

Subject: Revenue Budget and Council Tax
2008/09

Status: For Publication

Report to: The Cabinet

Date: 20th February 2008

Report of: Head of Financial Services

Portfolio

Holder: A Well Managed Council

Key Decision: No – Recommendation to Council

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 The Purpose of the report is to enable Cabinet to recommend to Full Council the Revenue Budget and level of Council Tax for 2008/09

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering Quality Services to Customers (Customers, Improvement)
- Delivering Regeneration across the Borough (Economy, Housing)
- Keeping Our Borough Clean and Green (Environment)
- Promoting Rossendale as a cracking place to live and visit (Economy)
- Improving health and well being across the Borough (Health, Housing)
- Well Managed Council (Improvement, Community Network)

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- As part of the final recommendations to Council Section 25 of the Local Government Act 2003 places a requirement on the Chief Financial Officer of each local authority (in Rossendale this is the Head of Financial Services) to advise councillors during the budget process on “the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves”. This provision is designed to ensure that councillors have information which will support responsible financial management over the longer term. This is attached at Appendix 4 and includes an estimate of potential financial risk exposure together with measures to mitigate these risks.

4. BACKGROUND AND OPTIONS

This report is the culmination of the Council’s third budget process under the Cabinet system. The report represents the considerations of Cabinet for recommendation to the Full Council

4.1.1 POLICY CONTEXT

- 4.1.1** The Policy Context for the budget sets out the key things the Council is trying to achieve through the use of its financial resources. As part of the consultation process on the budget views were sought on the theme of “Pride in Rossendale” This was set as follows:

4.1.2 Pride in our Environment

- Funding for Rossendale in Bloom – providing additional floral displays and brightening up our streets
- Working with the County Council to provide better maintenance of the main gateways into the borough and its towns and villages
- Giving Neighbourhood Forums a say in the use of money for better street furniture such as bins, benches and hanging baskets

4.1.4 Pride in our Service People

- Free leisure facilities for regular servicemen and women living in Rossendale and their families
- Better maintenance of our war memorials/memorial gardens
- A new war memorial for service people who have lost their lives since 1945

4.1.5 Pride in Rossendale’s Quality of Life

- Improved environmental enforcement with higher standards as a deterrent to fly tipping, dog fouling and littering
- Reviewing our by-laws, particularly in parks, to improve our environment and authorising the Police and Community Support Officers to issue fixed penalties for environmental crimes
- Effective planning of development – the right development, in the right place for the right reasons

4.1.6 A renewed sense of Civic Pride

- Celebrating the contribution of volunteers in the borough
- Encouraging more people to vote
- Detailed plans for a new single-site civic centre

4.2 FINANCIAL CONTEXT

4.2.1 The financial context for preparation of the budget is set out in the Medium Term Financial Strategy (MTFS) a revision of which appears for consideration elsewhere in the agenda. The key elements of this remain:-

- A planning assumption of Council tax increases of 3% in order over time to bring taxation levels closer to the average
- No use of reserves to support recurrent expenditure

4.2.2 In addition to this there remains a clear statement from the Department for Communities and Local Government (DCLG) that Council Tax increases in excess of 5% will be subject to capping.

4.3 REVENUE SUPPORT GRANT SETTLEMENT

4.3.1 The final Revenue Support Grant Settlement was confirmed on 24th January 2007. There was little change from the previous figures for Rossendale as shown below:-

	08/09 £000	09/10 £000	10/11 £000
RSG & NNDR	6,208	6,239	6,270
Total Formula Grant	6,208	6,239	6,270
Underlying % increase	1.0%	0.5%	0.5%

4.3.2 As previously reported the settlement is disappointing, although not untypical for district councils, and will require the maintenance of a strong focus on the opportunities for further efficiency savings and alternative sources of income over the remainder of the planning period. This is reflected in the revision of the financial strategy.

4.4 THE COST OF MAINTAINING CURRENT SERVICE LEVELS

4.4.1 The table below summarises the cost of meeting current service levels:

	£000
Budget Requirement for 2007/08	11262
Non recurrent expenditure	(115)
Pay award / increments	274
Inflation	98
Income, Technical and Volume Changes	164
Sundry savings	(65)
Cost of Continuing Current Services	11,618

4.4.2 Overall this represents an increase in net expenditure of 3.2% and would demand a Council Tax increase in excess of 5% being outside the Councils' MTFS and DCLG guidelines.

4.4.3 In order to bring the Budget in line with the Councils MTFS the budget consultations identified a net £150k of potential savings. The savings and investments to be recommended are attached to this report at Appendix 1.

4.4.4 For the avoidance of doubt the current cost of cost of continuing services includes Member Allowances based on the recommendations of the 2006 Independent Remuneration Panel. For 2007/08 Members accepted a part implementation of the recommendations with a view to full implementation in 2008/09. The additional cost of full implementation is included at c. £37,000 pa. Thereafter, subject to any further formal review, allowances will increase in line to Government proposals for the increase in the national Minimum wage rate. A schedule of the current Member allowances together with the proposals for 2008/09 is attached at Appendix 2.

4.5 CONSULTATION

4.5.1 This is the third year in which the Council has consulted on the detailed options available within the budget. The consultation process has followed the agreed budget consultation guidelines a copy of which accompanied the consultation documentation on the Councils website.

4.5.2 The formal consultation process ended on 11th February 2008 - all responses have been made available to members. Responses have been received from:-

	Number
Individuals	2
Partner Organisations	0

Representative Bodies	0
Total	2

- 4.5.3 There was no underlying theme to the responses, although there was broad support for the direction set out in the proposals. This was also confirmed at the four recent January Area Forums and Lancashire Local meeting.
- 4.5.4 In addition the Council's two documents with regard to budget consultation were published on the Council's website and have been viewed 721 times ("Pride in Rossendale") and 847 times (Detailed budget proposals)
- 4.5.5 The Council has been notified that as part of Governments Area Based Grant distribution, Rossendale will receive £95k during 2008/09 in support of Community Cohesion, with further larger sums in the following two years. This resource has been provided because the Council achieved a relatively low score in the Best Value Satisfaction Survey for the proportion of residents who feel the area is one where people from different backgrounds get on well together. It is proposed that this resource is used in part to secure 2 fixed term posts focused on community involvement and engagement linked to a focus on being a listening council. A detailed business case form for these posts is included at Appendix 3, in the same way as has been provided for all other savings and investment proposals.

4.6 SAVING, INVESTING AND TAXATION

- 4.6.1 Any budget needs to strike a balance between saving, investing and taxation. The 2008/09 Budget Proposals for Consultations detailed the areas for investment and budget saving. They are intended to both allow the Council to both continue its improvement journey and the process of moving the level of Council Tax in Rossendale closer to the average.
- 4.6.2 It is therefore proposed to implement all the savings identified by officers (Appendix 3), with the exception of taking a smaller saving from the technical area of capital financing and interest than the maximum available. The reason for this is that there is a strong likelihood that if the maximum saving in this area is taken permanently growth will need to be built back into the budget in future years as the balance of the investment programme changes. Given the known pressures arising from the grant settlement it would be imprudent to take the maximum possible saving at this point. This means that there is likely to be some in year saving in this area which can be used to mitigate some of the financial risks facing the Council.
- 4.6.3 The various savings identified also need to be seen in the context of the efficiency targets set by the Government. These were 2.5% for the Spending Review 2004 period and are 3% for the coming three years. The other change going forward is that only cash releasing savings will count against the target. The table below illustrates the position against the target taking into account the savings identified within the budget proposals set out in this report.

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Savings Target	315	630	945	1,323
Hard Cash Savings	447	666	1,189	1,503
Non Cash Savings	89	240	197	0
Overachievement	221	276	441	180

At this stage the above represents an underachievement in 2008/09, although this is offset by the cumulative overachievement. It is expected that this will be addressed through savings which are identified during the year and as a result of the ongoing change programme.

- 4.6.3 It is also proposed to implement all the proposals to invest and improve services across the Borough. The Budget consultation process highlighted the source of funding for these proposals without the need to draw on the additional resource of Council Tax (Appendix 3).
- 4.6.4 Appendix 1 includes recommendations to changes to Concessionary Travel in order to bring the scheme in line with the national scheme. In particular an end to the half-fare scheme before 9.30am weekdays and free travel after 11.00 pm. However, the Lancashire wide proposal is to retain the extra concession for travel after 11.00 pm on the basis that the cost is not seen as material and to avoid public confusion.
- 4.6.5 The cost of continuing business, taken together with the new investments and savings proposals produces a budget requirement of £11,504k
- 4.6.6 The level of Council Tax is a consequence of the other elements of the budget, the cost of current service levels, saving and investing. The amount to be funded from Council Tax is therefore £5,296k. In recommending a balance between these we have been conscious of the relatively high level of Rossendale's element of the Council Tax bill, when compared to other districts.
- 4.6.7 The proposals alone give rise of a Council Tax at Band D of £246.26 representing an increase of 2.9%. This should be compared with the September Retail Prices Index of 3.9% which is the basis for the April 2008 increase in pensions and other benefits. This proposal has been achieved without any recourse to reserves to reduce the Council Tax and meets the aspiration set out in the Financial Strategy of bringing Rossendale tax closer to the average. However, it must be remembered that the Rossendale element is only about 16% of the total bill. The total bill is likely to increase by between 3 & 4% once all precepts from other authorities have been received (This is based on Lancashire County Council Cabinets recommendation of 2.95%).

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Financial matters are dealt with above

5.2 The Report Under s25 of the Local Government Act 2000, as to the robustness of the budget and adequacy of reserves can be found at Appendix 2

6. MONITORING OFFICER

6.1 Unless specifically commented upon within the reports there are no matters arising.

7. HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 Unless specifically commented upon within the report there are no matters arising.

8. CONCLUSION

8.1 That Council Tax increase of 2.9% resulting on a Band D rate of £246.26 produces a balanced and manageable budget for 2008/09

9. RECOMMENDATION(S)

9.1 That the Cabinet recommends to Council a net budget requirement for Rossendale Council for 2008/09 of £ 11,504, 000

9.2 That the Cabinet recommend to Full Council that a Council Tax is set based on a 2.9% increase on the current year (2007/08), this equates to a Band D equivalent of £246.26 for 2008/09.

9.3 That the Area Based Grant is used to support the appointment of 2 fixed term posts focused on community involvement and engagement, as detailed in Appendix 3 (as per 4.5.4 above).

9.4 That the Head of Financial Services be instructed to prepare the technical resolutions necessary to give effect to these proposals.

9.5 That Members note the contents of Appendix 4 and approve the proposed options to mitigate risk.

9.6 That members agree to the proposals in paragraph 4.4.4 relating to Member allowances.

9.7 That members agree to the proposals in paragraph 4.6.4 relating to Concessionary Travel.

10. CONSULTATION CARRIED OUT

10.1 See above

10.2 As per budget consultation guidelines

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Yes / No

Is an Equality Impact Assessment attached Yes / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required Yes / No

Is a Biodiversity Impact Assessment attached Yes / No

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Background Papers	
Document	Place of Inspection
Budget Consultation Papers	Website / Finance Office