

Report to Overview & Scrutiny Committee

Date of meeting: 1 February 2007

Subject: Council Budgets 2007/08

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Committee Secretary: Z Folley (ext 4532)



Recommendation:

That the 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 second set of budget proposals to be considered under the revised 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 2007/08 budgets is as follows:

Finance & Performance Management Scrutiny Panel	15 January 2007
Finance & Performance Management Cabinet Committee	29 January 2007
Overview & Scrutiny Committee	1 February 2007
Cabinet	5 February 2007
Full Council	20 February 2007
3. At the 15 January meeting of the Finance and Performance Management Scrutiny Panel an updated four-year financial forecast was considered and this is attached as Annex 1a and 1b. The key assumptions in the new forecast are set out below:
 - a. CSB Growth – growth has been restricted in 2007/08 to £138,000 to keep the CSB total below £17m. For 2008/09 growth items of £354,000 have currently been identified, however further savings will be sought during the year to minimise any net growth. The growth of £1.5m for waste management has been included in the revised estimates for 2006/07, but is partly offset by an increase in income from recycling credits of £262,000.
 - b. DDF – all known items for the four-year period are included and at the end of the period a balance of £809,000 is still available. This is after revising the estimates for LABGI income from £200,000 to £500,000 for 2006/07 and from £0 to £200,000 in 2007/08. The exact amounts to be received are uncertain as the formula has changed, but a national ceiling will be applied to cap total income from the scheme, which will lead to some authorities receiving less than the amount suggested by the pure application of the formula.
 - c. Grant Funding – the settlement figures have been included for 2007/08. It has been assumed that for 2008/09 and subsequent years the gross grant entitlement will increase by 2%. It has also been assumed that the amount lost to support the floor for other authorities will reduce over the period to give net grant increases of 3.5% in 2008/09, 2.5% in 2009/10 and 2.1% in 2010/11.

- d. Council Tax Increase – Members have confirmed they wish to keep rises in line with inflation and so an increase of 3.5% has been included for 2007/08. It is anticipated that growth in the retail prices index will reduce from the current level of 3.9% to 2.5% in subsequent years and so 2.5% has been used for future increases.

4. The inclusion of significant growth in CSB needs to be considered in terms of the level of revenue balances. Even allowing for the higher Council Tax increase in 2007/08 of 3.5% the table below illustrates that reserves as a percentage of NBR will fall to the guideline level by 2009/10 and will have significantly breached the guideline by 2010/11.

	2006/07	2007/08	2008/09	2009/10	2010/11
Net Budget Requirement	£15.792M	£16.659M	£17.166M	£17.596M	£18.001M
Opening Reserves	£6.456M	£5.954M	£5.633M	£4.708M	£3.439M
Reserves as % of NBR	40.9%	35.7%	32.8%	26.8%	19.1%

5. An oral update will be given on the recommendations of the 15 January meeting of the Finance and Performance Management Scrutiny Panel on the revised four-year forecast. The Finance and Performance Management Scrutiny Panel is also considering 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 29 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 four-year forecast.