

Budget 2007/08

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| Committee: Community | Agenda Item |
| Date: 18 th January 2007 | 10 |
| Title: General Fund Budget 2007/08 | |
| Author: Diane Burridge (Director of Operations) Tracy Turner (Director of Communities) John Mitchell (Director of Development) Philip O'Dell (Director of Resources) | Item for decision |

Summary

1. This report provides the basis for finalisation of the Committee's General Fund budget for 2007/08 subject to final considerations by the Operations Committee and Full Council. It contains full details of the base budget, prepared on the basis of current levels of service provision, a refined list of spending pressures previously considered, and proposals to achieve the budget reductions required following guidance issued by the Operations Committee.

Recommendations

2. That this Committee approves and submits to the Operations Committee:
 - The revised base budget for 2006/07 and draft base budget for 2007/08
 - The spending pressures put forward, including one-offs
 - The proposed savings identified in this report
 - Any comments regarding the budget

Background Papers

3. Budget reports to committees September 2006 and budget working papers. Copies of these items can be obtained by the public from Philip O'Dell on 01799 510670 or by email to podell@uttlesford.gov.uk

Impact

4.

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| Communication/Consultation | The response to public consultation on the Council's budget will be considered by the Operations Committee on 8 th February 2007 |
| Community Safety | No specific implications |
| Equalities | No specific implications |
| Finance | This report concerns the Committee's whole budget |
| Human Rights | No specific implications |
| Legal implications | New spending pressures include the consideration of legal requirements |

Budget 2007/08

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| Ward-specific impacts | The Council's budget has wide-ranging effects on all wards. No specific ward issues can be highlighted. |
| Workforce/Workplace | None of the proposed changes to budgets for this Committee have an adverse effect on staff, although communication and consultation with staff and unions regarding the budget continues. |

Situation

5. The meeting of the Operations Committee on 28th September 2006 considered the projected overall position on the General Fund prior to the compilation of base budgets. At that stage, a combination of pay awards, inflation and other spending pressures meant that savings in the region of £950,000 would be needed to balance the budget back to the targeted 4.5% increase in the council tax level.
6. No specific savings targets were set for either committee or services. Instead, officers were instructed to look again at new spending pressures, improved procurement, fees and charges income and whether inflation provision was really required on some budgets. There was also a request for services to look at the effects of 2%, 5% and 10% reductions in budgets.
7. Since the strategy outlined in paragraph 7 was agreed there have been several significant changes to the Council's overall budget position, the main ones of which are as follows:
 - Clarification that a potential loss of income from land charges amounting to £100,000 will not now happen
 - An estimated saving of £130,000 per annum following the management restructure
 - A review of recharges to the Housing Revenue Account which will save a significant sum, currently being finalised
 - Further analysis of the Council's scope to save money in its procurement practices, which will save approximately £50,000 per annum
 - Completion of the work of the Executive Programme Office, freeing up annual budgetary provision for research of £55,000 per annum
 - Likely increased income via the Business Growth Incentive Scheme, although further details are awaited
 - A review of staffing budgets, leading to a new targeted annual saving via turnover of approximately 4%. This is a challenging figure but is considered achievable with proper management

Budget 2007/08

8. The items outlined in paragraph 7, along with other savings identified and additional income considered likely now mean that much less drastic action is required to balance the budget. For this reason, exemplifications of savings at 2%, 5% and 10% levels are not shown in this report. Many of these would in fact have had a detrimental effect on services. Instead, the Strategic Management Board (successor to the Executive Management Team) has agreed an approach to preparing a balanced budget which:
- Takes account of the overall changes outlined in paragraph 7
 - Reduces the draft spending pressures, where possible
 - Identifies efficiencies that do not have a detrimental effect on services
9. For this Committee, the proposals are therefore:

| Savings | £ |
|--|-------|
| Saffron Walden CCTV savings already agreed | 2,250 |
| Leisure admin cost savings | 1,000 |
| Saving on dog kennelling | 7,500 |
| Savings on pest control materials | 500 |

New Income Source

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|--|---------------|
| Charging for mouse treatments | 5,000 |
| Reduction in committee budget total | 16,250 |

Reduced Spending Pressures

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|--|---------------|
| Emergency Planning | 3,000 |
| Sports Outreach Worker contingency not required | 20,000 |
| Reduction in draft spending pressures | 23,000 |

10. This committee's services will also be subject to the financial implications of the increased staff turnover target, reduced procurement costs and senior management restructuring, all of which were outlined in paragraph 7. The detailed breakdown of these figures is not yet available for this committee, but will be included in the figures submitted to the Operations Committee on 8th February. It is likely that these measures will amount to approximately £60,000 to £70,000, which would make this Committee's overall contribution to the original budget deficit in excess of £100,000.
11. Appendix 1 to this report now contains an updated list of spending pressures for this committee, totalling £38,700 of ongoing new spending

Budget 2007/08

and £60,640 of one-off spending pressures. The figures reflect the ongoing reductions proposed in paragraph 9 and are not included in the base budget.

12. It will be for the Operations Committee meeting on 8th February to take an overall view on the Council's financial position and how to balance the budget within the significantly changed overall scenario.

Base Budget

13. This Committee's revised base budget for 2006/07 and draft base budget for 2007/08 are attached at Appendix 2. They do not yet reflect the savings and new income source identified in paragraph 9. Some internal recharges within the committee are yet to be completed. Fees and charges have been assessed for realism regarding income likely to be received. Apart from inflation and pay award costs, the main variations on the overall budget are as follows:

| | 2006/07 Revised | 2007/08 |
|---|----------------------------|----------------|
| | £ | £ |
| Day Centres - Planned repairs moved from capital following change in accounting code requirements | 22,500 | 4,870 |
| Emergency Planning – Lebanon –to be funded from reserves | 80,360 | |
| Emergency Planning - Business Continuity- to be funded from reserves | 10,000 | |
| Grants & Contributions – transfer of additional car parking income attributable to Pig Market charity | (11,000) | (11,000) |
| Museum - Unachievable saving target set previously | 11,000 | 11,000 |
| Museum - Resource Centre/Advertising- to be funded from reserves | 16,000 | |
| Youth & Arts - Z Bikes –external funding received for 2006/07 and 2007/08 spending pressure agreed during last budget process | (20,000) | 30,000 |

Devolution of Budgets to Area Panels

14. Following the instruction from the July 2006 Full Council, officers have looked at the scope to devolve budgets to the Council's three area panels. The following budgets for this committee are now proposed for devolvement:

Grants to Outside Bodies

Budget 2007/08

Community Safety
Drug Awareness
Day Centres
Public Conveniences

The process of devolution will now be worked up for an effective start date of 1st April 2007.

Risk Analysis

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| Risk | Likelihood | Impact | Mitigating actions |
|---|------------|--------|--|
| Failure to highlight all significant spending pressures | Low | Medium | The budget has been examined closely and appears robust. Any variations can be dealt with through virement or authorised use of reserves |