

# APPENDIX C.1

## WAVERLEY BOROUGH COUNCIL

### EXECUTIVE 1 DECEMBER 2009

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**Title:**

**FINANCIAL STRATEGY 2010/2011 – 2013/2014  
GENERAL FUND REVENUE BUDGET 2010/2011**

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: ALL]

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**Summary and purpose:**

This report outlines the General Fund Budget position for 2010/11. 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.

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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 annual Finance Seminar held on the 26 October, this report outlines the latest General Fund Budget position for 2010/2011 and the action taken so far.
2. The proposed approach to be taken to the 2010/2011 Budget builds on the foundations laid in the 2008/2009 and 2009/2010 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. This year, there are significant budget pressures facing the Council:
  - A significant loss in income due to the recession
  - A reduction in interest rates
  - High energy inflation

These pressures seem likely to continue into 2010-11. Although some analysts expect some improvement in the general economic situation, the outlook for the public sector is extremely challenging and it would be imprudent to predict an improvement in Waverley's financial position merely as a result of the recession ending.

5. Currently, the Council budgets to spend £70,000 more than it gets in income from use of the General Fund balance. For planning purposes this imbalance will be removed in the 2010-11 Budget.

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

6. In December 2007, 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.

### **2010/2011 Draft Revenue Estimates**

7. The key assumptions made in compiling the draft Budget are in line with the Financial Strategy. These are:
  - The contribution from the Working Balance will be removed
  - The revenue contribution to capital of £1.6m continues
  - The increase in the Revenue Support Grant will be 0.5%
  - Only unavoidable increased costs have been allowed for, to be offset by equivalent savings wherever possible
  - There will not be a Pay Award on 1 January 2010

- Income will generally be sustained at current levels
- No allowance has been made for growth in the provision of services

### **Current Budget Shortfall**

8. On the basis of the above assumptions, the Budget shortfall is expected to be between £700,000 and £1m, before allowing for any council tax increase.

### **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 2009/2010 budgets for robustness;
  - b. For each Head of Service to justify their 2010/2011 budgets;
  - c. To identify options for savings;
  - 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. 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.
12. The outcome of the Star Chamber sessions is currently being evaluated and the findings will be presented to the Executive Briefing on 17 December 2009. Proposals will be put to Executive 5 January 2010.
13. The detailed findings of the recent budget consultation exercise will be considered by Members on the 8 December to decide how the results should influence the budget setting process. The outcome of this session will be included in the report to the January meeting of the Executive.

### **Fees and Charges**

14. It is the Council's practice to review its fees and charges each year with effect from the forthcoming 1 April. Planning 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 other 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**

15. 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**

16. The Executive will receive the detailed Budget papers, together with the Star Chamber proposals for consideration on 5 January 2010 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 16 February 2010. The Medium-Term Financial Strategy has been updated to reflect the latest position and this is available on the finance pages of Waverley's website.

### **Recommendation**

It is recommended that:

1. the Executive endorse the approach taken to the 2010/11 Budget process; and
2. the Executive give detailed consideration to the General Fund Budget, including suggestions from the Star Chamber, for 2010/2011 at its meeting on 5 January 2010;

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### **Background Papers (DCE)**

Provisional Local Government Finance Settlement 2010/2011 (imminent); Financial Strategy 2010/2011 – 2013/2014; Finance Seminar slides; Community Strategy; Revenue Budget 2009/2010.

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