

# APPENDIX B.1

## WAVERLEY BOROUGH COUNCIL

### EXECUTIVE - 6 JANUARY 2009

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**Title:**

**FINANCIAL STRATEGY 2009/2010 – 2011/2012  
GENERAL FUND BUDGET 2009/2010**

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

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**Summary and purpose:**

This report updates the Executive on the latest position regarding the General Fund Budget. It contains proposals from the Star Chamber for reducing the Budget shortfall, to which the Executive is requested to give consideration.

The proposals from the Executive will be the subject of consideration by meetings of the Overview and Scrutiny Committees during January. The Licensing Committee will approve its Estimates and Fees and Charges on 14 January 2009. The Executive will give final consideration to the Budget on 3 February 2009, including the comments reported from the Overview and Scrutiny Committees, before making recommendations to Council on 17 February 2009.

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**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.

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**Introduction**

1. Following the Finance Seminar on 27 October and consideration of the initial Budget report on 2 December 2008, this report presents the detailed Estimate sheets for consideration, together with a list of potential savings identified by the Star Chamber.

2. This report contains the following Annexes:

- Annexe 1 Budget Summary
- Annexe 2 Detail of Variations
- Annexe 3 Star Chamber Proposals

### **2009/2010 Draft Revenue Estimates**

3. A copy of the draft General Fund Revenue Estimates for 2009/2010 is attached at Annexe 1 (with the summary page to be distributed to all Members).
4. 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 Report also presented to this Executive at Appendix B.5.
5. Growth items are identified as variations to the base estimates. The aim was that no growth items be submitted unless savings can be identified elsewhere. However, a few variation items are attached at Annexe 2, some of which arise as a result of new capital bids. These have been considered as part of the Star Chamber process, with allowance for the cost made against the Star Chamber List.
6. In addition to the variations as listed at Annexe 2, there are also areas where budget variances, which may be reductions as well as increases, have arisen. These may result from such matters as contractual commitments, changed levels of use, changes to staff allocations, or updated asset charges.
7. Applications for grants under the Sponsored Organisation Scheme for 2009/2010 will be the subject of a separate report to this Committee in February. At this stage, the detailed estimates for 2009/2010 relating to each organisation have been left blank. However, a global figure based on existing amounts has been included within each portfolio summary in order to show the overall budget situation.

### **Statutory Services**

8. Each budget page contains an indication of whether the service provided is statutory, discretionary, or a mixture of the two. There are some statutory services where the level of service provided is greater than that required by law. This analysis will assist Members in giving consideration to the resources allocated to the various services. There will of course be other factors, such as the Council's approved aims and objectives, public demand and corporate priorities.

### **The Revenue Support Grant Settlement**

9. Waverley's provisional Revenue Support Grant Settlement for 2009/2010 was announced at the end of November and this has confirmed the figures contained in last year's Settlement covering a three-year period.
10. The details of the Settlement are:

- The headline increase in Waverley's Grant for 2009/10 is 0.5%, being £31,000
- Council Tax capping remains – The Government expects average increases this year to be substantially below 5%. (The overall national increase in council tax in 2008/09 was 3.9%).

### **Concessionary Fares Grant**

11. A specific grant of £262,000 is being paid to Waverley in 2008/2009 to cover the cost of the scheme moving to a nationwide basis from 1<sup>st</sup> April 2008. The latest available information is that this grant will increase to £268,650 in 2009/10 and this amount has been included within the draft Budget. There is still uncertainty regarding the likely cost to Waverley in 2009/10. It is therefore considered prudent to budget at the increased 2008/09 Budget level.

### **Pay Settlement**

12. The Employer's negotiating team have made an offer of 0.5%. The cost of this on the General Fund pay bill is £60,000 and this is the amount included on the Budget Summary. This matter has now been referred to conciliation with the Advisory, Conciliation and Arbitration Service (ACAS).

### **Budget Assumptions**

13. The following main assumptions have been built into the draft budget:
  - Revenue Contributions to Capital totalling £1.6m continuing in line with recent years (There is scope for this to be reduced if the Capital Programme is prioritised as suggested at Appendix B.2)
  - Inflation calculations are based on the latest RPI figure of 3%
  - Investment Interest is based on a rate of 2%
  - The Staff Savings Vacancy Factor is included at £250,000 as recommended by the Corporate Management Team. It should be noted that this will need to be achieved in addition to considerable staffing reductions as detailed on the Star Chamber List.

### **Budget Summary**

14. The latest Budget position is shown on the Budget Summary at Annexe 1.
15. This has been adjusted in line with the actual Revenue Support Grant and Redistributed NNDR figures.

### **Star Chamber Proposals**

16. The Star Chamber process has resulted in a list of potential reductions to expenditure and increases to income as shown at Annexe 3. This list totals £1.6m.

### **Fees and Charges**

17. It is the Council's practice to review its fees and charges each year with effect from the forthcoming 1st April.

18. Various proposals for increased income have been made and amounts included on the Star Chamber list. Schedules of the proposed fees and charges from 1 April 2009 will be considered by the appropriate Committees in January. These schedules will be presented to the Executive and then to Council in February, following consideration of any observations from the Licensing and Overview and Scrutiny Committees.

### **Budget Strategy**

19. The Executive has expressed the intention of eliminating the reliance on balances within a four-year period. The 2007/2008 Budget included the use of a total £600,000 from balances: £150,000 from the Revenue Reserve Fund and £450,000 from the General Fund Working Balance. The use of balances within the 2008/2009 Budget was reduced to £250,000 - less than half the previous level. The initial draft Budget proposals for 2009/10 allow for this figure being further reduced to just £70,000.
20. The Deputy Chief Executive advises that it would be prudent to retain a minimum General Fund Working Balance of £1.25m.
21. The latest Budget Position Statement, after allowing for all of the movements described above, shows a shortfall of approximately £190,000, before allowing for any Council Tax increase. Each 1% increase in Waverley's element of Council Tax will generate an additional £82,000.

### **Conclusion**

22. The Overview and Scrutiny and Licensing Committees will give further consideration to the Budget at their meetings in January. Comments made at these meetings will be reported to the next meeting of the Executive on 3 February 2009, which will agree final recommendations to Council on 17 February 2009.
23. The proposals represent a robust response to a particularly challenging Budget position this year.

### **Recommendation**

It is recommended that the Executive:

1. asks the Overview and Scrutiny Committees to give consideration to the detailed General Fund Budget papers for 2009/2010 and identify spending priorities and any areas for savings;
2. considers the list of variations at Annexe 2;
3. considers the list of Budget reductions, as suggested by the Star Chamber, at Annexe 3, which will be discussed by the Overview and Scrutiny and Licensing Committees; and

4. gives final consideration to the General Fund Budget for 2009/2010 at its meeting on 3 February 2009.

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Background Papers (DCE)

Provisional Local Government Finance Settlement 2009/10; Financial Strategy 2009/10 – 2011/12; Finance Seminar slides; Community Strategy; Revenue Budget 2008/09.

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**CONTACT OFFICERS:**

**Name:** Brian Long

**Telephone:** 01483 523253

**E-mail:** brian.long@waverley.gov.uk

**Name:** Paul Wenham

**Telephone:** 01483 523238

**E-mail:** paul.wenham@waverley.gov.uk