

Budget 2006/07

Committee:	Development Control	Agenda Item
Date:	1 st February 2006	5
Title:	Budget 2006/07	
Author:	Executive Managers:	Item for decision
	John Mitchell (Development Services)	
	Philip O'Dell (Finance and Asset Strategy)	

Summary

- 1 This report provides the basis for finalisation of the Committee's budget for 2006/07 subject to final considerations by the Operations Committee and Full Council. It contains full details of the base budget (Appendix 1), prepared on the basis of current levels of service provision, and proposals to achieve the budget reductions required following the resolutions made by the former Resources Committee on 29th September 2005. There are no new spending pressures relating to this Committee's activities.

Recommendations

- 2 That this Committee approves and submits to the Operations Committee:
 - The revised base budget for 2005/06 and draft base budget for 2006/07
 - The strategy proposed to meet the savings targets set for this Committee
 - Any comments regarding the budget

Background Papers

- 3 Budget reports to Council Committees July – November 2005, Service Plan Pre-Assessments circulated to all Councillors in August 2005, 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

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Communication/Consultation	Public consultation on the Council's budget
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	will be considered by the Operations Committee on 9 th February 2006
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	None
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 former Resources Committee on 29th September 2005 considered the projected overall position on the General Fund, ahead of the announcement of external funding from central government and compilation of other key figures. Savings targets were set very early in the process so that adequate time was available to look for efficiencies in what was always likely to be a difficult budget year. The strategy adopted included continued use of the prioritisation approach as refined by the Member Prioritisation Working Group.
- 6 The intention from the commencement of the budget process has been to target a council tax increase of 4.5%. This figure balances the need to keep the council tax level at a reasonable level (probably still the lowest for a district council in Essex for 2006/07) and within Government 'capping' criteria (5% is the 'average' that the Government is targeting) while providing the underlying increase in taxation yield to fund the increasing demands being placed on the Council's budget.
- 7 In September 2005 the targeted council tax increase looked likely to involve savings in the region of £871,000 being made, alongside an overall increase in the yield from fees and charges of 3%. Savings targets were set accordingly, split over high, medium and low priority services. For this Committee the savings and increased income yield targets set were as follows:

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	Savings Target £	Additional Income Target £	Total Budget Reduction Required £
High Priority Services			
Development Control	24,700	18,710	43,410
Planning Enforcement	3,600	30	3,630
Total	28,300	18,740	47,040

- 8 This Committee has no medium or low priority services.
- 9 It was made clear by the Resources Committee that the targets set could be achieved by any combination of reduced expenditure, including deletion of any new spending pressures if possible, and increases in income. The Committee also indicated that savings proposals brought forward should avoid where possible disproportionate adverse affects on small services.
- 10 Since these targets were set several major factors have improved the overall scenario concerning the Council's budget, with the main factors being:
- The likely receipt of around £200,000 of additional funding from the government via the Business Rates Retention Scheme
 - Increased government funding of £108,000 for the extension of the Concessionary Fares scheme
 - An increase of £56,000 in the government's general funding for the Council compared to earlier indications
- 11 These sums are clearly welcome and indicate, belatedly perhaps, recognition of the funding problems facing district councils. It is however regrettable that the late notification of these figures, after months of unclear information, means that our initial savings targets were set unnecessarily high. On the other hand, other unforeseen costs have added to the overall budget deficit.
- 12 It will be for the Operations Committee meeting on 9th February to take an overall view on the Council's budget and how to balance the principles of budget prioritisation and savings targets with the significantly changed overall scenario. It is unlikely that the Operations Committee or the Council will wish to make reductions in services if the financial position no longer requires it, and some re-calculation of the sum required from services or groups of services will be an option

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available. At the moment however the approach must be to continue to achieve the targets set.

Base Budget

- 13 This Committee's revised base budget for 2005/06 and draft base budget for 2006/07 are attached at Appendix 1, with an analysis of the main variations shown in Appendix 2. The savings proposals outlined in this report are not as yet reflected in the figures in Appendix 1.

Savings Proposals

- 14 The general strategy adopted in making budget reductions has been in accordance with 'Gershon' principles of avoiding, where possible, adverse effects on services. This Committee's budgets have been examined, and no significant possibilities to reduce expenditure have been identified without unwanted effects on services. The proposed strategy to meet the savings targets set therefore involves incorporation into the budget of the Committee's expected efficiencies arising from the Integrated Customer Management (ICM) project. This project involves the opening of a customer service centre in November/December 2006. The initial estimate is that this initiative, involving re-engineering of the Council's services, will save approximately £200,000 per annum across the whole General Fund when fully operational. Only part of this sum will be achieved during the financial year 2006/07, with the remainder being assumed for budget purposes but funded from reserves. With this principle established, it is important to reflect appropriate elements of the savings in committee and service budgets. Prior to detailed work being undertaken, this can only be done on a very broad basis. On this basis, the potential savings for this committee are considered to be in the region of £60,000. This is not a 'target' as such, but merely a working assumption which is necessary for budgetary purposes and which will be refined and notified to Members as the ICM project continues.
- 15 On the basis of the proposal contained in paragraph 14, the Operations Committee is likely to take the pragmatic view that this Committee has met the savings requirements set for corporate purposes. Any different view from the Operations Committee will be notified to this Committee's next meeting.

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

