

Subject:
Revenue Budget & Council Tax 2008/09

Status: For Publication

Report to: Council

Date: 27th February 2008

Report of: Head of Financial Services

Portfolio

Holder: A Well Managed Council

Key Decision: No - Recommendation to Full 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. The Head of Financial Services report, previously presented to Cabinet, is attached at Appendix 1.

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

- 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 revised priorities, which are discussed more fully elsewhere on the agenda, but are set out in 2.1 above

4.1.2 The Cabinet set the theme for 2008/09 as "Pride in Rossendale" as follows:

4.1.3 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 are:-

- A planning assumption of Council tax increases to a maximum of 3% per annum 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 £ |
|-----------------------------|--------------------------|
| RSG | 758,622 |
| NDR | 5,449,555 |
| Total Formula Grant* | 6,208,178 |

** includes rounding to nearest £*

4.3.3. Unlike last year we now know the settlement figures for the future 2 years which show a year on year increase of 0.5%

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 | 11,262 |
| 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 ("Pride in Rossendale") identified £269k of potential savings plus areas for investment totalling £119k.

4.5 CONSULTATION

4.5.1 This is the second year in which the Council has consulted on the detailed options available within the budget. 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 | 1 |
| Total | 3 |

4.5.3 In addition consultation followed budget guidelines in this matter.

4.5.4 Finally, the Overview and Scrutiny Committee considered the options published for consultation and on which the Chair fed-back to Cabinet.

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 Proposal for Consultations detailed the areas for investment and budget saving. They are intended to both allow the Council to continue its improvement journey and begin the process of moving the level of Council Tax in Rossendale closer to the average.
- 4.6.2 It is therefore proposed to implement the savings as detailed in appendix 2. .
- 4.6.3 It is also proposed to implement all the proposals to invest and improve services across the Borough. (Appendix 2). .
- 4.6.4 There are a number of additional cost pressures from the original consultation proposals these are attached to this report at Appendix 3 and have a net cost impact of £7k. It is proposed to implement these also, with funding to be made available from increase bank interest generated.
- 4.6.5 The cost of continuing business, taken together with the new investments and savings proposals produces a budget requirement of £11,504,246. For the benefit of Members and Officers a summarised budget book is included at appendix 6.
- 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 £5,269,068. 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.
- 4.6.8 The total bill will increase by 3.44% once all precepts from other authorities have been received. The summary of the current position is as follows:

| Authority | Council Tax increase | Status |
|-----------------------------|-----------------------------|--------------------|
| Lancashire Police Authority | 7.95% | Provisional |
| Lancashire County Council | 2.95% | Confirmed 14/02/08 |
| Lancashire Fire Authority | 4.74% | Confirmed 13/0208 |
| Rossendale Borough Council | 2.90% | Provisional |
| Whitworth Parish Council | 3.67% | Confirmed 31/01/08 |

NB – At the time of writing Rossendale Borough Council has yet to receive formal notification from Lancashire Police Authority (LPA) of its Budget requirement and Precept for 2008/09. LPA is due to recommend its Budget requirement and Precept on 26th February 2008.

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 1

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 See Appendix 4 (NB – Due to the technical nature of the recommendations a separate Appendix has been included. An explanation of the Council Tax setting resolution is also included at Appendix 5)

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

| | |
|------------------------|--------------------------------|
| Contact Officer | |
| Name | Philip Seddon |
| Position | Head of Financial Services |
| Service / Team | Finance |
| Telephone | 01706 252465 |
| Email address | philseddon@rossendalebc.gov.uk |

Either

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