

TITLE: REVENUE BUDGET & COUNCIL TAX 2006/07

TO/ON: COUNCIL, 23rd FEBRUARY 2006

BY: THE CABINET

**LEAD MEMBERS: LEADER OF THE COUNCIL AND PORTFOLIO
HOLDER FOR FINANCIAL RISK MANAGEMENT**

STATUS: FOR PUBLICATION

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to present for approval the Cabinet's recommendation for the Council's 2006/07 budget and the consequential level of Council Tax.

2. RECOMMENDATIONS

2.1 The Council is recommended to:-

2.2 Approve the revised corporate priorities set out in para 3.1.1 as the cornerstone of the Policy and Budget framework for the coming year

2.3 Approve the savings identified for 2006-07 in the sum of £224,040 as detailed in Appendix 1

2.4 Approve investments in the sum of £384,880 as detailed in Appendix 2, to be included in the Revenue Budget for 2006-07

2.5 Approve the amount of £287,000 and £85,000 as detailed in Appendix 3, to be transferred from the Change Management Reserve and Planning Delivery Grant, respectively, to fund the items identified on a non-recurrent basis

2.6 Approve the Council's net budget requirement for 2006/07 of £10,805,878

2.8 Approve a Rossendale Borough Council Tax band D equivalent of £232.58 for 2006/07 representing a 2.2% increase on 2005/06

2.7 Approve the formal Council Tax resolutions (to be tabled at the Council meeting following receipt of the various precepts).

- 2.8 To approve the Concessionary Fares scheme as detailed in appendix 4
- 2.9 Note that by Scheme of Delegation, dated 11th November 2005, The Head of Financial Services in consultation with The Leader of Cabinet calculated the following amounts for the year 2006-2007 in accordance with Section 33 (1) of the Local Government Finance Act 1992, as amended by Section 84 Local Government Act 2003 for the whole area of the Borough 21,040 “D” Band equivalent units being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year end. For that part of the Council’s area being Whitworth Parish, the amount of 2,308 “D” Band equivalent units, being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax for the year for dwellings in that part of its area to which the special Items relate.
- 2.10 Authorise that the Head of Customer Services and e-Government take all appropriate steps to recover amounts of Council Tax owed.

3. **REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION**

This report is the culmination of the Council’s first budget process under a formal Cabinet system. Reflecting this change this report presents the recommendations of the Cabinet for consideration by the Council

3.1 **POLICY CONTEXT**

- 3.1.1 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 revised priorities as set out below:-

Priorities for Investment

- **Embedding our customer promise** (Customers)
- **Delivering Regeneration across the Borough** (Economy)
- **Street Scene and Liveability Strategic Partnership** (Environment)
- **Revenues and Benefits Strategic Partnership** (Partnerships)
- **Promoting Rossendale** (Economy)

Enabled by

- **Financial Management** (Improvement)
- **Implementing the Member Development Strategy** (Community Network)
- **Implementing the Human Resources Strategy** (Improvement)

Priorities for redirection of existing resources

- **Improving performance across the 8x8x2008 indicators** (Improvement)
- **Delivering on the District Vision** (Partnerships)
- **ELEVATE** (Housing)
- **Equalities** (Community Network)

Priorities for leveraging in external resources

- **Improving Leisure facilities in the Borough** (Culture)
- **Spatial Development and Building Control** (Environment)

3.1.2 These revisions reflect the next stage of the Council's improvement journey focused very much on delivery and where consultees did respond in relation to priorities they were broadly supported.

3.1.3 These priorities will represent the key focus of the Council's attention for the coming year, and they are therefore recommended for approval as a part of the policy and Budget framework, which will be reflected in the next iteration of the Corporate Improvement Plan.

3.2 FINANCIAL CONTEXT

3.2.1 The financial context for preparation of the budget is set out in the Medium Term Financial Strategy a revision of which appears for consideration elsewhere in the Council's agenda. The key elements of this are:-

- 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

3.2.2 In addition to this there is the clear statement from the Office of the Deputy Prime Minister that Council Tax increases in excess of 5% will be subject to capping.

3.2.3 A further dimension to the financial context for the budget is the identification and addressing of the financial risks facing the Council. This is dealt with more fully in the Chief Finance Officer's report, elsewhere on the agenda. The key fact here is that having achieved stability in its underlying financial position the Council can do this in such a way that ongoing service provision is not undermined.

3.3 REVENUE SUPPORT GRANT SETTLEMENT

3.3.1 The final Revenue Support Grant Settlement was announced on 31st January 2006. There was little change from the previous figures for Rossendale as shown below:-

	05/06 Restated £	06/07 £	07/08 £
RSG	<i>No Analysis</i>	956,646	<i>No Analysis</i>
NNDR	<i>No Analysis</i>	4,955,800	<i>No Analysis</i>
Total Formula Grant	5,687,087	5,912,446	6,108,975

3.3.2 A full briefing on the provisional settlement was included in the budget consultation document, and the system itself was the subject of a member development session.

3.3.3. As previously reported adjustments to previous settlements for 2004/05 and 2005/06 result in a drawback of grant of £3,762. This sum had previously been earmarked within our reserves and therefore has no effect on the available resources. However, this amount does have to be reflected in the formal Council Tax resolutions.

3.4 THE COST OF MAINTAINING CURRENT SERVICE LEVELS

3.4.1 The table below summarises the cost of meeting current service levels, more detail is contained in Appendix 5

	£000
2005/06 Budget Requirement	9,809
Inflation	237
Legislative Charges	187
Other Variations	601
Cost of maintaining service	10,841

3.4.2 Setting a budget at this level would result in a Council Tax of £234.40 representing an increase of 3.0 %, in line with the Financial Strategy.

3.4.3 The budget requirement of £10,841k represents an increase of 10.5%. However, 4.6% is represented by changes made by Government in the financing of Concessionary Travel (see 3.4.7 below).

3.4.4 The balance of the cost increase of 5.9% contains a further significant increase in respect of waste transfer costs following the direction of Lancashire County Council that as from 1st April 2006 waste should be tipped at a different, more distant landfill site. The estimated costs of this represent 2.6% of the Councils total budget requirement increase for 2006-07 equivalent to a £12.37 increase on the Band D council tax and a 5.4% increase on this banding.

3.4.5 It is also worthy of note that this position reflects both the disentangling of the Housing Revenue Account and a reduction in planning fee income of £100,000 (equating to a Budget Deficit band D Council Tax of £4.75) due to market conditions.

3.4.6 The position with regard to the cost of maintaining current service levels allows members to make genuine choices with regard to the other elements of the budget debate.

3.4.7 The details regarding the new arrangements for concessionary travel and their impact across both Rossendale and Lancashire are explained further in Appendix 4. As from 1st April 2006 the Government has introduced new statutory minimum travel arrangements for the over 60's and disabled with district boundaries. Essentially Rossendale Borough Council has, by maintaining the existing anytime half-fare cross boundary scheme, added to the Governments new statutory free fare off peak scheme within district boundaries.

3.5 CONSULTATION

3.5.1 This year for the first time the Council has been able to consult on the detailed options available within the budget. The responses have all been made available to members. In summary the responses came from:-

	Number
Individuals	23
Partner Organisations	2
Representative Bodies	2
Total	27

3.5.2 The bulk of responses concerned proposals in relation to the greenhouses at Stubblylee Park, with no other issue particularly dominating.

3.5.3 While the level of response was relatively small it comprised responses which had been clearly thought out and looked to the wider issues facing the Council. There is considerable value in some of these and officers have been asked to take on board a number of points.

3.5.4 In addition to Public Consultation the Policy Development Overview and Scrutiny Committee considered the options published for consultation and the relevant minutes are included at Appendix 6.

3.6 SAVING, INVESTING AND TAXATION

3.6.1 Any budget needs to strike a balance between saving, investing and taxation. Appendices 1, 2 and 3 sets out the Cabinet's proposals for striking this balance. These 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.

3.6.2 It is proposed to implement all the savings identified by officers. However, some changes are reflected in the detail set out in the appendices:-

- Ref No. FC1 Cemetery Charges – This saving has been reduced by limiting the increase to two year's inflation which has not been previously added. In addition there will from now on be an annual inflationary increase.

- Ref No. AD1 Tourist Information Centre – Through the adoption of the recommendations of the Overview and Scrutiny Committee the saving achievable from this item increases.

3.6.3 The proposals to close the greenhouses at Stubbylee park have clearly caused some concern. On a purely practical basis the greenhouses cannot close until the end of June as the next season's plants are already being grown. Thus there are a further three months where any organisation that wishes to continue to operate the greenhouses as a social care/educational facility can make proposals to the Council. However, the Council is responsible for neither Social Care nor education and must ensure that it is securing its supply of plants in the most cost effective way.

3.6.4 Efficiency is something the Council, along with others, is monitored on very closely. In particular we have to meet Annual Efficiency Targets set out as a result of the Gershon Review. Rossendale has made significant progress in this as set out in the table below:-

	2005/06 £000	2006/07 £000	2007/08 £000
Gershon Target	300	590	890
Savings Identified (including budget proposals)	510	742	750
Over achievement (+)/to be achieved (-)	210	152	-140

3.6.5 What this indicates is that Rossendale has already achieved 84% of the target it needs to reach by 31st March 2008. In addition 88% of the savings identified are hard cash releasing savings and we have not taken account of the realisation of capital receipts to artificially inflate our figures. Details of the work done in this area are contained in the Annual Efficiency Statement which is on the Council's website.

3.6.6 The balance of the efficiency target will come from the two major strategic procurements we are undertaking and the continuing review of organisational processes by officers.

3.6.7 Investment Appendices set out the Cabinet's proposal to invest and improving and developing services across the Borough. Clearly, there is significantly more demand for resources than we could possibly meet, however we have been able to divert very significant resources towards the delivery of the priorities set out earlier in this report.

3.6.8 There are a small number of changes from the proposal originally made:

- Ref No. PR2 Christmas Lights – This is an additional one-off item intended to provide resources to improve and extend the annual display in line with the new priority of Promoting Rossendale.
- Ref No. CU4 Communication Resources – Reflecting the comments received from the Community Network with regard to potential duplication of costs and the ability to use the voluntary sector more we have changed the balance of this bid as between recurrent and one off spending. We expect the Council Officers to act on the Network's suggestions and reduce the longer term costs to the Council.
- Ref No. RB1 Revenues and Benefits Client Side – While accepting that this resource is wholly necessary to supporting this contract we feel that it should only proceed if matched with savings arising from the procurement exercise. This item is included here to allow officers appropriate authority to act when necessary.
- Ref No. DV1 LSP Operating Budget – The suggested £13,580 has been reduced to £10,000 to reflect both our and the Community Network's desire to see less expensive avenues utilised.
- Ref No. PE1 to 6 Street Scene and Liveability – Given that resources are limited the various items put forward have been prioritised.

The package put forward represents an important and wholly appropriate balance between:

- Support for key projects focusing on parts of the improvement journey (e.g. the Street Scene Partnership).
- Improvements in basic services (e.g. Street Scene and Liveability items).
- Improvements in the organisational infrastructure (e.g. information management items)

3.6.9 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 have been conscious of the relatively high level of Rossendale's element of the Council Tax bill, when compared to other districts.

3.6.10 The proposals alone give rise of a Council Tax at Band D of £232.58 representing an increase of 2.2%. This equates to the December Retail Prices Index and is 0.5% less than the figure for last September which is the basis for the April 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 17% of the total bill and depending upon the level of the major precepts the total bill is likely to increase by between 4.5% and 5%. Further analysis of the Councils budget requirement, changes and impact on Council Tax can be seen in Appendix 7.

3.6.11 The table below analyses the proposed changes in the level of Council Tax:

	£
2005/06 Council Tax	227.57
Inflation	10.47
Other changes to maintain service levels	33.46
Change in Government grant	-41.11
Savings and investments	7.69
Change in the use of reserves	-5.50
2006/07 Council Tax <i>(excluding Whitworth)</i>	232.58

3.7 CONCLUSION

3.7.1 This is the first budget produced under the formal Cabinet system and under the Council's new Financial Strategy. As indicated in the Chief Finance Officers Report elsewhere on the agenda, it represents a sustainable position, reflecting the continued improvement both of the Council's financial standing and the way it manages its finances.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

4.1.1 Financial Management remains a key priority for the Council. Though the financial standing and resources of the Council have improved dramatically over recent years the authority must now continue work to match financial resources with its emerging policy priorities and demonstrate continuing improvement in efficiency.

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

4.2.1 No material issues

4.3 HUMAN RESOURCES

4.3.1 Some specific proposals affect staffing levels and the relevant policies and procedures already agreed with the Trade Unions will be applied in such circumstances.

5. ANY OTHER RELEVANT CORPORATE PRIORITIES

5.1 No material issues.

6. RISK

- 6.1 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 budget and the adequacy of reserves”. This provision is designed to ensure that councillors have information which will support responsible financial management over the longer term. This advice is formally presented in a separate report elsewhere on the agenda.

7 LEGAL IMPLICATIONS ARISING FROM THE REPORT

- 7.1 The Local Government and Finance Act 1992 sets out the requirements for local authorities in relation to set the setting of annual budget requirements and the annual level of Council tax.
- 7.2 In addition the Local Government Act 2003 requires members to have regard to the advice of the Chief Finance Officer with regard to the robustness of the budget adequacy of reserves when considering the budget. This advice is set out elsewhere on the agenda.

8 EQUALITIES ISSUES ARISING FROM THE REPORT

- 8.1 No matters arising

9 WARDS AFFECTED

- 9.1 All wards

10 CONSULTATIONS

- 10.1 As set out above.

11 BACKGROUND DOCUMENTS

- 11.1 Budget working papers
- 11.2 Public representations
- 11.3 Budget consultation information

For further information on the details of this report, please contact:

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