

Subject: Revenue Budget & Council Tax
2010/11

Status: For Publication

Report to: The Cabinet

Date: 17th February 2010

Report of: Head of Financial Services

Portfolio

Holder: Finance and Resources

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 2010/11

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 our customers
- Delivering regeneration across the Borough
- Encouraging healthy and respectful communities
- Keeping our Borough clean, green and safe
- Promoting the Borough
- Providing value for money services

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. A draft report is attached at Appendix 1 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 fourth 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. The policy context is reflected in the corporate priorities set out paragraph 2.1 above and the continuation of the theme of "Pride in Rossendale".

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 General reserves to support recurrent expenditure
- Impact of the Governments 2010 spending review and the implications for Local Government funding beyond April 2011.

4.2.2 In addition to this all authorities have received a statement from the Department for Communities and Local Government (DCLG) implying that Council Tax increases should be below 3%

4.2,3 Events in the wider economy also form part of the financial context within which the Council is coming to set this budget. As set out elsewhere in this report the recession has had a negative effect on a range of budgets ranging from interest receipts to income streams. The 2010 Spending Review has not yet been completed but all available analysis indicates that there will need to be a very significant tightening of public expenditure in order to restore financial balance. Given the importance of the longer term sustainability of any financial decisions taken by the Council this represents an important element of the financial context facing the Council going forward.

4.3 REVENUE SUPPORT GRANT SETTLEMENT

4.3.1 The final Revenue Support Grant (RSG) and Redistributed Business Rates (RBR) Settlement was confirmed on 21st January 2009. There is no change from the previous figures for Rossendale as shown below:-

	10/11 £000	11/12 £000
RSG & RBR	6,270	To be confirmed
Underlying % increase	0.5%	To be confirmed

4.3.2 As previously reported the 3 year settlement was disappointing, although not untypical for district councils, Rossendale did receive the joint lowest settlement in Lancashire and therefore 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. Attention now focuses on the next three year settlement commencing April 2011. We have reflected an annual 3% decrease year on year (previously 0%) in the revision to the MTFS, given the outlook for the public finances indicated above. It should be borne in mind that District Councils are likely to receive lower future settlements than upper tier councils in order to protect education and social services functions.

4.4 THE COST OF MAINTAINING CURRENT SERVICE LEVELS AND OPTIONS:

4.4.1 The table below summarises the cost of meeting current service levels and has been the basis on which the Council has consulted on the budget for 2010/11:

	£000
Base Budget 2009/10	11,828
Pay inflation (assuming 1%)	70
Employee contractual pay increments	132
Other inflation	105
Savings	(821)
Volume & Technical changes	499
Base Budget 2010/11	11,813

4.4.2 Overall this would represent a decrease in net expenditure of 0.1% and would imply a budget surplus of £108k when compared to the Councils' MTFS guidelines of a 3% Council Tax increase. Clearly the current available surplus is reduced should Council Tax increase by less than 3%. Each 1% reduction reduces the surplus by £55k.

4.4.3 Clearly from the above, though the Council has been faced with a number of cost pressures namely: salaries, inflation, technical and volume changes it has nevertheless managed to identify £821k of efficiencies, amongst other these have been achieved by: previous decisions to bringing ICT back in-house, Staff reorganisations and restructures and contract renegotiations.

4.4.4 Under the rules on the presentation of efficiency information on the face of the council tax bill the Council will be showing that it has achieved savings equivalent to £56 Per Band D property in Rossendale (£34 in 2008/09).

4.4.5 In order to balance the Budget in line with the Councils MTFS and final decisions on the rate of Council Tax for 2010/11, the Cabinet has identified a number of options for investment and further savings. These options formed a

key element of the budget consultation and are attached to this report at Appendix 2.

- 4.4.6 The Council and Lancashire County Council (LCC) continue to support the work of the Local Strategic Partnership by funding raised through council tax generated from second homes. The budget for 2010/11 assumes a contribution of an estimated £41,400 from LCC.

4.5 CONSULTATION

- 4.5.1 This is the fifth year in which the Council has consulted on 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 Council's website. This year consultation was influenced by the option proposals surrounding: employee pay, Leisure facilities, refuse costs and the level of increase in Council Tax.
- 4.5.2 Budget presentations and discussions have occurred at: the neighbourhood forums drop-ins, the Local Strategic Partnership and the Councils local democracy week (involving the majority of Rossendale's secondary schools) and subsequent follow up exercises. Comments received are included in appendix 7.
- 4.5.3 A separate meeting of the Overview and Scrutiny Management Committee has considered the Council's budget consultation document. Comments made at the committee are attached at Appendix 3.
- 4.5.4 Any budget needs to strike a balance between saving, investing and taxation. The 2010/11 Budget Proposals for Consultations detailed the resources available and the areas of cost pressure being faced by the Council. The intention of the budget process is to allow the Council to both continue its improvement journey and to move the level of Council Tax in Rossendale closer to the average. The level of Council Tax is a consequence of the other elements of the budget, the cost of current service levels, saving and investing. In recommending a balance between these we need to be conscious of the relatively high level of Rossendale's element of the Council Tax bill, when compared to other districts.
- 4.5.5 It must be remembered that the Rossendale element is only about 16% of the total bill. The total bill is likely to increase by a under 1% once all precepts from other authorities have been received (this is based on Lancashire County Council's (LCC) Cabinet recommendation of 0%, with all other precepts increasing by 3%). LCC, the Police and Fire will set their individual precepts latter in the month.

4.6 FEES AND CHARGES

- 4.6.1 Appendix 4 summaries recommendations regarding the Councils charging policy for 2010/11. In the main unless already agreed, or due to the impact of direct costs outside the control of this authority, fees and charges have been maintained at the previous years levels.

4.6.2 It is proposed that during 2010 officers specifically review the Councils pricing policy regarding cemetery fees and charges and bring recommendations to Members for their consideration.

4.7 2009/10 LEISURE REVIEW

4.7.1 Appendix 5 summaries the current position regarding options for leisure. The implications of the review must be considered alongside other priorities and financial matters when setting Council tax and the budget for 2010/11 and the longer term financial challenges over the medium to long term.

4.8 MEMBER ALLOWANCES

4.8 Appendix 6 summaries the recommendations of the Member Redevelopment Working Group regarding Member allowances for 2010/11. Member allowances continue to be based on the national minimum wage.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 Financial matters are dealt with above

5.2 The s151 officer is required, under s25 of the Local Government Act 2000, to report as to the robustness of the budget and adequacy of reserves. The draft report can be found at Appendix 1 with the final report being made to Full Council.

6. MONITORING OFFICER

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

7. HEAD OF PEOPLE AND POLICY (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 Based on the above and attached appendices there are a number of options for Cabinet to consider in setting a final budget and Band D Council Tax for 2010/11.

9. RECOMMENDATION(S)

9.1 That the Cabinet considers and recommends to Council a net budget requirement for Rossendale Council for 2010/11.

- 9.2 That the Cabinet considers and recommend to Council that a Council Tax is set equating to a Band D equivalent for 2010/11.
- 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 the Cabinet, in agreeing to recommend these budget proposals to Council notes the contents of Appendix 1 and recommends to Council as part of the Medium Term Financial Strategy the proposed options to mitigate risk, in particular, those regarding Leisure and the potential financing of transitional costs and the current deficit within Rossendale Leisure Trust's balance sheet.
- 9.6 That Cabinet approves the fees and charges schedule as per Appendix 4
- 9.7 That Cabinet recommends to Council Member allowances for 2010/11 as per appendix 6.
- 9.8 That the final assessment and implementation of Option H (approved February 2009) and Option 1 (approved December 2009) be delegated to The Chief Executive in consultation with The Leader of Council.

10. CONSULTATION CARRIED OUT

- 10.1 See above (para' 4.5)
- 10.2 Consultation was carried out in accordance to the Council's budget consultation guidelines

11. COMMUNITY IMPACT ASSESSMENT

Is an Community Impact Assessment required Yes / No
Nb – Yes, specifically in relation to Leisure options

Is an Community 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 / Presentation Papers & Working Papers	Website / Finance Office
2009/10 Financial monitoring reports to Cabinet	Cabinet agenda items (website)