

Committee Environment

Agenda Item

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Date: 26th September 2006

Title: General Fund Budget 2007/08

**Author: Executive Managers: Item for
Philip O'Dell (Finance and Asset Strategy) decision
Diane Burrige (Environment and Culture)
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Sarah McLagan (Programme Manager,
Quality of Life)
John Mitchell (Development Services)**

Summary

1. This report provides the starting point for preparation of the Committee's 2007/08 General Fund budget by looking at new spending pressures against the background of the Council's likely overall financial position. Final decisions on the budget will not be made until January and February 2007, although it seems likely that significant savings will be required to balance the budget. In this light, officers require an early indication from the Committee about spending pressures which are considered worthwhile including in formal budget consultation with the public. The report also looks at the initial scope to devolve budgets to area panels and again seeks the Committee's views on this issue.

Recommendations

2. That this Committee:
 - Agrees that the ongoing and one-off spending pressures contained in Appendix 1 to this report be included in the draft budget and be the subject of individual business cases in January 2007.
 - Indicates any of the spending pressures which it wishes to be included in public consultation regarding the Council's budget.
 - Agrees that further research and appropriate consultation should be undertaken with regard to the possible devolvement of the two budgets highlighted as having potential in this respect as indicated in paragraph 14 to this report

Background Papers

3. Report to Operations Committee 29th June 2006 on General Fund Budget 2007/08 and beyond and submissions from services regarding new spending pressures. 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

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Impact

4.

Communication/Consultation	Public consultation on any of the Committee's spending pressures that it believes appropriate to consult on will take place during October 2006, with results being brought back to this Committee on 7 th November 2006
Community Safety	No specific implications
Equalities	No specific implications
Finance	This report looks at new spending pressures affecting the Committee's 2007/08 budget, although no final decisions are yet involved
Human Rights	No specific implications
Legal implications	New spending pressures include the consideration of legal requirements
Ward-specific impacts	The Council's budget has wide-ranging effects on all wards. No specific ward issues can be highlighted, although the report does look at issues regarding budget devolvement to area panels
Workforce/Workplace	Consultation regarding the Council's budgets will shortly start with staff and unions

Situation

5. On 29th June 2006 the Operations Committee considered a report indicating that the Council would need to save approximately £400,000 to balance the 2007/08 General Fund budget if it chose to maintain the previously projected council tax increase of 4.5% and the current levels of service. This figure therefore makes no provision for new or improved services. Against such an already challenging savings target it becomes even more important to look closely at the justification for any new spending pressures and to consider the need to subject such spending pressures to effective public consultation.
6. The Council's key priorities for the next 12-18 months are contained within the Corporate Plan agreed by the Full Council in April 2006. The major elements of the Corporate Plan were indicated as achievable without the input of significant additional financial resources, meaning that very few new spending pressures were likely.
7. Officers have now examined this Committee's services in detail and Appendix 1 to this report lists new spending pressures. A summary of the spending pressures contained in Appendix 1 is given below:

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Budget Heading	Spending Pressure	Capital cost £	One-off revenue cost £	Annual cost of multi-year spending pressures £	Ongoing revenue cost £
Vehicle Maintenance	Fleet administrator	0	0	0	20,000
Waste Management	Recycling officer	0	0	0	23,600
Sustainability	Budget to promote sustainable living and carbon reduction	0	0	0	15,000
Car Parking	Hand held computers	0	2,300	0	0
Car Parking	NVQ training	0	4,800	0	1,600
Car Parking	Need for rolling programme of car park ticket machine replacement	Costs being worked out for Capital Plan review Jan 2007	0	0	0
Assisted Travel	18 month admin post	0	30,000	0	0
TOTAL		Not known	37,100	0	60,200

8. The Committee is asked whether it supports each of these spending pressures appropriate to included within the draft budget. If so, officers will prepare a detailed business case/justification for each and will bring details to the Committee's January 2007. It is likely that the same meeting will contain details of proposed efficiencies required to balance the Council's budget. On this basis, the Committee will be able to make judgements about the desirability or necessity of the new spending pressures compared to the potential efficiencies that have been identified.

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Base Budget

9. As the Committee will be aware, the term base budget refers to the budget for the current level of any service, therefore not including any new spending or reductions in that spending. The base budget is an important step in the budget process as it spells out in financial terms the Council's previous decisions in respect of the level of service to be provided. Unless the demand for a particular service has grown or reduced dramatically, the base budget should only normally need the addition, if warranted, of provision for inflation. There are however three significant issues regarding this Committee's base budget for 2007/08:

- The Council's move towards single status in the workforce, which is a national legal requirement on councils, has so far been estimated as adding approximately £130,000 to the Council's budget for 2007/08 and beyond. This includes an estimate of the work not yet completed in respect of ex-Verdant employees whose harmonised pay and conditions are still to be agreed.
- The full year budget effect of the Council's Waste Management Strategy will be apparent during the 2007/08 financial year, adding an estimated £140,000 to the annual cost of the service. This is already included within the Council's budget forecast.
- The funding for the Council's economic development budget, totalling £50,000 plus inflation linking is also included in the budget forecast for 2007/08. The Committee will recall that this was funded from reserves in the current financial year, but now needs to be incorporated into the base budget.

Fees and Charges

10. The budget projections taken to the Operations Committee in June assumed an overall increase in the 2007/08 yield from fees and charges of 3%. It is for each committee to decide on the appropriate level of charges for services provided, but within any financial targets set by the Operations Committee. The majority of the Council's fees and charges will be considered during the January 2007 committee cycle, although the agenda for this meeting looks at car parking charges.

Savings Targets

11. The meeting of the Operations Committee on 28th September will be considering the Council's latest budget position for 2007/08 in the light of any new spending pressures put forward by committees. It is already clear that a significant level of savings will be required if the Council is to balance its revenue budget. It is likely that some form of prioritisation criteria will again be used to decide how such savings targets are divided between Council services. Officers will then spend October to December developing savings options consistent with the targets set by the Operations Committee and any prioritisation principles agreed by them.

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Such savings proposals affecting this Committee's services will be brought to the January 2007 meeting.

Capital Programme

12. The Committee's Capital Programme will be reviewed and updated for presentation at the Committee's January 2007 meeting.

Consultation Proposals

13. It is again proposed to undertake formal consultation with the public concerning the Council's 2007/08 budget. The plan is to undertake this somewhat earlier than in recent years so as to provide committees with more scope to take responses into account in a meaningful way. The intention is to undertake the consultation during October this year, with feedback being taken to committees in November. The exact consultation methods have not yet been finalised. What is requested of this Committee therefore is a decision on whether the spending pressures identified in Appendix 1 to this report are supported in policy and aspirational terms, such that they should be forwarded to the Operations Committee and also include in public consultation. It must be stressed that such endorsement by this Committee does not mean that these items are agreed in the 2007/08 budget, but are merely included in the overall draft budget so that the Operations Committee can consider them in the budget guidance it issues.

Devolvement of Budgets to Area Panels

14. Members of the Committee will recall the report on budget devolvement considered at the meeting of the Full Council on 18th July 2006. Following this, the Executive Management Team was asked to look at possibilities regarding budget devolvement for each service. For this Committee, the responses were as follows:

Service/Activity	Not recommended	Further research Suggested
Building Surveying	√	
Planning Policy	√	
Conservation and Enhancement	√	
Planning Grants	√	
Contract Management	√	
Depots	√	
Vehicle maintenance	√	
Street Cleansing	√	

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Septic Tank Emptying	√	
Land Drainage	√	
Local Amenities		√
Cemetery- Saffron Walden		√
Industrial Estate	√	
Economic Development	√	
Maintenance Taskforce	√	
Waste Management	√	
Car Parking	√	
Assisted Travel	√	
Transport Administration	√	
Cycle Tracks	√	
Linking Green Lanes	√	

15. If the Committee agrees with this preliminary analysis further work and consultation will be undertaken regarding the practicalities of the devolvement of the budgets for the Local Amenities and Saffron Walden cemeteries budgets with further details being brought back to the January meeting of the Committee.

Risk Analysis

16.

Risk	Likelihood	Impact	Mitigating actions
Failure to highlight all significant spending pressures	Low	Medium	Continual monitoring of new issues and demands regarding services
Highlighting spending pressures which cannot be afforded	Low	High	The Council's budget process subjects all elements of the budget to affordability tests