist the development of this year's budget. However it is considered that the headline information set out in section 4 indicates that there is residents' value for money support for the key priority services.

## **8. 2006/07 PROBABLE BUDGET**

- 8.1 Based on the nine months' financial monitoring information, the probable outturn for 2006/07 is estimated to be £73,000 over the original budget for the year. This will be funded by income from LAGBI grant and will not require any contribution from the general fund reserve.
- 8.2 The main problems are due to shortfalls in income in leisure (£120,000), the market (£66,000), car parks (£15,000) and a reduction in benefit subsidy grant income (net of revenues and benefits salary savings) £42,000.
- 8.3 These have been partly offset by additional planning income of £65,000, licensing income of £24,000, additional income from industrial units, £44,000, and savings in the corporate training budget of £40,000.
- 8.4 Several service areas including Planning and Environmental Health, Revenues and Benefits, Regeneration and several support service areas have had salary savings due to vacant posts and/or restructures, meaning that the target savings will be achieved this year.
- 8.5 The probable outturn for 2006/07 is detailed in Appendix B to the report.

The detailed analysis does include significant changes in capital charges; while these affect the costs of services, they do not have any impact on the overall costs to the authority.

## **9. RESERVES**

- 9.1 The following table summarises the balances held by the Council on 1 April 2006.

	<b>£000</b>
General Fund Revenue Reserve	390
Insurance Reserve	109
LSVT Reserve	160
Earmarked Reserves	846
Unallocated Revenue	3
	<b>1,508</b>

- 9.2 The estimated reserves at the end of 2006/07 and at the end of 2007/08 are shown below:-

	<b>31/3/07 £000</b>	<b>31/3/08 £000</b>
General Fund Revenue Reserve	390	390
Insurance Reserve	192	243
LSVT	0	0
Earmarked Reserves	708	565
	<b>1,290</b>	<b>1,198</b>

- 9.3 Guidance from CIPFA recommends that the Finance Director's report on reserves and balances should include an assessment on the adequacy of reserves, a requirement incorporated into the Local Government Act 2003.
- 9.4 There is no specific guidance on what represents an adequate level of reserves. This is because every authority is different and each authority will decide on its level of reserves in accordance with its own particular circumstances.
- 9.5 The Council's general fund reserve at £390,000 amounts to approximately 4.8% of the proposed net revenue budget for 2007/08. This is regarded as adequate.

The Council's Medium Term Financial Strategy, which was approved in October 2006, states that the General Fund Reserve should not be allowed to fall below £349,000.

- 9.6 It is important to note that the 2007/08 revenue budget proposals, again, do not require any call on the general fund reserve.

## **10. PROPOSALS FOR FEES AND CHARGES**

- 10.1 Appendix C details the proposed changes to fees and charges for leisure services.

These are expected to result in additional income of £50,210, which will make a significant contribution to leisure's income target of £61,000.

- 10.2 In addition for Revenue Services an increase in the charge for court costs from £40 to £55 is recommended which will generate additional income of £22,000. This was accepted as a saving proposal for 2007/08.
- 10.3 At present, there are no other changes proposed in respect of fees and charges. It should be noted, however, that the budget proposals do include a target of £45,000 for additional income. This is over and above the additional income identified in leisure services' budgets.

## **11. OVERVIEW AND SCRUTINY PANELS**

### **11.1 Partnership and Efficiency OSP**

The Panel considered the 2007/08 budget proposals and savings for the services within its remit and did not recommend any changes.

The Panel noted the fact that the additional income of £22,000 for revenue services was dependent on an increase in the charges for court costs from £40 to £55 and that this would be included in the final budget recommendations to Council.

The Panel was also advised by the Legal and Democratic Services Manager that a report was to be submitted to Council on the new power to set the fees and charges for its local land charge register service but the effect of this on next year's budget proposals would be negligible.

### **11.2 Leisure and Neighbourhood OSP**

The Panel considered the 2007/08 budget proposals and savings for the services within its remit and did not recommend any changes.

The Panel noted that the grant funding for the implementation of the smoke free legislation is not included in the budget, nor is the cost of implementing this new duty.

### **11.3 Regeneration and Housing OSP**

The Panel did not recommend any changes to the budget proposals for the services within its remit.

It considered the proposed fees and charges for leisure services and did not suggest any amendments.

## **12. CONSULTATION - OUTCOME OF MEETING WITH BUSINESS RATEPAYERS**

A meeting was held with business ratepayers on 14 February. Only two businesses were represented.

The ratepayers made no comments on the Council Tax but raised several issues about services:-

(i) Car Parks

They would like the Council to consider designating one town centre car park for short stay parking where the length of stay is restricted to one-two hours so that there would be a fast turnover of spaces for shoppers. They expressed the view that this could be coupled with a longer stay car park further out of the town centre for workers with clear signposting.

(ii) Market

It is essential that the re-opening of the market following the refurbishment of the market place is properly promoted.

(iii) Allotments

The Council should review the management of its allotments and consider increasing the charges so that some of the additional revenue could be spent on improvements. It was also suggested that some of the bigger plots could be subdivided and that the derelict plots in the town centre need to be addressed.

(iv) Recycling service for businesses

Consideration should be given to collecting recyclable waste from businesses.

### **13. REPORT OF THE STATUTORY FINANCIAL OFFICER**

13.1 Section 25 of the Local Government Act 2003 requires the statutory financial officer to make a statement on the robustness and achievability of the budget and the adequacy of the Council's reserves.

13.2 I am satisfied that adequate provision has been made in the budget for expenditure in order to deliver an affordable level of services to the public. I am also satisfied with the level of reserves held by the Council.

13.3 Similarly, based on the forecast position, budgeted income levels are robust. Income does, however, remain an area of risk for the Council and, as detailed in the Risk Assessment Appendix D will require careful monitoring.

### **14. EXECUTIVE'S CONCLUSIONS**

14.1 At its meeting on 19 February, the Executive:

- (i) noted the finance settlement for 2007/08;
- (ii) approved the changes to fees and charges detailed in section 10 and Appendix C;



- (iii) considered the outcome of the meetings of the Overview and Scrutiny Panels;
- (iv) considered the comments of the non-domestic ratepayers;
- (v) approved the probable budget for 2006/07;
- (vi) agreed to recommend a net general fund revenue budget of £8.100 million for 2007/08; and
- (vii) agreed to recommend a Band D Council Tax of £176.06

## **15. RECOMMENDATIONS**

15.1 It is recommended that Council:-

- (1) approves a net general fund revenue budget of £8.100 million for 2007/08;
- (2) approves a Band D Council Tax of £176.06 for 2007/08.

## **16. BACKGROUND PAPERS**

16.1 The following background papers have been used in the preparation of this report:-

- (1) Report to Executive on 8 January 2007:-  
"2007/08 General Fund Budgetary Projections"
- (2) 2007/08 General Fund Revenue Budget Reports to Overview and Scrutiny Panels:-

Partnership and Efficiency OSP	8 February 2007
Leisure and Neighbourhood OSP	14 February 2007
Regeneration and Housing OSP	15 February 2007

**Linda Chambers**  
**Director of Resources**  
**1 March 2007**  
**Version 1.0**

**Contact Details:**  
**Linda Chambers Tel: 0191 3872300**  
**E-mail: lindachambers@**  
**chester-le-street.gov.uk**