

## Cabinet – 7 February 2007

### Corporate Revenue Budget Plan 2007/08 – 2011/12

**Portfolio:** Councillor John O'Hare – Resources

**Service Area:** Corporate finance

**Wards:** All

**Key decision:** Yes

**Forward Plan:** Yes

#### Summary of report

This report presents the draft revenue budget plan for 2007/08 to 2011/12 following consideration of the previous draft proposals by all five scrutiny panels and public consultation. This report and other finance reports on tonight's agenda are to enable formulation of budget recommendations to Council on 26 February 2007. The detailed budget plan will follow immediately all 5 scrutiny panels have met to consider the previous draft budget; enabling cabinet to consider their views in finalising the detailed budget.

#### Recommendations

To note:

1. The corporate budget plan set out in this report and its appendices.

To note and endorse that:

2. At the time of despatch of this report, the precepting authorities (fire and police) had not formally notified the authority of their final council tax increases, so these will be tabled at the Council meeting of 26 February. Current estimates have been used within this report based on informal communication from each precepting authority.
3. The Walsall Council draft net budget requirement for 2007/08 is **£212.924m**, and the draft council tax increase is **3.89%** - resulting in a band D council tax of **£1,246.87**; a weekly increase of between £0.60p and £0.90p for the 92.35% of Walsall residents in bands A – D properties.
4. On the basis set out in (3) above, the provisional (i.e.: subject to formal confirmation) overall council tax increase would be 3.86%, including estimated precepts, resulting in a total band D council tax of £1,382.21.

To note, endorse and recommend to Council:

5. The recommendations of the Chief Finance Officer (CFO) in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves as set out in **Annex 11** of the corporate budget plan.
6. The revenue budget and council tax increase for 2007/08. (**Deliberative recommendation - detailed draft resolution will be tabled at the meeting**)

### **Resource and legal considerations+**

Councils must set and maintain a budget sufficient to cover all known expenditure and deal with unknown contingencies. CFOs are required to report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of the proposed reserves. This is provided at **Annex 11** of the budget plan. Unbudgeted expenditure should not be incurred assuming that it will be met from reserves. A comprehensive statement on current and recommended reserves is included in the budget report. We prudently maintain an appropriate minimum level of general reserves and use a risk assessment to determine the level. The opening balance required @ 01.04.07 is c £4.6m. The opportunity cost of maintaining this level of reserves is considered by the CFO who is satisfied that the benefits accrued in maintaining these at the recommended level outweigh the potential lost opportunity from investing these reserves in other ways.

The final formula grant settlement was received on 18 January 2007. The figures were exactly the same as the draft settlement received on 28 November 2006.

### **Citizen impact**

The council tax increase arising from this draft budget would be 3.89%, well within the Government's ceiling of 5%, so capping is unlikely. The inclusion of the estimated fire and police precepts reduces this to 3.86%. The budget is aligned with service activity in service plans. Investment has been targeted at service improvement, delivery of the council's vision and service-user demand.

### **Community safety**

The budget provides funding for initiatives to support community safety.

### **Environmental impact**

Investment bids for 2007/08 onwards include several targeted at supporting environmental improvements, e.g. waste recycling and home composting.

## Performance and risk management issues

The council annually reviews corporate financial planning and budget principles. In November cabinet approved an updated Medium Term Financial Strategy (MTFS). The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake comprehensive risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate budgetary provision is available to cover unforeseen future events. This successful approach has been in place for several years and is used to inform the level of earmarked and general reserves.

**Annex 13** shows the results of this exercise and the theoretical risk of between £1.22 m and £7.30 m of additional costs. However, it is highly unlikely that all these scenarios would arise. Managers are also required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or Government demands, are identified and dealt with, within the overall draft revenue budget, as an investment bid. The budgeted opening level of reserves is sufficient to cover the high and medium risk items. Any in-year use of general reserves would require replenishment to ensure an opening general reserve of c£4.6m, as required by the MTFS.

## Equality implications

Services have regard to equalities in setting budgets and delivering services.

## Consultation

The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget. Public consultation is an important part of our community engagement activities; effected since November 2006 through a series of facilitated workshops involving representative samples of different parts of the community, and involving members and EMT. **Sections 4 and 8** of the budget plan provides further detail of the consultation arrangements, customer feedback and examples of pledges which seek to respond to the outcomes of that public consultation.

Managers of all levels are responsible for delivering targets and service outputs on time, to standard and within budget. With their teams, they are involved in budget construction, bidding for investment and working up savings options. EMT and cabinet have continuously reviewed the evolving budget. Draft budget options were considered by cabinet at a decision conference on 9 November 2006 and by corporate services scrutiny panel on 27 and 29 November 2006. All scrutiny panels received the draft revenue budget 2007/08+ for services falling within their in January and February 2007 and a report is included elsewhere on tonight's agenda detailing the comments and recommendations of each panel.

## Vision 2008

The budget, each investment bid and saving are assessed for their contribution to the delivery of the council's vision. The budget setting process and decision conferencing within directorates and members ensures that all budget decisions deliver the vision. All base budgets, investment bids and savings were rigorously challenged and budgets re-aligned as a result. **Section 8** provides an overview of the policy priorities of each portfolio holder.

## Background papers

Various financial working papers.

Approved MTFs – Cabinet 8 November 2006

Revenue Support Grant Provisional Settlement – Cabinet 20 December 2006

Draft Corporate Revenue Report 2007/08 – 2011/12 – Cabinet 17 January 2007

## Author

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Signed:



**Executive Director: Carole Evans**

**Date: 30 January 2007**

Signed:



**Portfolio Holder: Cllr J G O'Hare**

**Date: 30 January 2007**