

BUDGET STRATEGY 2007/08 TO 2009/10

EXECUTIVE MEMBER: Cllr Elaine Woodburn

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Summary: This report recommends the budget strategy to be followed for the three years 2007/08 to 2009/10.

Recommendation:	1) That the strategy is approved. 2) The process detailed in the report is followed
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Impact on delivering Copeland 2020 objectives: The budget strategy aims to integrate strategic planning with three year budgeting, and therefore has a crucial impact on delivering the Community Strategy and the Council's Corporate Plan objectives.

Impact on other statutory objectives (e.g. crime & disorder, LA21): The budget strategy will also need to ensure that statutory objectives can be met. This include meeting the requirements of the efficiency agenda

Financial and human resource implications: The budget process needs to ensure that any increase in budget requirements are met where possible by cost savings elsewhere. In addition the budget process will incorporate efficiencies that can be released to support increased expenditure in front line services.

The difference between the base budget and the levy, plus any other finance available, will be available for non-recurring expenditure or for additions to the capital programme.

Staff time utilised will be considerable, within accountancy for the budget process and at management level throughout the Council for the resource allocation.

Project & Risk Management: There are 4 risk areas associated with this listed in the strategic risk register relating to key council priorities being effectively funded and delivered.

- 1 Internal resource allocation is inappropriate.
- 2 External resources are not maximised.

3 We do not manage our project plan or resources effectively.

4 We set out to do more than we are able to

These risks are identified in the Strategic risk register

Key Decision Status

- **Financial:** The budget setting is a major key decision.
- **Ward:** All wards will be affected.

Other Ward Implications: None

1. INTRODUCTION

- 1.1 The Budget and Policy Framework in the Council's Constitution includes a requirement for the Executive to publicise a timetable for making proposals to the Council for the budget, and its arrangements for consultation after publication of those initial proposals.
- 1.2 The new Corporate plan covering the next five years will be available in draft from August 2006 and it is imperative that the key objectives in the plan direct the allocation of the resources for the budget process.

2 PROCESS FOR 2007/08

- 2.1 The process in place worked very well during 2006/07 with the Resource Steering Group (officer meeting led by the Chief Executive) providing detailed options, bids etc to the Budget Working Party for onward recommendations to Executive. It had been strengthened from the previous year due to new requirements under the CPA methodology and the requirements to meet the gershon Agenda. The OSC P&R approved the process currently in place at its meeting of 21st July 2005.
- 2.2 The additional requirements of CPA require a much more rigorous approach to scrutinising the budget process which will be built into the OSC workplan and included in the detailed timetable.
- 2.5 As part of the budget process, the Budget Working Party will look at all resources available to the Council, including determining the process for the use of the capital receipts from the Housing Stock Transfer that have yet to be earmarked for a specific purpose.
- 2.6 An outline timetable is attached at Appendix A.

3 CONSULTATION

- 3.1 The Process undertaken for 2006/07, working with the Joint neighbourhood Forums worked very well and we propose to build on this and build on other ideas in consultation with the communications manager. Further details will be brought to the budget Working party for consideration.

4 FINANCIAL SITUATION

- 4.1 Significant savings have been made over the last few years in order to meet growth and reducing government grants. As a result of the successful work in previous years the requirement for savings to meet the current revenue budget is not as significant. The budget reports for 2006/07 identified that we would need to find savings of £59,000 in the base budget for 2007/08, largely due to the continuing increase in the pension contributions required to fund the current deficit and the work required in respect of the pay and workforce strategy.
- 4.2 As part of the settlement for 2006/07, the ODPM (as then) also gave draft settlements for 2007/08 to assist in service planning. This enabled the Council to recommend not only the council tax increase for 2006/07 but also that for 2007/08. The current estimated position assumes the draft settlement quoted and a rise in Council Tax of 2% with an inflationary growth in the base budget of 2.5%. Any decrease in grant or increase in growth will require funding/savings to be identified.
- 4.3 The strategy remains to keep the annual recurring budget (base) to 95% of the levy on Council Tax. i.e to 95% of the total the Council can bring in from grants, council tax and fees. By doing this the difference between the levy and the base budget, 5%, would be approximately £530,000 which would be utilised for non-recurring revenue expenditure.
- 4.4 Any additions to the capital programme must either be met from capital receipts or use of the Major Projects Fund. The asset management plan currently assumes £300,000 pa to be raised from the sale of surplus assets. A significant amount of capital receipts prior to stock transfer received as part of the transfer have been set aside to continue funding private renovation grants for the next few years.
- 4.5 A full list of resources available will be presented to the Budget Working Party early in the process for their consideration in the use of resources for onward approval by Executive.

5 CONCLUSION

- 5.1 Although significant savings do not have to be found, unless the grant settlement is poor, it is imperative that we continue to drive for efficiencies and make best use of the resources available to us.

List of Appendices

[Appendix A](#) - Budget Timetable

List of Background Documents:

List of Consultees:

Corporate Team Resource Steering Group
Budget Working Party
OSC P&R

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