

Report to Overview & Scrutiny Committee

Date of meeting: 2 February 2006

Subject: Council Budgets 2006/07

Officer contact for further information: Bob Palmer (ext 4279)

Committee Secretary: Z Folley (ext 4532)



Recommendation:

1. 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 first set of budget proposals to be considered under the new Overview and Scrutiny arrangements. In previous years 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 2006/07 budgets is as follows:

Finance & Performance Management Cabinet Committee	11 January 2006
Finance & Performance Management Scrutiny Panel	16 January 2006
Finance & Performance Management Cabinet Committee	31 January 2006
Overview & Scrutiny Committee	2 February 2006
Cabinet	6 February 2006
Full Council	21 February 2006

3. At the 11 January 2006 meeting of the Finance and Performance Management Cabinet an updated four-year financial forecast was considered and approved and this is attached as Annex 1a and 1b. The key assumptions in the new forecast are set out below:

- a) CSB Growth – all of the known growth items for 2006/07 have been included at a total of £817K. For 2007/08 only growth items of £79K have currently been identified, but in order to prevent excessive levels of balances growth of £1M has been included.
- 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 £1,394K is still available.
- c) Grant Funding – the provisional settlement figures have been included for 2006/07 and 2007/08. It has been assumed that for 2008/09 and 2009/10 our gross grant entitlement will increase by 2%. It has also been assumed that the amount we will lose to support the floor for other authorities will reduce over the period to give net grant increases of 3.5% in 2008/09 and 2.5% in 2009/10.
- d) Council Tax Increase – it has been assumed that Members will wish to keep rises in line with inflation and so increases close to 2.5% have been included. Annex 1a has an increase of 2.46% for 2006/07, which is lower than the alternatives of 3.97% or 2.94% proposed in the previous four-year forecast.

4. The inclusion of such significant growth in 2007/08 is quite a radical proposition but does need to be viewed in terms of the level of revenue balances. Even allowing for the lower Council Tax increase in 2006/07 of 2.46% the table below illustrates that reserves as a percentage of Net Budget Requirement will still comfortably exceed the 25% guideline.

	2006/07	2007/08	2008/09	2009/10
Net Budget Requirement	£15.805M	£16.510M	£17.011M	£17.436M
Opening Reserves	£5.919M	£6.458M	£6.249M	£6.044M
Reserves as % of NBR	37.5%	39.1%	36.7%	34.7%

5. At the 16 January meeting of the Finance and Performance Management Scrutiny Panel the recommendation of the Finance and Performance Management Cabinet Committee to approve the updated four-year forecast was agreed. The Finance and Performance Management Scrutiny Panel also considered the detailed draft budgets for each Portfolio. No amendments were suggested, although Members did ask that consideration should be given in subsequent years to some of the Council's additional new resources being used for voluntary sector support. The main issues arising from the Panels discussion on the budgets will be reported orally to the Committee by the Chairman of the Scrutiny Standing Panel, Councillor J Whitehouse. The budgets have been circulated separately to all Members.
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 four-year forecast.