

## Budget 2007/08

<b>Committee:</b>	Environment	<b>Agenda Item</b>
<b>Date:</b>	23 <sup>rd</sup> January 2007	7
<b>Title:</b>	<b>General Fund Budget 2007/08</b>	
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### 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
  - Agreement to the proposed devolution of the Local Amenities and Saffron Walden Cemetery budgets to Area Panels
  - 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](mailto:podell@uttlesford.gov.uk)

### Impact

4.

Communication/Consultation	The response to public consultation on the Council's budget will be considered by the Operations Committee on 8 <sup>th</sup> 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

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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.
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 28<sup>th</sup> 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

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- 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
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 major changes are:
    - Reduction of £8,000 p.a. in the spending pressure relating to a vehicle Fleet Administrator
    - An increase of £8,000 in Building Control income
    - The proposed funding the £15,000 p.a. sustainability budget from Planning Delivery Grant rather than the annual budget
  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 8<sup>th</sup> February. It is likely that these measures will amount to approximately £150,000 to £170,000 which would make this Committee's overall contribution to the original budget deficit in excess of £180,000.
  11. Appendix 1 to this report now contains an updated list of spending pressures for this committee, totalling £37,200 of ongoing new spending and £44,550 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 8<sup>th</sup> 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

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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 sources identified in paragraph 9. Fees and charges have been assessed for realism regarding income likely to be received. The Committee will recall its previous decision not to increase car parking charges for 2007/08. Apart from inflation and pay award costs, the main variation to the original budget is the inclusion of the grant funding from government in the Council's overall external funding rather than in the Assisted Travel budget. This has been corrected. There is also an accounting change in respect of the Council's programme of planned repairs to car parks. Such repairs have now been taken out of the Capital Programme and added to the revenue budget following Audit Commission guidelines that repairs no longer count as an enhancement of capital assets. The sums involved are £27,400 in the 2006/07 revised budget and £19,350 in the 2007/08 budget.
14. This Committee's budget is also affected by two other significant cost increases that were included in the original projection of the 2007/08 budget deficit. The first is in relation to single status, the harmonisation of pay and conditions for manual staff with other Council staff. This was originally estimated as costing £130,000 per annum and this sum, slightly revised, has been built into the various budgets affected, with a part year effect in 2006/07. The other major change is in respect of the Waste Management budget, where, as well as increases for single status and inflation and pay awards, a £140,000 full year effect increase was always anticipated and built into the budget as part of the roll out of the wheeled scheme.
15. There is also the need to clarify any funding from reserves. For this Committee this involves the Planning Delivery Grant reserve in respect of staff market supplements and other costs, and the District Character Reserve in respect of costs relating to the airport. These figures will be included in the summary for the Operations Committee on 8<sup>th</sup> February.

### Devolution of Budgets to Area Panels

16. 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:

Local Amenities  
Saffron Walden Cemetery

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

### Risk Analysis

- 17.

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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