



# Overview and Scrutiny Board

## 13<sup>th</sup> October 2004

### Budget Principles

**EXECUTIVE MEMBER RESOURCES: Cllr N Walker**

**DIRECTOR OF RESOURCES: Paul Slocombe**

#### **PURPOSE OF THE REPORT**

1. This report sets out the proposed budget principles to be applied in the preparation of the 2005/2006 General fund Revenue Budget and over the medium term (2005/2006 – 2007/2008) for consideration by Members.

#### **BACKGROUND AND CONSULTATION**

##### **Budget Principles**

2. In preparing the 2005/2006 projected revenue budget and medium term plan, the following principles, consistent with previous years budget strategies and statements made by Executive Board have been applied-
  - to keep Council Tax increases to reasonable levels
  - to maintain appropriate balances, central provisions and earmarked reserves.
  - to make services fully accountable for their own budgets and spending, and enforce a policy of no unauthorised overspending within service areas.
  - to maintain appropriate medium term budget planning and monitoring processes, ensuring known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly identified.
  - to ringfence increases in Education FSS to Education Service budgets and to seek to maintain Education planned spending at FSS.
  - to ensure effective budget consultation processes are followed.

- to ensure that the Council's financial strategy reflects the objectives of the Council.
- to maximise the efficient, effective and economic use of resources, in conjunction with partners where appropriate, and in accordance with local strategic plans and priorities.
- to maximise available resources to the environment and regeneration
- no increase in Social Services expenditure other than pay awards and inflation.
- to ensure that the impact of legislative changes are considered as part of the budget setting process.

### Medium Term financial Plan.

3. The Medium Term Financial Plan has been updated on the basis of the above principles, adjusted for the recent Revenue Support grant `population case` and proposed additional investment in the Environment.

|   | 2005/2006<br>£`m | 2006/2007<br>£`m | 2007/2008<br>£`m |
|---|------------------|------------------|------------------|
| 2004/2005 Base budget                       | 164.412          | 164.412          | 164.412          |
| Pay awards and Inflation                    | 5.153            | 10.070           | 15.148           |
| Effect of previous Council Decisions        | 0.100            | 0.468            | 0.468            |
| Net Education changes                       | 0.623            | 1.978            | 2.773            |
| Social Services                             | 0.000            | 0.000            | 0.000            |
| Environment                                 | 0.585            | 0.785            | 0.785            |
| Housing Stock Transfer                      | 0.511            | 0.572            | 0.635            |
| Pension increase                            | 0.437            | 0.887            | 1.350            |
| Grant fallout                               | 0.451            | 1.777            | 2.027            |
| Efficiency Savings                          | -1.000           | -1.000           | -1,000           |
| Other                                       | 0.223            | 0.223            | 0.223            |
| <b>Net requirements</b>                     | <b>171.495</b>   | <b>180.172</b>   | <b>186.821</b>   |
| Use of balances                             | 0.000            | 0.000            | 0.000            |
| <b>Adjusted net requirements</b>            | <b>171.495</b>   | <b>180.172</b>   | <b>186.821</b>   |
| Estimated resources (at Govt assumed level) | 172.434          | 180.224          | 186.589          |
| Projected GAP/(Surplus)                     | -0.939           | -0.053           | 0.232            |

## **FINANCIAL IMPLICATIONS**

4. The Medium Term Financial Plan sets out the current financial implications
5. The projections are based on information currently available and will be updated for the 2004/2005 Revenue Support Grant Consultation paper, the 2004/2005 2<sup>nd</sup> Quarters Budget Clinic and the Joint performance and Budget Clinics.

## **RECOMMENDATIONS**

6. It is recommended that the Overview and Scrutiny Board
  - a. Note and consider the contents of the report.

## **REASONS**

7. The report outlines at an early stage the expected financial position of the Council for consideration and seeks guidance from members.

## **BACKGROUND PAPERS**

The following background papers have been used in the preparation of the report:-

- a. Central Government 2004 Spending Review – July 2004
- b. 2004/2005 Strategic Revenue Budget
- c. 2004/2005 First quarters Budget Clinic report.

**Paul Slocombe**  
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