

# Item 4a

## KEY DECISION

## REPORT TO CABINET

16<sup>TH</sup> FEBRUARY 2006

## REPORT OF DIRECTOR OF RESOURCES

**Portfolio: RESOURCE MANAGEMENT**

### **BUDGET FRAMEWORK 2006/07**

#### **1.0 SUMMARY**

- 1.1 Cabinet at its meeting on 12<sup>th</sup> January 2006, approved a budget framework for 2006/07 upon which the Council's three Overview and Scrutiny Committees and Council Tax Focus Groups were to be consulted in accordance with a timetable previously approved.
- 1.2 The consultation period has now ended and this report summarises the views expressed by the various consultees. Having considered these views and, in the light of the final grant settlement (which has increased the level of Revenue Grant Support by £1,480) Cabinet will be required to make recommendations to Council regarding the final Budget Framework for 2006/07 in line with the details contained in Appendix 3.

#### **2.0 RECOMMENDATION**

- 2.1 That, following consideration of the views and comments set out in this report, Cabinet makes recommendations to Council in regard to the Budget Framework 2006/07.

#### **3.0 BUDGET FRAMEWORK 2006/07**

##### **3.1 Feedback from Overview and Overview and Scrutiny Committees**

- 3.1.1 The recommendations made by the Overview and Scrutiny Committees are set out in Appendix 1.
- 3.1.2 Overview and Scrutiny Committee 1 approved the budget proposals for Resource Management, Performance Management and Welfare and Communications portfolios.
- 3.1.3 Overview and Scrutiny Committee 2 approved the budget proposals for Culture and Recreation, Housing and Supporting People portfolios
- 3.1.4 Overview and Scrutiny Committee 3 approved the budget proposals for the Regeneration, Environment and Community Safety portfolios.

### **3.2 Feedback from Council Tax Focus Groups**

3.2.1 Consultation was held with Council Tax Focus Groups during December and January. The Council's market research consultant – Norma Wilburn Associates, has independently prepared a detailed report and Executive Summary. The Executive Summary is attached at Appendix 2.

3.2.2 As set out in the report, the main aim of the consultation was to:

- Consult on key changes proposed in the Budget Framework, together with the overall Council Tax increase
- Review the key financial issues faced by the Council and to consider the Medium Term Financial Plan;
- Seek views on the importance and prioritisation of Council services;
- Seek views on how the spending proposals addressed the issues that they thought were important.

3.2.3 Overall 94% of the participants felt that the Council's proposed spending plans seemed well-balanced, fair, well thought through with most important issues addressed. Many expressed satisfaction that the Council Tax rise was being kept to the level of inflation.

3.2.4 In excess of 96 % of the participants thought that the spending plans addressed the issues that they thought were important, highlighting Waste Recycling, Street Cleansing and Regeneration as their greatest priorities.

3.2.5 Once again, in terms of further developing the Council's Corporate Plan and Medium Term Financial Plan, the consultation was an extremely valuable exercise. The views of the participants will be useful when finalising and publishing the Council's plans over the coming months. The organisation and operation of the consultation exercise was strongly supported by the participants, with a high level of satisfaction in the way that information was supplied and presented.

### **3.3 Feedback from Resident's Federation and Housing Services Focus Group**

3.3.1 Consultation with these groups has been on an ongoing basis throughout the year. All key strategies and operational issues have been fully discussed and the Budget Framework for housing reflects views expressed through this process. During recent focus group meetings particular emphasis has been placed on the proposed changes to rent structures from April 2006. Furthermore all tenants have been informed as to the impact of these changes on individual rent levels.

#### **4.0 RESOURCE IMPLICATIONS**

4.1 The financial implications are summarised in Appendix 3 attached to this report and full details of the 2006/07 budget will be set out in the final budget report to Council on the 24<sup>th</sup> February 2006.

#### **5.0 CONSULTATION**

5.1 Consultation on the Budget Framework 2006/07 has been comprehensive as indicated in the main body of the report.

#### **6.0 OTHER MATERIAL CONSIDERATIONS**

##### **6.1 *Links to Corporate Objectives/Values***

The Council's Corporate Objectives and Values have guided the preparation of the 2006/07 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan. Particular emphasis has been placed on the following Corporate Values:-

- *Be responsible with and accountable for public finances.*
- *Consult with service users, customers and partners.*

##### **6.2 *Risk Management***

The Budget Framework 2006/07 has been prepared on a low risk basis to ensure that the Council effectively balances levels of service provision/spending on services with sustainable income levels to assist in achieving the Council's ambitions. No account has been taken of any significant capital receipts that would lead to additional investment income, provision has been made for the anticipated costs of job evaluation and pay awards and the account has been taken of the loss of external funding streams where appropriate.

##### **6.3 *Health and Safety***

No additional implications have been identified.

##### **6.4 *Equality and Diversity***

No material considerations have been identified.

##### **6.5 *Legal and Constitutional***

The Budget Framework has been prepared in accordance with the Council's Constitution and full account has been taken of new statutory requirements, e.g. the new statutory minimum concessionary fares scheme. No other legal or constitutional implications have been identified.

##### **6.6 *Other Material Considerations***

No other material considerations have been identified.

## 7.0 OVERVIEW AND SCRUTINY IMPLICATIONS

7.1 Full consultation and engagement has been undertaken with all three Overview and Scrutiny Committees and the implications for the Budget Framework 2006/07 have been noted in the main body of this report.

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### WARDS

All

### BACKGROUND PAPERS

1. Final Revenue Support Grant Settlement, Housing Subsidy Settlement and Capital Allocations received from the Office of the Deputy Prime Minister.
2. Feedback from Consultation.
3. Budget Framework 2006/07 Report to Cabinet 12<sup>th</sup> January 2006.
4. Reports to Special Overview and Scrutiny Committees 24<sup>th</sup> – 26<sup>th</sup> January 2006.

### Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**CONSULTATION WITH OVERVIEW AND SCRUTINY COMMITTEES ON  
BUDGET FRAMEWORK 2006/07**

**OVERVIEW AND SCRUTINY COMMITTEE 1 HELD ON TUESDAY, 24<sup>TH</sup> JANUARY  
2006**

**'RESOURCE MANAGEMENT, PERFORMANCE MANAGEMENT AND WELFARE AND  
COMMUNICATIONS PORTFOLIOS'**

*RECOMMENDED:*

1. *That the budget proposals in relation to Resource Management, Performance Management and Welfare and Communications Portfolios for 2006/07 be approved.*

**OVERVIEW AND SCRUTINY COMMITTEE 2 HELD ON WEDNESDAY, 25<sup>TH</sup> JANUARY  
2006**

**'CULTURE AND RECREATION, HOUSING, AND SUPPORTING PEOPLE  
PORTFOLIOS'**

*RECOMMENDED:*

1. *That the budget proposals in relation to Culture and Recreation, Housing and Supporting People Portfolios for 2006/07 be approved.*

**OVERVIEW AND SCRUTINY COMMITTEE 3 HELD ON THURSDAY, 26<sup>TH</sup> JANUARY  
2006**

**'ENVIRONMENT, REGENERATION AND COMMUNITY SAFETY PORTFOLIOS'**

*RECOMMENDED:*

1. *That the budget proposals in relation to the Environment, Regeneration and Community Safety Portfolios for 2006/07 be approved.*

## Report of 2006/7 Budget Consultation Meetings

### Executive Summary

#### Background and Introduction

- 1.1 As part of the consultation process in respect of the Council's development of its annual budget and projected Council Tax levels, a cross section of residents, were invited to participate in two presentations and discussions on the Council's plans for 2006/07, held on the 10<sup>th</sup> December 2005 with a second meeting being held on Saturday 21<sup>st</sup> January 2006.
- 1.2 The first consultation event, was attended by 59 residents, consisting of a cross section of residents of the Borough in terms of age, ethnicity and geography. A brief introduction to the consultation from the Council's leader was made followed by a series of presentations by the Directors of Resources, Neighbourhood Services and Leisure Services as well as the Head of Strategy and Regeneration.
- 1.3 The second event was held on Saturday, 21<sup>st</sup> January 2006 and was attended by 54 residents. The Director of Resources, presented the details of the draft financial plan which had been prepared for presentation to the Cabinet. Following the presentation and a question and answer session participants split into three facilitated focus groups to debate their views on the issues that had been presented to them and the overall proposals on the Council's Budget. This report refers to the findings of both the first and second meetings.

#### Overall Budget Proposals

- 1.4 ***There was a very high level of agreement with the Council's overall budget proposals, 94% agreement (10% Strongly agree, 84% agree, 6.0% 'don't know'). NO participants disagreed with the overall budget proposals.*** Many answering the questionnaire commented that the budget seemed well-balanced, fair, well thought through with most important issues addressed. A number expressed satisfaction that the rise in Council Tax was being kept to the inflation level of 3%.

- 1.5 When asked about any concerns they may have about the budget, responses included issues about the cost of Wardens, concessionary fares, and leisure services. Additionally participants expressed some concerns about the rising cost of staff pensions, the resource management budget and the job evaluation scheme. Additional points raised in the focus groups included concerns about fully using up the available land, and that no comparative figures were given against other Councils.

#### Future Plans

- 1.6 **Respondents were asked to what extent they agreed or disagreed with future plans of the services described in the presentations. In all cases agreement was in excess of 80%.** For Leisure Services 84.2% agreement; Strategy and Regeneration Services 91.6% agreement and Neighbourhood Services 86.5%.
- 1.7 When the figures for agreement/disagreement are examined in detail it is noted that no one 'strongly disagreed' with the services' future plans. 13.2% 'disagreed' with Leisure Services' plans and only 2.8% 'disagreed' with Strategy and Regeneration plans. In addition a number of people registered that they had 'no opinion' on the plans. The greatest of these was 13.5% for Neighbourhood Services, followed by 5.6% for Strategy and Regeneration Services and 2.6% 'no opinion' for Leisure Services plans.

#### Service Priority Areas

- 1.8 Participants were asked to rate how strongly they agreed or disagreed with a number of Service Investment Priority areas. Only two priority areas 'Domestic Violence' (68.4%) and 'Concessionary Bus fares (74.4%) received less than 75% agreement (Domestic Violence: 18.4% 'strongly agree', 50.0% 'agree'; Concessionary Bus Fares: 20.5% 'strongly agree', 53.9% 'agree'). Three Service Investment Priority areas; 'Street Cleansing' (47.4% 'strongly agree', 50.0% 'agree'), 'Waste Recycling' (59.0% 'strongly agree', 38.5% 'agree') and 'Regeneration' (47.4% 'strongly agree', 50.0% 'agree'); achieved agreement in excess of 90%.

- 1.9 Only one service area, 'Community Safety', recorded participants who 'strongly disagreed' with it as a Service Investment Priority. Priority areas which recorded 'disagreement' of over 10% were Concessionary Bus Fares ('disagree', 12.8%), Community Safety ('disagree' 10.3% + 'strongly disagree' 5.1%), Horticultural Services ('disagree' 15.8%) and Domestic Violence ('disagree' 21.1% with a further 10.5% having 'no opinion').
- 1.10 When indicating which three Service Investment Priority areas were their 'greatest priorities' the top three priority areas were 'Waste Recycling' (25 votes), 'Street Cleansing' (23 votes) and 'Regeneration' (21 votes). The least important priority areas were identified as 'Concessionary Bus Fares' (5 votes), 'Horticultural Services' (4 votes) and 'Domestic Violence' (4 votes).

#### Addressing the Important Issues

- 1.11 Participants were asked to what extent they felt that the Council's draft spending proposals for 2006/2007 addressed the issues that they felt were important. ***The large majority of participants, 96.1%, thought that that the Council's spending proposals covered all or most of the issues that they thought were important (45.1% All issues, 51.0% Most issues).*** 3.9% thought that they covered only some of the issues they thought were important.
- 1.12 ***A high level of agreement was also registered with the Council's draft spending proposals in respect of services. For all but one of the services 'agreement' was circa 80% or above:*** Culture & Recreation, 94.0% (Agree, 78.0%; Strongly agree, 16.0%); Environmental Services, 98.1% (Agree, 46.2%; Strongly agree, 51.9%); Regeneration, 86.0% (Agree, 70.0%; Strongly agree, 16.0%), Supporting People, 78.9% (Agree, 65.4%; Strongly agree, 13.5%). Community safety proposals were agreed by almost two thirds of the participants 62.0% (Agree, 46.0%; Strongly agree, 16.0%).

#### The Consultation Process

- 1.13 Finally, the participants were asked to comment on the consultation. All of the arrangements were highly rated with positive responses of over 85% for all aspects.



## SUMMARY OF 2006/07 BUDGET RECOMMENDATIONS

## GENERAL FUND

<u>Spending:</u>	<u>Target Budget</u> £	<u>Financed by:</u>	£
<i>Resource Management</i>	(2,136,000)	<b>Net Spending</b>	<b>14,045,480</b>
<i>Performance Management</i>	1,635,990		
<i>Welfare and Communications</i>	1,468,560	<u>Less</u>	
<i>Culture and Recreation</i>	3,799,870	<i>Revenue Support Grant</i>	9,133,274
<i>Environment</i>	5,192,350	<i>Collection Fund Surplus</i>	200,000
<i>Housing</i>	547,360		<u>9,333,274</u>
<i>Regeneration</i>	1,473,480		
<i>Community Safety</i>	808,100		
<i>Supporting People</i>	1,511,290	<b>Net Council Tax Demand</b>	<b>4,712,206</b>
<i>Contingency</i>	504,480		
<i>Less Salary Savings</i>	(260,000)		
<b>Gross Spending</b>	<b>14,545,480</b>		
<i>Less Use of Balances</i>	(500,000)		
<b>Net Spending</b>	<b>14,045,480</b>		

This equates to an increase in Band D Council Tax from the current level of **£175.60** to **£180.87** - an increase of **£5.27** or **3.0%**.

## HOUSING REVENUE ACCOUNT

Total spending on Housing Revenue Account services amounts to **£27.759m**. This includes funding of **£6.787m** towards the Housing Capital programme as follows

- Major Repairs Allowance of £5.043m
- Direct Revenue Support from rents of £1.744m

In addition a contribution from HRA reserves of £500,000 will be made together with £300,000 from Regeneration Receipts and a Supported Capital Expenditure Approval of £213,000 to provide a total capital programme of **£7.8m**.

Included in the spending total above is a payment of **£2.730m**, which will be made to the ODPM and used by the Government to support national housing priorities, an increase of £859,000 over 2005-2006.

The increase in Housing Rents is in line with the Government guideline of **3.20% + £2** adjustment for rent restructuring. This will have the impact of increasing the average base rent, prior to the rent restructuring adjustment, by £1.63 per week over 47 weeks. However very many tenants will face an additional adjustment of up to £2.00 towards target rents and overall the average rent increase on the Housing Revenue Account will be 5%.

## CAPITAL PROGRAMME

The overall Capital Programme for 2006/07 has been set at **£15.65m** of which **£7.80m** is for the Housing Capital Programme and **£7.85m** is for General Fund projects. Of the General Fund element, **£3.45m** has been earmarked for Special Regeneration Initiatives.

Further reports to Cabinet will be prepared setting out programmes of work for each Portfolio in accordance with the target figures as follows:-

<b><u>Capital Programme</u></b>	<b><u>Target Budget</u></b> <b>£000</b>	<b><u>Financed by:</u></b>	<b>£000</b>
<i>Resource Management:</i>			
<i>Vehicles and Plant</i>	25	<i>Major Repairs Allowance</i>	5,043
<i>Chilton Depot</i>	65	<i>Supported Capital Expenditure</i>	213
<i>Green Lane</i>	240	<i>Use of Capital Receipts:</i>	
<i>ICT</i>	900	<i>HRA</i>	2,245
<i>Culture and Recreation</i>	600	<i>General Fund</i>	755
<i>Environment</i>	70	<i>Regeneration</i>	3,750
<i>Regeneration</i>	300	<i>Capital Grants</i>	1,400
<i>Economic Development</i>	300	<i>Direct Revenue Financing</i>	1,744
<i>Community Safety</i>	75	<i>Use of HRA Balances</i>	500
<i>Supporting People</i>	25		
<i>Housing General Fund</i>	1,800		
<i>Total General Fund</i>	4,400		
<i>Housing Revenue Account</i>	7,800		
<i>Major Regeneration</i>	3,450		
<b><i>Total Capital Programme</i></b>	<b>15,650</b>		<b>15,650</b>