

APPENDIX B

WAVERLEY BOROUGH COUNCIL

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE - 18TH JANUARY 2010

Title:

**FINANCIAL STRATEGY 2010/2011 – 2012/2013
GENERAL FUND BUDGET 2010/2011**

[Wards Affected: ALL]

Summary and purpose:

This report updates the Committee on the latest position regarding the draft General Fund Budget for 2010/11 and contains the information reported to the Executive on 1st December and 5th January. The Star Chamber has formulated proposals for reducing the Budget shortfall. These proposals are included within this report and the Committee is invited to make any observations concerning the services within its remit (highlighted on Annexe 1).

The Executive will give final consideration to the Budget on 2nd February 2010, including the comments reported from the Overview and Scrutiny Committees, before making recommendations to Council on 16th February 2010.

The purpose of this report is to seek the Committee's views on the draft Revenue Estimates, including the Star Chamber proposals, for the services within its remit.

How this report relates to the Council's Corporate Priorities:

The Council could not deliver the Corporate Priorities without a robust budget setting process in place.

Equality and Diversity Implications:

There are no direct equality and diversity implications as a result of the recommendations of this report.

Resource/Value for Money implications:

Resource implications are contained throughout the report.

Legal implications:

There are no direct legal implications as a result of the recommendations of this report.

Introduction

1. Following the Finance Seminar on 26th October and consideration of the initial Budget report by the Executive on 1st December, this report presents the detailed Estimate sheets for consideration together with a list of potential savings and also growth items identified by the Star Chamber. The Estimates are presented in the same format as last year. Before the new Budget Book is published, officers will be working with Members to present the information in a new format.
2. This report contains the following Annexes:
 - Annexe 1 Star Chamber Proposals
 - Annexe 2 Budget Assumptions
 - Annexe 3 Budget Position
 - Annexe 4 Democratic Services Estimates
 - Annexe 5 Internal Audit Estimates
 - Annexe 6 Finance and Performance Estimates
 - Annexe 7 Emergency Services and Community Safety Estimates
 - Annexe 8 Communications Estimates
 - Annexe 9 Customer, IT and Office Services Estimates

Background

3. Once again, there are significant budget pressures facing the Council:
 - A significant loss in income due to the recession
 - A reduction in interest rates
 - High energy inflation

These pressures seem likely to continue into 2010-11. Although some analysts expect some improvement in the general economic situation, the outlook for the public sector is extremely challenging and it would be imprudent to predict an improvement in Waverley's financial position as a result of the recession ending, without regard to future Government Funding Settlements for Local Authorities.

4. Currently, the Council budgets to spend £70,000 more than it gets in income from use of the General Fund Balances. For planning purposes this imbalance will be removed in the 2010-11 Budget in accordance with the Council's Financial Strategy.

The Revenue Support Grant Settlement

5. Waverley's provisional Revenue Support Grant Settlement for 2010/2011 was announced early in December and this has confirmed the figures contained in the Settlement covering a three-year period.
6. The details of the Settlement are:
 - The headline increase in Waverley's Grant for 2010/11 is 0.5%, being £30,000

- Council Tax capping remains – Whilst the Government has not announced a specific percentage, it is expecting the average council tax increase to be less than the average increase of 3% for last year.

Budget Reviews by the 'Star Chamber'

7. During November, 'Star Chamber' sessions took place with the Chief Executive, Finance Portfolio Holder, Portfolio Holders, Deputy Chief Executive and Heads of Service to examine operational and staffing budgets in detail.
8. The aims were:-
 - a. To challenge 2009/2010 budgets for robustness;
 - b. For each Head of Service to justify their 2010/2011 budgets;
 - c. To identify options for savings;
 - d. To identify opportunities for Investing to Save;
 - e. To identify opportunities for generating external income;
 - f. To make a case for any growth.
9. As part of the process, Heads of Service were asked to:
 - a. Complete a savings pro forma, and
 - b. Present benchmarking data to support their budgets.
10. The outcome of the Star Chamber sessions was presented to the Executive Briefing on 17th December 2009 and forms the basis for the list of reductions at Annexe 1.
11. **Whilst many of these savings can be delivered without noticeable changes to outcomes, some are dependant upon further decisions and will not be implemented until finally approved.**

Budget Assumptions

12. Various assumptions have been made in compiling the draft Estimates and these are summarised at Annexe 2.

Budget Position

13. The position statement for the draft General Fund Budget for 2010/11 is shown in detail at Annexe 3. This traces the changes in the Budget shortfall from the figure of £904,000 estimated for the Finance Seminar to the latest figure of around £270,000, which assumes all Growth Items and Reductions as recommended by the Star Chamber are accepted. No council tax increase has been assumed at this stage. For indicative purposes each 1% increase in council tax would produce £86,000.

2010/2011 Draft Revenue Estimates

14. The detailed Estimates for services within the remit of the Community Overview and Scrutiny Committee are shown at Annexes 4,5,6,7,8 and 9.

15. The draft Budget allows for the full-year effect of the ongoing items reported during Budget Monitoring.
16. Growth items have been considered as part of the Star Chamber process, with allowance for the cost made against the Star Chamber List.
17. There are some areas where budget variances, which may be reductions as well as increases, have arisen. These may result from such matters as contractual commitments, changed levels of use, changes to staff allocations, or updated asset charges.
18. Applications for grants under the Sponsored Organisation Scheme for 2010/2011 are the subject of a separate report on this agenda. At this stage, the detailed estimates for 2010/2011 relating to each organisation have been left blank. However, a global figure based on existing amounts has been included within each portfolio summary in order to show the overall budget situation.

Statutory Services

19. Each budget page contains an indication of whether the service provided is statutory, discretionary, or a mixture of the two. There are some statutory services where the level of service provided is greater than that required by law. This analysis may assist Members in giving consideration to the resources allocated to the various services. There will of course be other factors, such as the Council's approved aims and objectives, public demand and corporate priorities

Budget Consultation

20. Earlier in the year, the Executive agreed to carry out a detailed budget consultation exercise to help inform the 2010/11 Budget process and Members undertook to take into account residents views about spending priorities. This exercise was completed in October. It involved asking a representative sample of the Borough's population questions about potential spending decisions across a wide range of services and functions. The Town and Parish Councils were also invited to complete the exercise.
21. The key areas within the draft 2010/11 budget proposals shown at Annexe 1 that illustrate where Members have taken note of residents' views expressed in the consultation exercise are shown below:
 - Locality offices
 - Magazine
22. A number of other areas identified from the results have also been noted for future consideration.
23. A full presentation of the consultation was presented to Members on 8th December, with detailed reports being sent to all Members.

Conclusion

24. The proposals represent a robust response to a particularly challenging Budget position this year.
25. Comments made at the Overview and Scrutiny meetings will be reported to the next meeting of the Executive on 2nd February 2010, which will agree final recommendations to Council on 16th February 2010.

Recommendation

It is recommended that the Committee gives consideration to the following areas and notes these or passes observations to the Executive:

1. the detailed General Fund Budget papers for 2010/2011 at Annexes 4,5,6,7, 8 and 9;
2. the list of Growth Items at Annexe 1 for services within its remit; and
3. the list of Budget reductions, as suggested by the Star Chamber, at Annexe 1, for services within its remit.

Background Papers (DCE)

Provisional Local Government Finance Settlement 2010/11; Financial Strategy 2010/11 – 2012/13; Finance Seminar slides; Community Strategy; Revenue Budget 2009/10.

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