



Report to: Special Executive

Date of Meeting: 18 February 2008

Report from: Head of Corporate Finance

Title of Report: 2008/2009 General Fund Revenue
Budget and Council Tax Proposals

Agenda Item Number: 4

1. PURPOSE OF REPORT

- 1.1 The report summarises the 2008/09 general fund budget proposals for consideration by the Executive, prior to the submission of the final budget and council tax recommendations to Council on 28 February 2008.

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 are considering the budget proposals for the services within their expected remits and the Panels' comments will be reported to the Executive on 18th February.
- 2.2 Finally, non-domestic ratepayers will be consulted on the Council's budget proposals and Executive will be advised of their comments at its meeting on 18th February.

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 revised targets set out in the Corporate Plan for 2007/10 which was revised by the Executive in December 2007.

- 3.2 The council must reassess its priorities and non priorities as part of the corporate planning cycle and to address the impact of Local Government Reorganisation. The current priorities were first set out in June 2005 within the first three year corporate plan for 2005/2008. This plan set out seven council priorities which have driven the council's progress and achievements over the last three years. With Local Government Reorganisation in mind in December the Executive agreed to develop a single corporate priority under the banner of 'People and Place'. Work on a 'Transition Plan' has commenced and will be reported to the Council in March. This plan will again review Corporate Plan proposals and will clearly define the revised priority and an action plan for delivery in what will be the last year of the council's life as a District Council. This will assist in giving a clear route map for what the council will seek to achieve. The budget process has been developing in conjunction with work on the development of the new single priority.
- 3.3 In previous years the council has been able to take into account its Residents' Opinion Survey to assist budget setting. Last year's opinion survey was linked to the Best Value Performance information. During the current financial year the council has undertaken another Residents Survey and high level results have been made available to inform the budget process. As part and parcel of consulting residents on the budget process the council has continued to ask additional questions in the current Residents Opinion Survey about value for money. The results are set out in the next section.

4. IMPLICATIONS

4.1 Financial and Value for Money

The financial implications are detailed throughout the report.

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

Priority 1 Customer Excellence

- 65.4% feel that all services delivers value for money and 16.4% would pay more for them
- 82.5% feel that the concessionary fares scheme delivers value for money and 27.5% would pay more

Priority 2 Working in Partnership

- 80.5 % feel that the community safety service delivers value for money and 45.0% would pay more for it

Priority 3 Meeting the Decent Homes

- 66.0% feel that housing strategy is value for money and 16.0% would pay more

Priority 4 Regenerating the District

- 75.0% feel that the regeneration service delivers value for money and 27.3% would pay more
- 66.0% feel that planning is value for money

Priority 5. Neighbourhood Management

- 92.2% feel that the household waste collection is value for money
- 84.0% feel that the recycling service delivers value for money and 40.0% would pay more for it
- 68.7% feel that the street cleaning service delivers value for money and 20.4% would pay more
- 75.2% feel that environmental health services are value for money and 21.2% would pay more

Priority 6 New Ways of Working in Leisure

- 74.4% feel that open space services provide value for money and 21.8% would pay more
- 71.0% feel that leisure facilities are value for money
- 66.3% feel that other leisure services provide value for money

Priority 7 Maximising Efficiencies

- 55.1% feel that Revenues and Benefits provide value for money
- 77.0% 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 2008/09 have implications for all service areas of the Council.

4.5 Diversity

The budget proposals for 2008/09 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 C 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 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation and the appendices attached are

accurate, timely, consistent and comprehensive. The Council's data quality policy has been complied with in producing this report.

4.9 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 2008/09 was received on 24 January 2008:-

	£million
Revenue Support Grant	0.626
NNDR	4.495
Formula Grant	5.121

Increase in formula grant compared with the adjusted 2007/08 figure = £0.051m (or 1%).

6. **RESOURCES AVAILABLE FOR 2008/09**

6.1 As stated in section 5.1 above, Chester le Street District Council will receive formula grant of £5.121 million in 2008/09. 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 £30,000.

6.2 At present, in estimating the resources available, the funding projections incorporate a 1%, 3% and 5% Council Tax increase; a tax base of 17,086.65 Band D properties and a collection fund surplus of £30,000. The table below shows how the resources available will vary depending upon the Council Tax set for 2008/09:-

	5% increase £m	3% increase £m	1% increase £m
Formula Grant	5.121	5.121	5.121
Council Tax	3.158	3.098	3.038
Collection Fund Surplus	0.030	0.030	0.030
Total Resources	8.309	8.249	8.189

This will result in a Band D Council Tax of £177.82 (1% rise), £181.34 (3% rise) or £184.86 (5% rise) for the District Council, an increase of £1.76, £5.28 or £8.80 respectively, for the year, on the 2007/08 Band D tax of £176.06.

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 In announcing the provisional finance settlement, the government has made it clear that they expect council tax to increase by substantially less than 5% overall.

7. 2008/09 BUDGET PROJECTIONS

7.1 A significant amount of growth has been incorporated in the 2008/09 budget projections as it is unavoidable:-

	£'000
Salaries, Wages and pensions	246
Reduction in income - including the impact of one-off grants, planning delivery grant and benefits subsidy	260
Increase in the recycling budget	46
Increase in the cost of utilities	48
Less Net savings in deleted posts	(163)
Increase in development control income	(50)
New planning delivery grant	(50)
Increase in benefits admin grant	(7)
	330

7.2 After taking account of all unavoidable growth, the projected 2008/09 base budget amounts to £8.430 million.

7.3 The 2008/09 projections above do not include any provision to offset the problems identified in the Mid Year Financial Monitoring Position report in respect of Leisure Services, Environmental Services and Regeneration. It is expected that those services will ensure that any expected shortfall in income or increase in expenditure is covered by savings within the service. However, some of the savings identified by Leisure Services (£52k) and Environmental Services (£72k) can't be accepted without consideration by Members. These proposals are included in the options which will be considered later in this report. After taking account of this service growth the 2008/09 base budget amounts to £8.554million

7.4 The draft 2008/09 budget assumes an ongoing saving of £215,000 from vacancies. It is estimated that this saving will be achieved in the current year through natural vacancies. The procurement savings target and the additional income target of £50,000 and £45,000 respectively are also included in the draft 2008/09 budget.

8. GROWTH BIDS

- 8.1 Service areas were not asked to submit any proposals for new growth. However, as the Executive are considering a number of options including support to partner organisations and directing resources to a new single priority around "People and Place" it is worth noting that this growth is not included in section 7.3 above.

9. SAVINGS REQUIRED

- 9.1 The 2008/09 projected budget - incorporating all unavoidable growth, but excluding any growth identified by Members amounts to £8.554m.

The gap between this and the resources available clearly depends on the Council Tax level and Member growth proposals. The table below shows the amount of savings which need to be identified depending on the Council Tax increase:-

Council Tax Increase	Savings Required £000
5%	245
3%	305
1%	365

- 9.2 All Service Team Managers and Heads of Service were asked to identify savings proposals as part of their budget preparation. A summary of the options are detailed in section 10 below.
- 9.3 Any other growth over and above that highlighted in section 7.1 will require further savings to be identified.
- 9.4 As stated in section 7.4, the 2008/09 budget still includes an assumption that savings amounting to £215,000 will be achieved through managing vacancies; this is over and above any saving identified from the deletion of vacant posts.

10. 2008/09 SAVINGS

10.1 The savings proposals are as follows:-

	£
Leisure	
Administration-Remove Funding for Modern Apprentice	5,000
Play Areas-Maintenance	5,000
Pelton Fell Hall-Transfer Responsibility to Community Group or Close	17,810
	27,810
Environmental Services	
Refuse Collection-Publicity (Use alternative methods)	3,620
Refuse Collection-Printing (Use alternative methods)	1,000
Refuse Collection-Delete Spare Lifter Post (To be covered by existing staff-service has managed without this post due to long term sickness)	24,689
Cemeteries-Risk Assessments (Inspection of Headstones-we carry out annual inspections but the appropriate Cemetery bodies recommend every 3 years)	5,000
Grounds Maintenance-Delete Sickness Cover and Reduce Apprentice Programme (To be covered by existing staff-no redundancy implications – work smarter not harder)	30,599
	64,908
Environmental Health	
Pest Control-Introduce New Rodent Fees (See Appendix B for more detail)	34,000
Environmental Health-Agency Fees (See Appendix B for more detail)	12,000
Licensing-New Gambling Act Fee Income	5,000
	51,000
Regeneration	
Regeneration and Tourism-Mileages	500
Stella Gill Industrial Estate-Repairs	1,000
Stella Gill Industrial Estate-Services Property	500
Sacriston Industrial Estate-Repairs	2,000
Plawsworth Road Industrial Estate	1,000
Industrial Estates Management-Publications	200
Industrial Estates Management-Services Financial	350
Industrial Estates Management-Services Property	500
Asset Planning-Mileages	400
Asset Planning-Legal Fees	250
Asset Planning-Computer Software	2,400
Central Support-Equipment	200
Central Support-Clothing	200
Central Support-Publications	450
Central Support-Hospitality	950
Housing Strategy-Hospitality	410
Community Development-Postages/Telephones/Hospitality	1,600
Programme Management-Mileages/Printing & Stationery/Market Office Repairs	3,400
	16,310

	£
Revenues and Benefits	
Revenues & Benefits Manager Administration-Travelling Expenses	100
Revenues & Benefits Manager Administration-Printing & Stationery	50
Revenues & Benefits Manager Administration-Publications	100
Revenues & Benefits Manager Administration-Fax	20
Revenues & Benefits Manager Administration-Subscriptions	140
Revenues Administration-Equipment	490
Revenues Administration-Printing & Stationery	1,300
Revenues Administration-Publications	420
Revenues Administration-Fax	50
Benefits Administration-Leased Cars	2,930
Benefits Administration-Protective Clothing	50
Benefits Administration-Publications	100
Benefits Administration-Fax	10
Benefits Administration-Computer Software	1,400
Cost of NNDR Collection-Computer Software	400
Council Tax Administration-Fax	60
Council Tax Administration-Computer Software	1,550
	9,170
Organisational Development	
Administration-Mileages	300
Administration-Travelling Expenses	100
Administration-Computer Hardware	100
	500
Head of Corporate Services	
Communication & Public Relations-No Residents Survey (saving £0 to £5,000)	5,000
	5,000
ICT	
Internet-Reduce Internet Connection speed from 4Mb to 2Mb	5,000
ICT Administration-Publications	90
ICT Administration-Subscriptions to NE Connects and SOCITM Insight	1,140
ICT Administration-Stationery	550
ICT Administration-Hospitality	500
ICT Administration-Photocopying	50
ICT Administration-Fax	40
Networking & Communications-Networking	1,810
Networking & Communications-Communications	2,500
Printing Services-Stationery	1,000
Printing Services-Consumables	500
Security-Anti-Virus Software	1,000
Security-Magnetic Media	2,000
Other-Equipment	3,000
	19,180
Total – All Services	193,878

- 10.2 In addition to the above the council will receive a specific grant in relation to Concessionary Fares amounting to £164,000 in 2008/09. In 2007/08 we will pay £797,000 as our contribution to the scheme to Durham County Council. This figure is expected to rise by 4% (£31,880) therefore, our contribution will be £828,880 in 2008/09. This has the effect of producing a net saving in 2008/09 amounting to £132,020.

11. PROPOSALS FOR FEES AND CHARGES

- 11.1 A summary of the proposals put forward by Service Team Managers is highlighted in the table below:-

Service Area	Impact on Turnover	More Detail
	£	
Leisure	34,325	See Appendix A (i)
Environmental Services	71,900	See Appendix A (ii)
Environmental Health	0	See Appendix A (iii)
Regeneration	0	See Appendix A (iv)
Director of Corporate Services	0	See Appendix A (v)
Organisational Development	0	See Appendix A (v)
Legal and Democratic Services	0	See Appendix A (v)
Revenues and Benefits	0	See Appendix A (v)
Total	106,225	

- 11.2 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 the above table.

12. RESERVES

- 12.1 Guidance from CIPFA recommends that the Section 151 Officer's report on reserves and balances should include an assessment on the adequacy of reserves, a requirement incorporated into the Local Government Act 2003.
- 12.2 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.
- 12.3 The Council's general fund reserve at £390,000 amounts to approximately 4.7% of the probable net revenue budget for 2008/09. This is regarded as adequate.

The Council's Medium Term Financial Strategy, which was approved in January 2008, states that the General Fund Reserve should not be allowed to fall below £349,000.

- 12.4 It is important to note that the 2008/09 revenue budget proposals, again, do not require any call on the general fund reserve.

13. OVERVIEW AND SCRUTINY PANELS

The Overview and Scrutiny Panels will be considering the budget proposals for the services within their remits:-

Partnership & Efficiency	12th February 2008
Leisure & Neighbourhood	13th February 2008
Regeneration & Housing	7th February 2008

The outcome of these meetings will be reported to the Executive on 18th February.

14. CONSULTATION

A meeting with the business ratepayers will be held on 14 February to discuss the budget proposals. Again, the outcome of this meeting will be reported to the Executive at its meeting on 18th February.

15. REPORT OF THE STATUTORY FINANCIAL OFFICER

- 15.1 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.
- 15.2 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.
- 15.3 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 C will require careful monitoring.
- 15.4 We are currently finalising the complex finance settlement resulting from the LSVT negotiations with Cestria Community Housing. Officers will be able to update Members on the implications of that settlement at the Executive and will be able to firm up the re-prioritisation of the budget to support the Council's new objective when the budget report goes to Council.

16. RECOMMENDATIONS

- 16.1 It is recommended that the Executive:-
- (i) notes the final finance settlement for 2008/09;
 - (ii) considers the proposals for fees and charges and determines the changes to charges for services in 2008/09;
 - (iii) considers the comments and recommendations of the Overview and Scrutiny Panels;

- (iv) considers the comments of the non-domestic ratepayers;
- (v) agrees to recommend a net general fund revenue budget for approval by Council;
- (vii) agrees to recommend a Band D Council Tax for approval by Council for 2008/09.

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