



**Report to:** Cabinet

**Subject:** General Fund Revenue Budget and Service Plan 2008/09

**Date:** 21 February 2008

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## **1. PURPOSE OF REPORT**

- 1.1 This report presents the General Fund Revenue Budget and Service Plan for 2008/09 for approval.

## **2. PROCESS**

- 2.1 Under the Council's constitution, the Cabinet makes its final service plan and budget proposals after consideration of the comments made by the Policy Review Scrutiny Committee in respect of the draft service plan and budget. The draft General Fund Revenue Budget & Service Plan was presented to this Scrutiny Committee on 29 January 2008 and comments made are included in paragraph 5.2.2.
- 2.2 Statutory consultation with business ratepayers is currently being undertaken and any responses received will be presented at the meeting.
- 2.3 The final Budget and Service Plan proposals determined by Cabinet will be considered at the Council Budget meeting on 5 March 2008. The Borough Council has a statutory responsibility to determine its council tax by 10 March.
- 2.3 The Council's Strategic Corporate Plan 2005-2008 set out priorities and Key Improvement Plans for that period and incorporated the statutory requirement to produce a Best Value Performance Plan. It also included a summary of the Council's Medium Term Financial Plan. With the election of a new administration in May 2007, the Strategic Corporate Plan is being reviewed, to reflect new priorities (see below) and changed government requirements relating to performance management of local authorities set out in the Local Government White Paper. The new Strategic Corporate Plan is expected to be presented to Cabinet and Council for consideration

later this Spring. In the meantime, the 2008/09 Budget/Service Plan has been developed with full regard to new Council priorities.

### **3. BACKGROUND**

#### **3.1 The Council's Priorities**

Priority setting is important for local authorities as it demonstrates direction, targets future investment, and allows for future successes to be assessed. It is especially important for external assessment, eg. CPA. Revised Council priorities were agreed by Cabinet on 4 October 2007 and are listed below:

#### **Priority - a high quality environment**

Outcomes:

- A vibrant local economy
- Mixed and balanced housing for the community, reflecting the Borough's needs
- Clean and tidy streets
- Attractive, well maintained and well used parks and open spaces
- A sustainable local environment

#### **Priority - a safer community**

Outcomes:

- § Low levels of crime and anti-social behaviour
- § Safety and security in the community
- § A cohesive community

#### **Priority - good health for everyone**

Outcomes:

- § An active and healthy community
- § Improved quality of life for older people

#### **Priority – a good start in life for children and young people**

Outcomes

Every child and young person in the Borough:

- to be healthy
- to stay safe
- to enjoy and achieve

- to make a positive contribution
- to achieve economic well-being

It was also agreed that the Council should seek to deliver these priorities through a variety of means, including:

- § Involving local communities
- § Working with partners
- § Identifying and securing external funding to support the Council's own resources
- § Efficient and effective ways of working
- § Using evidence to understand the needs of the Borough and acting upon these
- § Focusing on customer needs and expectations
- § Meeting regulatory demands

### 3.2 Improvement Tasks and Performance Indicators

Improvement Tasks represent the most significant activity the council proposes to carry out during the year (and in some instances beyond) to ensure continuous improvement. Most represent “one-off” developmental activities – but some are ongoing activities critical to overall improvement.

Responsibility for delivering Improvement Tasks is allocated to appropriate levels of management within the organisation – lead officers are identified in each table of Improvement Tasks in the document.

Performance indicators are used to measure and target improvements to performance against the Council's ongoing responsibilities. They include both national and local measures. The Local Government White Paper introduced changes to the national performance indicator regime, with a new set of national performance indicators (NIs) replacing the former Best Value Performance Indicators (BVPIs). The new Budget and Service Plan incorporates these new NIs as they apply to district councils and also includes some former BVPIs, which it proposed are retained as local measures where they add value in terms of performance and management information.

As with Improvement Tasks, responsibility for delivering against performance indicator targets is allocated to appropriate levels of management within the organisation – lead officers are identified in each table of performance indicators in the document.

The Budget and Service Plan document is the source document for annual departmental service plans, which include relevant Improvement Tasks and performance indicators. Corporate Key Tasks are allocated to appropriate lead officers.

#### **4. PROPOSED GENERAL FUND BUDGET AND SERVICE PLAN 2008/09**

- 4.1 The Council's overarching Financial Strategy sets out the framework for overall financial control and administration for the Council. It also details how individual items such as Central Government Funding, Taxation levels, Resource Development Bids Scoring Methodology etc. impact on the annual budget and this has been taken into account in presenting this annual budget and Medium Term Financial Plan (MTFP) Summary.
- 4.2 In respect of Central Government funding, Cabinet received a report on 20 December 2007 showing the Council's Provisional Revenue Support Grant of £8.934m for 2008/09. The final Revenue Support Grant settlement figures were made available on 24 January 2008, and these confirmed the provisional figure of £8.934m.
- 4.3 In developing a budget proposal, assumptions on the core budget have to be made and the various assumptions in respect of inflation and technical changes are shown at Appendix 1. These have been included in both the annual budget and MTFP calculations.
- 4.4 The Council is still considering its options in respect of the management of Council Housing stock and a final decision is expected after the tenants' ballot in February 2008. The General Fund estimates make provision for Gedling Homes' costs of LSVT, which are expected to have a neutral impact on the budget, being funded by the repayment of a loan by Gedling Homes. These estimates have been calculated on the best information available at the present time, and may be subject to change.

4.5 The tables below highlight the main areas of increased expenditure and additional efficiencies:

**Major Budget Variances 2008/09**

Item	Budget Variance 2008/09 £
Premises Expenses (utilities)	(285,000)
Elections	(125,000)
Planning Delivery Grant	222,000
Housing-reduced govt grant (concrete houses)	193,000
Reduction in Leisure income	108,000
Pay award & additional superannuation	340,000
Net revenue development bids	322,000
Removal of PCSOs	(132,000)
DEFRA Waste Efficiency grant	48,000
Residual costs of LSVT	171,000
Removal of contribution from fuel provision	77,000
Income inflation	(91,000)
Concessionary Fares Expenditure	373,000
Concessionary Fares Grant	(307,000)

### **Estimated Efficiency Savings 2008/09**

<b>Item</b>	<b>Efficiency in 08/09 Core Budget £</b>
Procurement of goods and services at constant prices	157,000
IT systems replacement-ongoing revenue costs	115,000
Creditors system - ongoing staff savings	20,000
Prudent Treasury Management	91,000
Building Services - post deleted	25,000
Security - Arnot Hill Park	20,000
Concessionary Fares Admin	92,000
<b>Total reductions in base budget</b>	<b>520,000</b>

Many of the above items will feature in the Council's Annual Efficiency Statements that are required as part of the "Gershon" agenda.

#### **4.6 Concessionary Fares & TV Licences**

As part of the Government's commitment to concessionary travel for the elderly and disabled, the national concessionary travel scheme's statutory benefits have been extended to give rights of free travel throughout the country. This scheme is administered locally via a countywide partnership, including all the districts and the County Council, and continues to offer benefits that significantly enhance the national scheme.

As this scheme becomes an obligation on district councils to provide access to the scheme to all those that are eligible, it is no longer possible to offer an alternative concession, such as a contribution towards a TV licence, and as a consequence it is recommended that this service is removed with effect from 1 April 2008.

#### **4.7 Fees and Charges**

Discretionary fees and charges have been increased by 3%, although specific charges will be at the discretion of individual portfolio holders provided that the overall level of increase is achieved. Changes in expected volumes of customers, both upwards and downward have also been anticipated, again in line with market expectations. Leisure's DNA income has not been inflated due both to the saturation of the market and

to customer resistance. Garden waste income has not been inflated for environmental considerations.

## **5. PROPOSED GENERAL FUND BUDGET 2008/09**

5.1 The following table summarises the proposed General Fund Budget for 2008/09. The detailed budgets together with service plans are presented at Appendix 2. The major variances between the original estimate for 2007/08 and the estimate for 2008/09 are analysed by Portfolio at Appendix 3.

### **General Fund Budget Summary 2008/09**

<b>Portfolio</b>	<b>2007/08 Original</b>	<b>2008/09 Estimate</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Leader	1,955,800	1,861,700	(94,100)
Safe & Sustainable Neighbourhoods	1,457,400	1,373,400	(84,000)
Customer Services & Efficiency	10,000	Nil	(10,000)
Development & Economic Regeneration	496,300	669,900	173,600
Direct Services & Property	5,185,400	5,739,300	553,900
Housing & Health	1,307,100	1,792,100	485,000
Leisure & Youth	2,557,800	2,681,500	123,700
Finance	1,321,900	1,022,000	(299,900)
<b>Total</b>	<b>14,291,700</b>	<b>15,139,900</b>	<b>848,200</b>

## **5.2 Proposed Resource Developments 2008/09**

5.2.1 On 17 January 2008, Cabinet approved the list of 2008/09 Resource Development bids, detailed in the table below, for referral to Policy Review Scrutiny Committee. The bids represent those schemes scoring 25 points and above using the Council's approved methodology and they are considered to be affordable given the financial settlement and the Medium Term Financial Plan. The approved methodology ranks schemes in

accordance with the level of contribution made towards the achievement of the Council's Priorities and Improvement Plans. These schemes have now been included in the budget summarised above and at Appendix 2. These schemes have been incorporated into the schedules of improvement tasks where they represent funding for a one-off improvement project. For completeness the full set of Revenue Resource Development bids is shown at Appendix 4.

- 5.2.2 Policy Review Scrutiny Committee resolved to make the following recommendation to Cabinet on the proposed Resource Developments and Members may wish to consider these in making proposals to Council on 5 March:

“that Cabinet be requested to reconsider the provision of additional resource to support the proposals in the fly tipping report and include the budget bids at P&ER4 (Environmental Enforcement Officer) and DR1 (Enviro-Crime Busters) within the budget proposals.”

In response to this request, the portfolio holder for Direct Services and Property has reviewed the available resources and has recommended that additional funding of £9,500 be directed towards the prevention and removal of fly tipping.



**General Fund Revenue Resource Development Bids 2008/09 (25 points & above)**

DESCRIPTION	Ref	2008/09 Net Revenue Bid	2009/10 Net Revenue Bid	2010/11 Net Revenue Bid	2011/12 Net Revenue Bid	2012/13 Net Revenue Bid	TOTAL SCORE
		£	£	£	£	£	
<b><u>BIDS 25 POINTS &amp; ABOVE</u></b>							
<b><u>High Quality Environment</u></b>							
Arnold Master Plan	P&ER6	100,000	0	0	0	0	27.0
		100,000	0	0	0	0	
<b><u>A Safer Community</u></b>							
2 Neighbourhood Wardens	P&ER2	45,900	57,600	60,000	61,500	63,100	25.0
		45,900	57,600	60,000	61,500	63,100	
<b><u>Service Delivery</u></b>							
Homelessness & Hsg Advice Team	HR2	14,400	14,400	14,400	14,400	14,400	35.0
Out of Hours Stray Dog Collection	P&ER3	22,900	23,000	23,100	23,200	23,300	31.0
Government Connect (net nil bid)	CR1	0	0	0	0	0	27.0
Benefit Income Maximisation Officer	CR10	32,000	22,600	19,500	15,300	11,200	26.0
		69,300	60,000	57,000	52,900	48,900	
<b>Subtotal Schemes 25 Points and Above</b>		<b>215,200</b>	<b>117,600</b>	<b>117,000</b>	<b>114,400</b>	<b>112,000</b>	
<b><u>Political Priority</u></b>							
Summer Collection	DR7	160,000	0	0	0	0	23.0
Fly Tipping	n/a	9,500	9,500	9,500	9,500	9,500	
<b>Total Schemes Added to Budget</b>		<b>384,700</b>	<b>127,100</b>	<b>126,500</b>	<b>123,900</b>	<b>121,500</b>	

5.2.3 Revenue Implications of the Capital Programme

The revenue implications, ie. the ongoing running costs, of the proposed 2008/09 Capital Resource Development Bids are detailed at Appendix 5 along with the estimate of costs in the medium term. These costs are included in the General Fund Revenue Estimate summarised in paragraph 5.1 above.

#### 5.2.4 Financing of the Capital Programme

As detailed in the Capital Programme report earlier on this agenda, no borrowing is required to finance the capital programme in 2008/09. Borrowing has an impact on the revenue budget in terms of interest costs and principal repayment, and whenever appropriate this is reflected in the General Fund Revenue Estimate summarised in paragraph 5.1 above and the Medium Term Financial Plan.

### 6. MEDIUM TERM FINANCIAL PLAN

6.1 The following table identifies the impact of all the options that are proposed in this report:

- i) The incremental increase in base revenue expenditure from 2008/09.
- ii) Fees and charges to be increased by an average 3%.
- iii) Revenue Resource Developments 2008/09 totalling £384,700.
- iv) The ongoing revenue implications of Capital Resource Developments 2008/2009 totalling net income of £1,900 (Appendix 5).
- v) Anticipated cost of borrowing to finance the capital programme for 2008/2009-2012/13.
- vi) The achievement of the efficiency savings in 2008/2009 (paragraph 4 above).
- vii) An increase in Council Tax of 3.0% for 2008/2009 giving a Band D Tax of £139.17 (previously £135.12).
- viii) In line with the Financial Strategy (see report elsewhere on this agenda), provisions and earmarked reserves have been reviewed, and the MTFP assumes the transfer of £150,000 to General Fund balances during 2008/09.

**MEDIUM TERM FINANCIAL PLAN 2008/09 TO 2012/13-HIGH LEVEL SUMMARY**  
**(To nearest £100)**

	2008/09 £	2009/10 £	2010/11 £	2011/12 £	2012/13 £
Total Projected Expenditure	15,139,900	15,350,200	15,452,000	15,875,500	16,354,600
Less: Amount (from)/to Balances	(1,016,800)	(816,800)	(583,500)	(599,900)	(656,500)
<b>Net Budget Requirement</b>	<b>14,123,100</b>	<b>14,533,400</b>	<b>14,868,500</b>	<b>15,275,600</b>	<b>15,698,100</b>

Expected balances at year end	2,405,300	3,018,500	2,595,000	1,995,200	1,338,600
Required balance (7.5% projected expenditure)	1,135,500	1,151,300	1,158,900	1,190,700	1,226,600
<b>(Surplus)/Deficit on required balances</b>	<b>(1,269,800)</b>	<b>(1,867,200)</b>	<b>(1,436,100)</b>	<b>(804,500)</b>	<b>(112,000)</b>

<b>Net Budget Requirement</b>	<b>14,123,100</b>	<b>14,533,400</b>	<b>14,868,500</b>	<b>15,275,600</b>	<b>15,698,100</b>
Less: Net External Support	8,933,800	9,106,900	9,253,400	9,461,600	9,674,500
Collection Fund Deficits	(58,100)	0	0	0	0
Required Council Tax Yield	5,247,400	5,426,500	5,615,100	5,814,000	6,023,600
Tax Base	37,705	37,855	38,030	38,230	38,455

<b>Council Tax level</b>	<b>£139.17</b>	<b>£143.35</b>	<b>£147.65</b>	<b>£152.08</b>	<b>£156.64</b>
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<b>Percentage Council Tax increase</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
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6.2 The implementation of the Local Government Act 2003, which introduced new requirements for the Council's Chief Financial Officer (Head of Corporate Services for Gedling Borough Council) to comment on the robustness of the Council's estimates, and the need to look at the medium term (3 years) in order to produce the required indicators as detailed in the Prudential Code, means great emphasis needs to be placed on the Council's medium term financial planning. Although an absolute requirement to look over three years is required, it is considered good practice to look over as long a period as is reasonable. This Council has a history of producing a medium term financial plan over a 5 year horizon and this is still considered the appropriate period for this authority.

- 6.3 The Council Taxpayer has to meet the difference between the planned expenditure and the Government grant receivable after the use of any balances are taken into account. It is this difference that is used to calculate individual Council Tax bills for 2008/09.

## **7. FINANCIAL RISK ISSUES**

- 7.1 A minimum balance of 7.5% of total projected net expenditure on the General Fund is required in accordance with the Council's approved Financial Strategy. The external Auditor regards this level of balance on the General Fund to be satisfactory, and it is also appropriate to reflect uncertainties in the financial process in the medium term. The minimum balance required for 2008/09 is £1,135,500.
- 7.2 The (surplus)/deficit on balances in the above table shows amounts (above)/below the recommended minimum General Fund balance in any one year. Current spending plans show that the surplus initially grows but then reduces quickly, moving to £112,000 by 2012/13. Underlying this is an annual deficit between the amounts of income expected when compared to the anticipated expenditure. Although predictions show that this can be accommodated within the five-year horizon, further adjustments will be required to rectify this core imbalance.
- 7.3 The outcome of the Comprehensive Spending Review (CSR) 2007 is now known, and the effects of this are included in the current Medium Term Financial Plan. CSR 2007 anticipates a year on year 3% cashable efficiency saving being achieved. Financial modelling shows that the long-term imbalance in the budget can be managed with increases in council tax around 3%, but below the current 5% capping level. The extent to which Members will be required to maximise council tax increases will depend upon levels of efficiencies and new income generating initiatives.
- 7.4 The Authority continues to increase the amount of activities undertaken in association with a variety of partners. This requires reliance on partnership funding and/or the delivery of integrated programmes, e.g. the financial link between the Council's investment in recycling and the development of a local Material Recycling Facility, in order to satisfactorily deliver on time and within budget.
- 7.5 In April 2008 Central Government is to introduce a new national concessionary fares scheme for England. Responsibility for service delivery will be shared between Nottinghamshire County Council and Gedling Borough Council. NCC will co-ordinate the activities of the various districts and liaise with the bus operators, whilst Gedling will issue the passes and maintain control of the database. The estimated cost of the new scheme to Gedling in 2008/09 is £1,537,000, however as a result of floors and ceilings in the scheme, the cost recharged to the Council will be £1,348,000. Against this will be offset £667,000 from Revenue Support Grant and £307,000 in direct grant.

## **8. COUNCIL TAX**

The council tax for a band D property for 2007/08 is £135.12. The level of council tax for 2008/09 depends on the extent of service developments and financial risk issues that the Council decides to provide for in the budget for next year. For illustration, an increase in council tax by 1% provides additional funding of £51,000.

## **9. RECOMMENDATIONS**

Cabinet are asked:

- i. that the Council reiterates its commitment to an enhanced concessionary travel scheme in partnership with other districts and the County Council.
- ii. to agree to the removal of the TV Licence concession, effective from 1 April 2008.
- iii. to agree the revenue resource developments contained in the report, and to note the effects of the approved Capital Programme
- iv. to recommend to Council on 5 March 2008 a Council Tax increase of 3% to balance the financing of a Net Budget Requirement of £14,123,100 in 2008/09.