

Budget 2007/08

Committee **Operations Committee**

Agenda Item

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Date: **28th September 2006**

Title: **Operations Committee Budget 2007/08**

Author: **Executive Managers:** Item for
 Philip O'Dell (Finance and Asset Strategy) decision
 Sarah McLagan (Programme Manager,
 Quality of Life) Michael Perry (Corporate
 Governance),Mike Brean (Customer
 Services), Carole Hughes (Human
 Resources),Tracy Turner (Strategy and
 Performance),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 Committee's own budgets in the light of the proposed devolution of budgets to Area Panels.

Recommendations

2. That this Committee:
 - Approves the ongoing and one-off spending pressures contained in Appendix 1 to this report for inclusion in the draft budget and the proposal to bring individual business cases for all these items to the February 2007 meeting
 - Indicates any of the spending pressures which it wishes to be included in public consultation regarding the Council's budget.
 - Confirms that no budgets of this Committee are suitable for devolvement to Area Panels
 - Decides whether to approve the grant of £2000, funded from the Financial Management Reserve, for the Walden 1647 celebrations as outlined in Appendix 1 of this report

Background Papers

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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

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 16th November 2006
Community Safety	No specific implications
Equalities	This report includes a new spending pressure relating to the need for an increased investment in staff training on equalities issues
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 this 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

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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:

Budget Heading	Spending Pressure	Capital cost £	One-off revenue cost £	Ongoing revenue cost £
Democratic Representation	Increase in Chairman's annual budget	0	0	5,000
Democratic Representation (A decision on this is requested at this meeting)	Walden 1647 grant	0	2,000	0
Communications	Increase in consultation budget/re-design of website	19,000	0	15,000
Human Resources	Equalities budget	0	25,000	0
Central Services	Increase in costs of paper	0	0	11,000
Offices	Increase in postage costs	0	0	2,000
Offices	Projected increase in fuel costs	0	0	30,000
Information Technology	Improved Member IT	70,000	0	10,000
Information Technology	Effect of new rules on capitalisation of IT	0	0	50,000
Financial Services	Increased staffing	0	0	60,000
Elections	Essential	0	4,320	10,300

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(see paragraph 8 below regarding 2006/07 requirements)	investment			
Land Charges	Marketing and training	0	1,310	2,000
Total		89,000	32,630	195,300

8. The budget for Elections requires some one-off increases in the current financial year. Funding for this was included in the formula used to set the Council's Revenue Support Grant for the current financial year, although this was not totally clear when the Council's budget was set. Officers are looking to meet the sums required through virements of budgets.
9. The Committee is asked whether it supports each of these spending pressures sufficiently for them to be 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 meeting on 1st February 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.

Base Budget

10. 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. Three of the spending pressures included in paragraph 7 above (relating to paper, postage and fuel costs) are effectively variations to the base budget and have been shown at this early stage to assist with forward planning. The most significant potential variation has not however been included in the table. This is the potential loss of income following new legislation effective from 1st April 2007 preventing surpluses on the land charges function. Further work is required to see whether the Council's current costing of the function is done on the correct basis and therefore whether some of the potential lost income can be retained. If this is not the case the potential loss is approximately £100,000 p.a.
11. Any other significant variations in the Committee's base budget will be brought to the meeting of the Committee on February 1st 2007.

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Fees and Charges

12. The budget projections brought to this 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 this Committee. The majority of the Council's fees and charges will be considered during the January and February 2007 committee cycle.

Savings Targets

13. A report elsewhere on the agenda for this meeting considers the Council's latest budget position for 2007/08 in the light of all new spending pressures put forward by committees.

Capital Programme

14. The Committee's Capital Programme will be reviewed and updated for presentation at the meeting on February 1st 2007.

Consultation Proposals

15. The overall Council budget report elsewhere on this agenda outlines the planned approach to public consultation on the budget. Prior to discussing that approach the Committee is requested to indicate whether it wishes any of its own spending pressures to be included in such public consultation.

Devolvement of Budgets to Area Panels

16. 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. The full list of this Committee's own services and activities is included within the report on budgetary control elsewhere on this agenda. With the vast majority of the Committee's services and activities being in relation to central support services, the only front –line services to the public are as follows:

Council Tax Collection
Non-Domestic Rates Collection
Council Tax Benefits
Housing Benefits
Land Charges

17. Each of these involves administration of national rules and procedures and is considered inappropriate for devolvement to Area Panels.

Risk Analysis

18.

Risk	Likelihood	Impact	Mitigating actions
Failure to highlight all	Low	Medium	Continual monitoring of new issues and demands

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significant spending pressures			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