

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 10 December 2007.

Portfolio: Finance and Performance Management.

Subject: Draft General Fund Budget Summary (inc. CSB and DDF lists).

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Recommendations/Decisions Required:

- (1) To consider amending the budget guidelines previously set down, such that:
 - (a) the ceiling for CSB net expenditure for 2008-09 be no more than £17.314million, including net growth;**
 - (b) the ceiling for DDF net expenditure for 2008-09 be no more than £186,000;**
 - (c) balances continue to be aligned to the Council's net budget requirement and be allowed to fall no lower than 25% of the net budget requirement; and**
 - (d) the District Council Tax be increased by no more than the rate of increase in the Retail Price Index; and****
- (2) That the items shown in Appendices 2 and 3 be included in the revenue budgets for 2008-09, subject to any additional late growth bids or additional savings being necessary.**

Introduction:

1. This report gives the first oversight of the draft General Fund budget for 2008-09. The individual portfolio budgets will be considered in detail at the Finance & Performance Management Scrutiny Panel on Monday 14 January 2008. The budget setting process will conclude by the following timetable:

Finance & Performance Management Scrutiny Panel	14 January 2008
Finance & Performance Management Cabinet Committee	28 January 2008
Overview and Scrutiny Committee	31 January 2008
Cabinet	4 February 2008
Council	19 February 2008

2. The draft budget summary for 2008-09 is listed at Appendix 1 and shows that the CSB (including growth) currently totals £16.5M and the DDF £0.82M. This Committee considered the Financial Issues Paper on 24 September 2007 and set out the guidelines listed in recommendation one above.

Draft Local Government Finance Settlement:

3. Detailed figures are still awaited from the Government for the three-year settlement

commencing in 2008-09. Preliminary control totals indicated real terms increases of 1.4% for 2008-09 and 0.7% and 0.6% for 2009-10 and 2010-11 respectively, although there are likely to be significant variations from these figures for individual authorities.

4. The consultation on possible changes to the grant formulae closed on 10 October. This consultation included 29 questions covering specific changes, although the document also invited respondents to propose new options. Some of the areas will not impact directly on the Council, for example social services, police and fire and rescue, but many will, for example capital finance, area cost adjustments and the tapering down of floor grants. If figures become available before this meeting an update will be provided at the meeting. The table below is repeated from last years budget papers to remind Members of the previous settlement:

	Original 2005-06 £m	Adjusted 2005-06 £m	2006-07 £m	2007-08 £m
Formula Grant	7.299	7.918	8.627	9.161
Increase £	n/a	0.619	0.709	0.534
Increase %	n/a	8.48%	9.0%	6.2%

5. In addition to the Formula Grant support a specific grant is being paid to compensate authorities for the higher costs associated with the new national concessionary fares scheme. This scheme comes into force from 1 April 2008 and a report on the consultation on the funding options was made to the last meeting of this committee. It is hoped that the outcome of the consultation will be announced at the same time as the Formula Grant settlement.

CSB Growth:

6. The CSB growth list at Appendix 2 details net CSB savings on the revised estimates for 2007-08 of £126,000 and further net savings for 2008-09 of £171,000. These savings are included in the General Fund position shown on Appendix 1 with a CSB total of £16.5M. As the ceiling for CSB for 2008-09 has been set at £17.314M, the draft budget is currently contained within this limit.

7. The major differences between this update and the Financial Issues Paper previously presented include:

- (a) savings from the Top Management restructure - £206,000;
- (b) additional investment income - £240,000;
- (c) differences on the pay award, inflation and fees & charges - £150,000; and
- (d) reductions in non HRA rent rebates - £85,000.

8. Despite the increase shown above it is important to stress that a prudent view is still being taken on investment income. The previous figures had been calculated prior to the T11 disposal and had anticipated earlier reductions in interest rates. The additional investment income generated in 2007-08 has been split with just over £100,000 being added to CSB income but three times that amount being taken to the DDF.

9. Whilst there is still some time before the budget is finalised and other items may still come forward, at this stage it appears that the CSB target for 2008-09 should be achieved.

DDF Expenditure:

10. The DDF list at Appendix 3 details items totalling £822,000, which is included in the

General Fund position shown on Appendix 1. The ceiling for DDF for 2008-09 was set at £186,000 anticipating net expenditure in 2007-08 of £1,679,000. However, as part of the budget process the DDF programme has been re-examined and many items have now been re-profiled. This has reduced the estimated level of expenditure in 2007-08 by £701,000 but this, and some other changes, has resulted in the estimated level of DDF expenditure in 2008-09 increasing by £636,000. As there is still a substantial balance estimated on the DDF Reserve at the end of 2010-11, Members are recommended to increase the net DDF ceiling for 2008-09 to no more than £1M.

Statement in Support of Recommended Action:

11. The budget guideline of a ceiling on CSB expenditure of £17.314M can be adhered to whilst accommodating the growth items detailed on the attached appendices. Therefore it is not proposed to amend the CSB target for 2008-09 at this time.

12. Due to re-phasing of the DDF programme expenditure for 2008-09 cannot be contained within the original target of £186,000. Therefore it is proposed to amend the DDF target for 2008-09 to net expenditure of no more than £1M.

Other Options for Action:

13. Members may choose to allow an increase in the CSB ceiling above £17.3M, although this would not be recommended, as it would lead to a need for even greater savings in subsequent years. Alternatively the CSB target could be reduced below £17.3M but while the budget is still in draft form and subject to change this could cause unnecessary difficulties later in the process.

14. Members may choose not to amend the target for DDF spending but as the need for this change has arisen more from slippage than new projects, to do this would only further delay the implementation of the projects.

Consultation Undertaken:

15. This is the first draft of the budget and detailed consultations will now take place between the Portfolio Holder for Finance and Performance Management and other Portfolio Holders.

Resource Implications:

Budget Provision: Proposed draft budget for 2008-09, CSB expenditure ceiling £17.314M and DDF £1M.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP references: N/A.

Relevant statutory power: N/A.

Background papers: N/A.

Environmental/Human Rights/Crime and Disorder Act Implications: N/A.

Key Decision reference (if required): N/A.