

Report to Overview & Scrutiny Committee

Date of meeting: 31 January 2008

Subject: Council Budgets 2008/09

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Recommendation:

That Overview and Scrutiny Committee consider the recommendations of the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel and recommend them, as amended if necessary, to the Cabinet.

Report:

1. This is the third set of budget proposals to be considered under the revised Overview and Scrutiny arrangements. Prior to 2006/07 the detailed proposals were taken to the relevant Overview and Scrutiny Committee and Overview and Scrutiny Committee 3 then considered the budget as a whole and made recommendations to Cabinet.

2. The timetable for the approval of the 2008/09 budgets is as follows:

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

3. At the 28 January meeting of the Finance and Performance Management Cabinet Committee an updated medium term financial strategy was considered and this is attached as Annex 1a and 1b. The key assumptions in the forecast are set out below:

- a) CSB Growth – net savings for 2008/09 have been included at a total of £344,000. For 2009/10 growth items of £144,000 have currently been identified. In common with the earlier version of the strategy, target CSB savings of £200,000 per annum are included for the period 2009/10 to 2011/12. Having successfully exceeded the savings targets for 2007/08 and 2008/09, the search for the further savings needed in subsequent periods will continue throughout 2008/09.
- b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of only £69,000 is still available. This is after revising the estimates for the inclusion of the Local Development Framework (LDF), which uses up £1.3m of DDF resource over the forecast period. It is hoped that the replacement for Planning Delivery Grant will provide some funds that can be used for the LDF but these will only be included in the estimates when the amounts to be received are certain.
- c) Grant Funding – the provisional settlement figures have been included for the Comprehensive Spending Review period of 2008/09 to 2010/11. Once provisional figures have been announced it is unusual for them to change significantly. For 2011/12 it has been assumed that there will be a 1% increase in the base grant

but that there will be no floor support, this gives a net increase of 0.6%.

- d) Council Tax Increase – Members have confirmed they wish to keep rises below the rate of increase in the Retail Prices Index and so an increase of 2.5% has been included for 2008/09. It is anticipated that growth in the retail prices index will reduce from the current level of 4.0% to 2.5% in subsequent years and so 2.5% has been used for future increases.

4. This revised medium term financial strategy has deficits in the final three years of the period, although these are clearly affordable. The predicted revenue balance at the end of the period is £6.1m, which represents 34% of the Net Budget Requirement and thus comfortably exceeds the target of 25%. The strategy will be monitored during the year and updated for the September 2008 meeting of the Finance and Performance Management Cabinet Committee.

5. An oral update will be given on the recommendations of the 14 January meeting of the Finance and Performance Management Scrutiny Panel on the detailed draft budgets for each Portfolio. Any comments or amendments suggested will also be reported orally to this Committee, as will the views of the Finance and Performance Management Cabinet Committee being held on 28 January.

6. The Overview and Scrutiny Committee is now asked to consider the recommendations of the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel and approve the updated medium term financial strategy.