

**Committee:** RESOURCES COMMITTEE  
**Date:** 17th November 2005  
**Title:** General Fund Budget 2006/07 Progress Report  
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01799-510670

## Agenda Item

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Item for decision

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### Summary

- 1 This report provides a brief update on key issues regarding the Council's 2006/07 General Fund Budget.

### Recommendations

- 2 That the report is noted.

Finance	The report provides an update on key issues regarding the 2006/07 General Fund Budget.
Human Rights	There are no specific human rights implications contained in this report.
Legal implications	Legal implications regarding the statutory provision of services will be considered when possible ways to make savings proposed in this report are looked at
Ward-specific impacts	The Council's budget has a wide- ranging effect on all Wards. No specific issues can be highlighted at this stage
Workforce/Workplace	The Council's budget and proposals to change it will have effects on staff. Consultation is taking place on all aspects

### Situation

- 3 The September 2005 meeting of this Committee agreed savings targets totalling £871,000 in order to maintain a potential targeted increase of 4.5% in the council tax for 2006/07. This figure was based on many assumptions regarding government funding, the potential cost of dealing with new spending pressures and efficiencies already identified. The savings target was broken down over services in accordance with the Council's agreed approach to prioritisation, with some services having common aims and themes being put together in clusters to make the search for efficiencies more flexible and realistic.

- 4 No progress reports have been taken to policy committees in the current committee cycle. The timetable agreed by this Committee provided for the October to December months being set aside for detailed work by officers, with reports being taken to committees in January and February 2006. This timescale is still considered realistic and work on the base budget, spending pressures and efficiencies is proceeding well.
- 5 This Committee did however ask for an appropriate update to be brought to this meeting. Outlined below therefore are brief details on changes or potential changes in the main factors, mainly external to the Council, which could have a significant effect on the 2006/07 General Fund budget:
  - The Council now appears likely to receive better funding for extensions to the Concessionary Fares Scheme put forward by and to be funded by the Government. Rather than the previously estimated loss of approximately £62,000, it now seems likely that the Council could gain approximately £31,000. This would represent a turnaround of £93,000 compared to the estimate included in the draft budget. As this report was being prepared officers were still awaiting official confirmation. The Transport and Highways Committee have been informed of the position as it is currently known.
  - Figures are also finally emerging on the Local Authority Business Growth Incentives Scheme, proposed by the Government during 2003 and previously reported in outline fashion to this Committee. Basically, the Scheme rewards councils for increases in the rateable value of businesses in their areas, regarding it as a sign of increased economic growth. The Scheme has taken a long time to develop and requires more detailed study regarding what messages it sends to councils regarding planning policies and economic development strategies. At the moment it is mainly regarded within local government as a way to change and arguably improve the funding regime of councils. In fact the budget effect for this Council remains unclear. Initial figures from the Government indicate potential additional funding of over £150,000 for the Council in 2006/07 and the following year. This funding is supposedly 'new' money, not 'top-sliced' off either the national Business Rates Pool or the Revenue Support Grant. However, doubts remain over this and we will not really know until early December when the Local Government Finance Settlement is announced. There is also work to do to confirm the rateable value changes which the Government is using, as some councils have discovered significant errors in figures which, as a starting point for the Scheme go back over a ten year period.
  - Information received on 4<sup>th</sup> November indicates that the Government may be changing the basis on which it provides funding and incentives relating to the work of the Anti-Fraud team. In the current financial year funding of £137,500 is budgeted. An initial estimate is that around £80,000 of that funding may be lost from 2006/07 onwards. More details on this are being sought as a matter of urgency.

- Many ideas to save money without affecting the Council's service delivery have already been put forward. These are currently being refined with a view to committees receiving information and options during January and February 2006. These include further consideration of the potential effects of the Integrated Customer Management initiative.
- 6 There has been no official announcement regarding potential capping of council tax increases for 2006/07, although there are rumours that a cap at around 3-3 ½% is being considered. A cap at 3% would require the Council to find additional savings of approximately £45,000.
  - 7 Proposals regarding the budget for 2007/08 and beyond, as well as one-off spending pressures will be brought to this Committee in February 2006.

### Conclusion

- 8 There are several key budget figures which should become clearer when the Local Government Finance Settlement is announced in early December and when other research is completed.
- 9 Any improvement in the Council's budget position for 2006/07 based on factors in this report and similar strategic issues may give scope to amend the savings targets previously set. If so, officers will make proposals which remain consistent with the Council's prioritisation approach as far as is practical and realistic.

### Risk Analysis

The following have been assessed as the potential risks associated with this issue.

Risk	Likelihood	Impact	Mitigating actions
Failure to highlight all significant spending pressures at this stage	Low	Medium	Further consideration by officers prior to budget being finalised
Over-estimating the potential budget deficit, leading to higher savings requirements than are really necessary	Low	High	Continual review of budget assumptions, receipt of further information such as level of government grants prior to final budget decisions being taken

