



AGENDA ITEM: 15

EXECUTIVE OVERVIEW AND
SCRUTINY COMMITTEE:
5th February 2009

Report of: Council Secretary and Solicitor

Relevant Portfolio Holder: Councillor D. Westley

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SUBJECT: REVENUE BUDGET

District wide interest

1.0 PURPOSE OF THE REPORT

1.1 To provide details of the revenue budget position for the next financial year.

2.0 RECOMMENDATIONS

2.1 That consideration be given to how a balanced revenue budget can be achieved and that any comments agreed by the Committee be submitted to the Portfolio Holder for Finance in advance of the Council meeting to be held on 25th February 2009.

3.0 BACKGROUND

3.1 The report attached as Appendix A was considered by Cabinet on 20 January 2009. It projects that there will be a significant budget gap of £0.862m before considering any budget issues and in particular reductions in external income as a result of unavoidable market factors. Consequently, there is a need to take steps to ensure a balanced budget and the report sets out a range of approaches that could be used to achieve this aim.

4.0 PROPOSALS

- 4.1 Members are asked to debate and consider how a balanced revenue budget position can be achieved in the context of a poor grant settlement combined with spending pressures and the impact of the global economic crisis.
 - 4.2 Appendix B contains the detailed estimates for the General Revenue Account that in total come back to the budget gap of £0.862m reported to Cabinet. These estimates allow for the base budget increase, an increase in the employer's superannuation rate and the impact of job evaluation, but do not include budget issues and savings.
 - 4.3 However in setting next year's budget there will be a need to reduce external income levels as a result of unavoidable market factors. Based on the latest available information it is expected that there will be a reduction of £0.641m across a range of areas including Land Charges, Planning, Community Related Assets rents, and Investment Income.
 - 4.4 In addition there will also be a further £0.290m of unavoidable growth issues mainly in relation to Housing Benefit Expenditure (which is not within the direct control of the Council), and increased gas and electric prices.
 - 4.5 When these additional factors are included it produces a budget gap of £1.793m before any savings are taken into account. To reach a balanced budget position will then require consideration of a package of savings measures including increasing fees and charges, the use of reserves and balances, corporate savings initiatives, saving plans within divisions, and an increase in the level of the Council tax. Each of these options will have its advantages and disadvantages and Members will need to weigh the implications of different approaches carefully.
 - 4.6 Attached at Appendix C are a number of potential savings options that are currently being considered by the Finance Portfolio Holder. These options mainly represent efficiency savings and so would have a limited impact on service levels. **Consequently, this set of options may prove to be widely acceptable although they would not be sufficient by themselves to produce a balanced budget.**
 - 4.7 The Group leaders and their financial spokespersons are currently examining in detail various options to produce a balanced budget. The Council meeting will provide an opportunity for each Political Group to put forward proposals that combine both expenditure and the means of funding it and to set the Council Tax
 - 4.8 Any comments on the revenue budget position agreed by the Committee will be forwarded on to the Portfolio Holder for Finance in advance of the Council meeting on 25th February 2009 so that he can take account of them in submitting proposals to Council on that date.
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Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

Appendices

A – Revenue Estimates 2009-10 Report to Cabinet 20th January 2009

B – General Revenue Account Draft Estimates 2009-10

C – Potential Budget Savings