

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 2 DECEMBER 2008

Title:

**FINANCIAL STRATEGY 2009/2010 – 2012/2013
GENERAL FUND REVENUE BUDGET 2009/2010**

[Wards Affected: All]

Summary and purpose:

This report outlines the General Fund Budget position for 2009/10. The Executive is reminded of the extent of the shortfall identified at the Finance Seminar and the need to achieve savings as indicated within the Financial Strategy. The current position regarding the shortfall is detailed in the report.

The provisional Revenue Support Grant Settlement is expected to confirm just a £30,000 increase in Government Grant in December. The Executive will be advised of the updated position following the announcement.

How this report relates to the Council's Corporate Priorities:

The Council could not deliver the Corporate Priorities without a robust budget setting process in place.

Equality and Diversity Implications:

There are no direct equality and diversity implications as a result of the recommendations of this report.

Resource/Value for Money implications:

Resource implications are contained throughout the report.

Legal implications:

There are no direct legal implications as a result of the recommendations of this report.

Introduction

1. Following the annual Finance Seminar held on 27 October, this report outlines the latest General Fund Budget position for 2009/2010 and the action taken so far.
2. The proposed approach to be taken to the 2009/2010 Budget builds on the foundations laid in the 2008/2009 Budget process. It includes key financial and topical issues; reporting dates to Members; a forecast of the expected Budget position; and details of the proposed 'Star Chamber' process to examine budgets closely in order to identify potential savings.

3. The draft Budget allows for the full-year effect of the ongoing items reported during Budget Monitoring, the most significant of which are detailed in the Budget Monitoring Exception Report also presented to this Executive.

Background

4. The Council currently budgets to spend £250,000 more than it gets in income from use of the General Fund balance. In the medium term this is not sustainable.
5. In addition, there are significant budget pressures facing the Council:
 - A significant loss in income due to the credit crunch
 - A reduction in interest rates
 - High energy inflation

The Revenue Support Grant Settlement

6. Last year, the Government announced the figures for the Revenue Support Grant covering a three-year period. The increase for 2008/09 was only 1%, with the following two years being just 0.5%. Therefore, an increase of £30,000, representing only 0.5% has been allowed for in the draft Budget .

2009/2010 Draft Revenue Estimates

7. The key assumptions made in compiling the draft Budget are in line with the Financial Strategy. These are:
 - A contribution of £200,000 from the Working Balance
 - The revenue contribution to capital of £1.6million continues
 - The increase in the Revenue Support Grant will be 0.5%
 - No allowance has been made for growth in the provision of services
 - Only unavoidable increased costs have been allowed for
 - Planning Delivery Grant of £70,000 has been assumed.

Current Budget Shortfall

8. On the basis of the above assumptions, the expected Budget shortfall is approximately £1.7million, before allowing for the pay award or for a council tax increase. The presentation to the Finance Seminar anticipated a projected shortfall of £1.4m, but interest rates are reducing much faster and to a greater extent than was expected at that time.

Proposed Budget Reviews

9. During November, 'Star Chamber' sessions took place with the Chief Executive, Finance Portfolio Holder, Portfolio Holders, Deputy Chief Executive and Heads of Service to examine operational and staffing budgets in detail.

10. The aims were:-
 - a. To challenge 2008/2009 budgets for robustness;
 - b. For each Head of Service to justify their 2009/2010 budgets;
 - c. To identify options for savings at 3%, 5%, 8% and 10% targets;
 - d. To identify opportunities for Investing to Save;
 - e. To identify opportunities for generating external income;
 - f. To make a case for any growth.
11. The Heads of Service have been directed towards achieving a saving of 8% as this would meet the level of Budget shortfall. Each Head of Service has been set a target based on 8% of their gross expenditure budgets. Staff budgets are being closely scrutinised, with reduction targets also set at 8% of the staff for which individual Heads of Service have responsibility.
12. As part of the process, Heads of Service were asked to:
 - a. Complete a savings pro forma, and
 - b. Present benchmarking data to support their budgets.
13. The outcome of the Star Chamber sessions is currently being evaluated and the findings will be presented to the Executive Briefing on 18th December 2008.
14. Proposals will be put to the Executive on 6 January 2009.

Fees and Charges

15. It is the Council's practice to review its fees and charges each year with effect from the forthcoming 1st April. Planning and Building Control fees are largely determined by statutory Government guidelines. In other areas, increases in charges in line with delegated authority will be allowed for within the draft Estimates. Any variations to these charges proposed by the Star Chamber will be reported to the Executive and Overview and Scrutiny Committees in January prior to final decisions being made by Council in February.

Capital Programme

16. The first draft of the General Fund Capital Programme has been compiled from bids received from service managers. This will be examined by the Star Chamber to assess the implications for both the capital and revenue resources in detail, prior to being presented for consideration by the Executive and Overview and Scrutiny Committees in January.

Conclusion

17. The Executive will receive the detailed Budget papers, together with the Star Chamber proposals for consideration on 6th January 2009 and issue guidance to the Overview and Scrutiny Committees accordingly. The Overview and Scrutiny Committees will give consideration to the Budget in January and February, with the final decisions being made at Council on 17th February 2009.

Recommendation

It is recommended that the Executive

1. endorses the approach taken to the 2009/10 Budget process; and
2. gives detailed consideration to the General Fund Budget, including suggestions from the Star Chamber, for 2009/2010 at its meeting on 6 January 2009;

Background Papers (DCEx)

Provisional Local Government Finance Settlement 2009/2010 (imminent); Financial Strategy 2009/2010 – 2012/2013; Finance Seminar slides; Community Strategy; Revenue Budget 2008/2009.

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