

BUDGET STRATEGY 2006/07 TO 2008/09

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Summary: This report recommends the budget strategy to be followed for the three years 2006/07 to 2008/09.

Recommendation:	<ol style="list-style-type: none">1) That the strategy is approved.2) The process detailed in the report is followed3) A further report is brought to Members regarding proposals for consultation with the public.
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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.

- E4.i Internal resource allocation is inappropriate.
- E4.ii External resources are not maximised.
- E4.iii We do not manage our project plan or resources effectively.
- E4.iv 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 Over the last few years the process adopted was that the Resource Steering Group (an officer group chaired by the Chief Executive) presented options to the Budget Working Party. A meeting was held with Members for the three Well Being Overview and Scrutiny Committees where the proposals for savings, plus bids for additions to the capital programme and one-off revenue bids, were considered. Their comments were considered by the Budget Working Party to help them formulate recommendations to the Executive.
- 1.3 This left the Performance and Resources OSC free to fulfil the Scrutiny role.

2 PROCESS FOR 2006/07

- 2.1 The process detailed above worked very well, however there are two additional elements that need to be incorporated into the process for the coming year.
- 2.3 The efficiency agenda (Gershon review) requires us to make significant efficiencies of £900k over 3 years 2005 -2007 with realised efficiencies able to be re directed into front line services. It is fundamental that this process is integrated into the annual budget setting process and as such detailed proposals will be developed by the resource steering group for consideration by the BWP to address this and the role of the Gershon Working party.
- 2.4 The new CPA methodology requires a more rigour scrutiny of the budget process. To that end the following process for the OSC's is being proposed and will be considered by OSC 21st July 2005.

July Challenge budget strategy and proposed process

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| Sept/Oct | Challenge a Head of Service in how they prioritise and addressed the efficiency agenda |
| Nov/Dec | All OSC well-being members to be invited to a workshop to assist in determining priorities on bids etc. |
| Feb 06 | OSC P&R to randomly check three bids through the process. |
| July 07 | OSC to consider report to executive – in particular look at consultation |
| July 07 | Revisit three random bids, check outcomes to see if they have been delivered. |

- 2.5 It is proposed that as part of the budget process, the Budget Working Party will consider the process for determining the use of the capital receipts from the Housing Stock Transfer that have yet to be earmarked for a specific purpose.

3. FINANCIAL SITUATION

- 3.1 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 £79,000 in the base budget for 2006/07, largely due to the continuing increase in the pension contributions required to fund the current deficit. This can be more than covered by the reduction in the net unitary charge payable on the Copeland Centre as reported to Exec 5th April 2005 (£113,890 for 2005/06)
- 3.2 It is important to note that the current estimated position assumes a 2.5% increase from 2005/06 in government grant and only 2.5% inflationary growth in the abs budget. Any decrease in grant or increase in growth will require funding/savings to be identified.
- 3.3 The strategy remains to keep the annual recurring budget (base) to 95% of the levy on Council Tax. 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 £480,000 which would be utilised for non-recurring revenue expenditure.
- 3.4 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 and as part of the transfer have been set aside to continue funding private renovation grants fro the next few years.

4 ONGOING ISSUES

- 4.1 There are a number of issues currently ongoing such as the potential transfer of Careline and the Leisure Trust that could have a significant financial impact on the budget process. As these are progressed the impact will be brought into the budget process

5 RECOMMENDATION

- 5.1 It is proposed that the process adopted for consultation with Well Being OSCs as detailed above should be followed. A timetable for the process is outlined in Appendix A.
- 5.2 Ideas for consultation with the public are being developed and a further report will be brought to Members with proposals.

6 CONCLUSION

- 6.1 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 –**TO FOLLOW**

List of Background Documents:

List of Consultees:

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

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