

REPORT TO: Executive Board
DATE: 22nd February 2007
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: Budget 2007/08
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To recommend to Council the budget, capital programme and council tax for 2007/08.
- 1.2 At the time of writing the report, the Cheshire Police and Fire Authorities had not set their budgets and council tax precepts. These will be reported verbally to the Executive Board and will be incorporated in the recommendation and also shown on the Council summons.

2.0 RECOMMENDATION TO COUNCIL: That the Council adopt the resolution set out in Appendix A, which includes setting the budget at £95.041m and the Band D Council Tax for Halton (before Parish , Police and Fire precepts) of £1,043.45.

3.0 SUPPORTING INFORMATION

Local Government Finance Settlement

- 3.1 The Government has recently announced the Final Local Government Finance Settlement for 2007/08, and it includes Formula Grant totalling £52.025m made up of £8.051m revenue support grant and £47.974m as the Council's share of national non domestic rates.
- 3.2 As far as the non domestic premises are concerned, the rate is fixed centrally by the Government, and for 2007/08 has been set at 44.4p in the £, and 44.1p for small businesses. The Council merely acts as tax collector, paying over the full proceeds of the business rate to the Government, which is paid back to authorities as part of the Formula Grant.

Budget 2007/08

- 3.3 The Executive Board Sub-Committee receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending is expected to be within the overall budget, and it is anticipated that balances at 31st March 2007 will be broadly as planned when the budget was set last year. Following the large scale voluntary transfer of the housing stock, the Housing

Revenue Account will be closed and any balance will transfer to general fund. Given the gloomy budget outlook set out in paragraph 3.7, it would be prudent to establish an Invest to Save fund with these balances.

- 3.4 The Executive Board considered the level of growth and savings at its Away Day meeting on 11th January 2007 and agreed to consult the Policy and Performance Boards and Area Forums. Any comments will be reported to and considered by the Executive Board at the meeting. One Area Forum will not have met before the meeting of the Executive Board and any further comments will be reported to the Council.
- 3.5 The proposed growth and savings are shown in Appendices B and C and after taking account of the growth and savings, the budget totals £95.041m. The budget continues the policy of utilising £350,000 from the windfall gain arising from the commutation adjustment in 2004/05. In addition, it provides a further £500,000 for the Revenue Priorities Fund and assumes this money will be used to offset part of the cost of the agreed growth.
- 3.6 The Local Government Act 2003 places a requirement on the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In my view the budget setting process and the information provided should be sufficient to allow the Council to come to an informed view regarding the 2007/08 budget, capital programme and council tax and balances and reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events.

Budget Outlook

- 3.7 The Government's Comprehensive Spending Review (CSR07) is expected to be published in July 2007. This will set the level of public sector spending for the three years 2008/09 to 2010/11. However, the Government have already indicated that public sector spending will be under greater constraint than before. CSR07 is also expected to set more challenging targets for efficiency gains, with cashable savings of 3% each being identified in the Chancellor's Pre-Budget report. It becomes more and more difficult to make these savings, so consideration of budget options will begin earlier next year.

Capital Programme

- 3.8 The Government has issued the single capital pot spending guidelines. These total £6.813m and are supported either through the RSG system or by grant. Relevant Directorates will report detail spending proposals to the Executive Board separately.

- 3.9 The proposed new starts programme is shown in Appendix D. In addition, the Priorities Fund of £750,000 has again been set aside for new starts, to be spent on the five priorities set out in the Community Plan. All of this expenditure will be funded by grants and contributions or internal resources through the Capital Reserve, which is expected to remain above the minimum target level.

Halton's Council Tax

- 3.10 The tax base (Band D equivalent) has been set at 37,392 and the combined effect of the budget, government support and council tax base gives a Band D Council Tax for Halton of £1,043.45, an increase of £39.17, or 3.9%.
- 3.11 The Government still retains reserve capping powers, and it has made it clear that they expect Local Authorities to limit council tax rises to an increase of less than 5%. It is expected that the recommended increase in council tax would avoid the prospect of capping.

Parish Precepts

- 3.12 The Parish Councils have set their precepts for the year as shown below, with the resultant additional Council Tax for a Band D property being as follows:

	Precept	Additional Council Tax	Basic Council Tax
	£	£	£
Hale	17,565	24.33	1,067.78
Daresbury	3,000	21.43	1,064.88
Moore	2,900	8.24	1,051.69
Preston Brook	3,500	10.57	1,054.02

Average Council Tax

- 3.13 In addition, it is also necessary to calculate the average Council Tax for the area as a whole. This is the figure required by Government and used for comparative purposes and for a Band D property is £1,044.17.

Police Precept

- 3.14 The Police Authority have set their precept on the Council at £????? which is £????? for a Band D property, an increase of £????? or ?????%. The figures for each Band are shown in Recommendation 4 in Appendix A.

Fire Precept

- 3.15 The Fire Authority set their precept on the Council at £????? which is £????? for a Band D property, an increase of £????? or ?????%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Total Council Tax

- 3.16 Combining all these figures will give the total Council Tax for 2006/07, and these are shown in Recommendation 6 in Appendix A. The total Band D Council Tax (before Parish precepts) is £?????.
- 3.17 It is expected that Halton's Total Council Tax will continue to be amongst the lowest in the north west. Given that nearly half of all properties in the Borough are in Band A, and also 85% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced Council Tax bills through Benefits or Personal Discounts, and these adjustments will be shown on their bills.
- 3.18 A complex set of resolutions, shown in Appendix A, needs to be agreed to ensure that the Budget and Council Tax level are set in a way which fully complies with legislation.

Prudential Code

- 3.19 The Local Government Act 2003 has introduced the Prudential Code which provides a framework for the self-regulation of capital expenditure. The key objectives of the Code are to ensure that the Council's:
- capital expenditure plans are affordable;
 - external borrowing is within prudent and sustainable levels; and
 - treasury management decisions are taken in accordance with good professional practice.
- 3.20 To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out a number of indicators which must be used. These are in the course of preparation and will be set out in Appendix E and monitored throughout the year and reported as part of the Treasury Management quarterly monitoring reports to the Executive Board Sub-Committee.

4.0 POLICY IMPLICATIONS

- 4.1 The areas of growth and savings will impact across all services.

5.0 OTHER IMPLICATIONS

- 5.1 The budget will support the Council in achieving the aims and objectives set out in the Community Plan for Halton and the Council's Corporate Plan.

6.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Local Government Finance Report (England) 2007/08	Municipal Building	Nick Finnan

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 7th MARCH 2007

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the Budget for 2007/08, the growth and savings set out in Appendix B, the Capital Programme set out in Appendix C, and Prudential Indicators set out in Appendix D.
2. That it be noted that at the meeting on 13th December 2006 the Council agreed the following:
 - (a) For 2007/08, in accordance with the Local Government Act 2003 and with regulations made under Section 33(5) of the Local Government Finance Act 1992, a Council Tax Base of 37,392 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year, and
 - (b) For the Parishes, the Council Tax base for each Parish for the year 2006/07 be set as follows:

Parish	Tax Base
Hale	722
Daresbury	140
Moore	352
Preston Brook	331

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which special items relate.

3. In accordance with the relevant provisions of the Local Government Finance Act 1992 (Sections 32 to 36), the following amounts be now calculated by the Council for the year 2007/08 and agreed as follows:
 - (a) £271,145,384 – being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the said Act.

- (b) £176,077,219 – being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the said Act.
- (c) £95,068,165 – being the amount calculated by the Council for the year 2006/07 in accordance with Section 32(4) of the Local Government Finance Act 1992 as its budget requirement for the year.
- (d) £56,024,551 – being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates (£47,973,592) and Revenue Support Grant (£8,050,959).
- (e) £1,044.17 – being the amount at 3(c) above less the amount at 3(d) above all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Local Government Finance Act 1992, as the basic amount of its Council Tax for the year.
- (f) £26,965 – being the aggregate amount of all special items referred to in Section 34(1) of the Local Government Finance Act 1992, each individual Parish precept being:

	£
Hale	17,565
Daresbury	3,000
Moore	2,900
Preston Brook	3,500

- (g) £1,043.45 Local Government Finance Act 1992, as the basic amount of Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (h) Part of the Council's Area

	£
Hale	1,067.78
Daresbury	1,064.88
Moore	1,051.69
Preston Brook	1,054.02

being the amounts given by adding to the amounts at 3(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Local Government Finance Act 1992, as the basic amounts of its

Council Tax for the year for dwellings of its area to which one or more special items relate.

(i) Part of the Council's Area

Band	Hale	Daresbury	Moore	Preston Brook	All other Parts of the Council's Area
	£	£	£	£	£
A	711.85	709.92	701.12	702.68	695.63
B	830.49	828.24	817.98	819.79	811.57
C	949.14	946.56	934.83	936.91	927.51
D	1,067.78	1,064.88	1,051.69	1,054.02	1,043.45
E	1,305.07	1,301.52	1,285.40	1,288.25	1,275.33
F	1,542.35	1,538.16	1,519.11	1,522.48	1,507.21
G	1,779.63	1,774.80	1,752.81	1,756.70	1,739.08
H	2,135.56	2,129.76	2,103.38	2,108.04	2,086.90

being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Local Government Finance Act 1992, is applicable to dwellings listed in a particular band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. It is further noted that for the year 2007/08 the Police Authority have stated the following amounts in precepts issued to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

	£
A	
B	
C	
D	
E	
F	
G	
H	

5. It is further noted that for the year 2007/08 the Fire Authority have stated the following amounts in precepts issued to the Authority, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A B C	
D	
E F G H	

6. That, having calculated the aggregate in each case of the amounts at 3(i), 4 and 5 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2007/08 for each of the categories of dwellings shown below:

Band	Hale	Daresbury	Moore	Preston Brook	All other Parts of the Council's Area
	£	£	£	£	£
A B C					
D					
E F G H					

being satisfied that:

- (a) The total amount yielded by its Council Taxes for the said financial year will be sufficient, so far as is practicable, to provide for items mentioned at 3(a) to (d) above; and, to the extent that they are not, to be provided for by any other means.
- (b) Those amounts which relate to a part only of its area will secure, so far as is practicable, that the precept or portion of a precept relating to such part will be provided for only by the amount yielded by such of its Council Taxes as relate to that part.

7. The Operational Director – Financial Services be authorised at any time during the financial year 2007/08 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m (£1.5m net) as the Council may temporarily require.

APPENDIX B

PROPOSED SAVINGS

£

Savings – All Directorates

Supplies and Services	50,000
Modification to Terms and Conditions	50,000
Maintain Staff Turnover Target	400,000
Maintain Lower Contingency	750,000
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	1,250,000
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Children and Young People

Termination of contract with Relationship Centre for Domestic Violence Support	30,000
Termination of 2 Filing Clerk Posts	38,000
Agency and Boarding Out	75,000
Reduction in Glendale Unit Budget	30,000
Emergency Duty Team	15,000
Loss of 20 hour Residential Social Worker post at the Inglefield Respite Unit	13,000
Termination of 2 posts within the School Improvement Service	93,400
Termination of two full time equivalent Early Years posts	109,900
Termination of one SEN administrative post	17,100
Increased Income to be recouped from across the Directorate through charging for training and services	115,000
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	536,400
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Corporate and Policy

HDL/ITC

Development of in-house CRM will result in reducing the cost of licences/upgrades etc. 100,000

Directorate Restructuring

The opportunity is being taken to undertake some restructuring within the Directorate 360,000

General Savings

Each Department will be required to make budget reductions as part of the Directorate's overall contribution 140,000

600,000

£

Environment

Economic Regeneration	
Reduce business development	40,000
In work support services (2 years only)	40,000
Environmental & Regulatory Services	
Delete 1 vacant post	25,000
Grant for staff cost in food safety initiative (1 year only)	24,000
Planning & Policy	
Stop grant aid for Listed Building	4,000
Certificate of Lawfulness for Proposed Use of Development	25,000
Waste	
Capitalise expenditure on new and replacement litter bins	20,000
Highways & Transportation	
Capitalise remaining Street Lighting structural maintenance	100,000
Staff cost saving arising from rationalisation of Highways Division	100,000
Fleet Acquisition	100,000
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	478,000
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Health and Community Directorate

Culture & Leisure	
Grants to Voluntary Sector (£90,000 over 2 years)	45,000
Community Centre modernisation	50,000
Deletion of post within Parks & Countryside	25,000
Deletion of Community Development Officer	35,000
Removal of support to environmental grants	30,000
Admin Savings through Admin Review	25,000
Procurement savings re: library book supply	5,000
Reduction in voluntary arts grant	5,000
Removal of grants to primary schools for free use of premises by voluntary groups	10,000
Health & Partnerships	
Deletion of managerial and other posts	162,000
Reduction in advertising costs	40,000
Buy in Consumer Protection Service from Neighbouring authority	75,000
Staff Savings	8,000
NVQ Externalisation	39,000
Raise all fees and charges by 3% more than inflation	10,000
Older People/PSD	
Bridgewater Day Centre re-design	20,000
Procurement Savings	15,000
Re-tendering for domiciliary and residential contracts on block basis	50,000

	£
Cease Continuing Care commissioning	3,000
Review of charging policy (including introducing transport charge)	9,000
Increase charges above inflation Adults of Working Age	4,000
Reconfigure mental health services	65,000
Transport	<u>65,000</u>
	795,000
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TOTAL	3,659,400
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APPENDIX C**PROPOSED GROWTH**

	£
Children and Young People's Directorate	
Edinburgh Road and Littlebourne	75,000
Redundancy/Retirement Budget	150,000
3 Residential Social Worker posts	60,000
Principal Manager for Adoption	50,000
0.5 Practice Manager (CCT3)	20,000
Building Schools for the Future	300,000
Joint Area Review	80,000
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	735,000
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Corporate and Policy Directorate	
Repairs and Maintenance of Council Buildings	250,000
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	250,000
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Environment Directorate	
Landfill Contractor Charges (£225,000 in a full year)	25,000
New Contract for Waste Disposal/Household Waste Sites	37,000
Mandatory Contaminated Land Inspections	25,000
Mersey Gateway – Additional Prudential Borrowing	200,000
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	287,000
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Health And Community Directorate	
Health and Community – Adults of a Working Age	220,000
Adults with Learning Difficulties Purchasing	
Increase in older population	85,000
Mental Health Social Worker for Crisis Resolution Team	35,000
Housing – Bed & breakfast costs	50,000
Independent Living team	50,000
Maintenance of Alleygates	34,000
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	474,000
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TOTAL	1,746,000
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Less Use of Priorities Fund	500,000
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NET TOTAL	1,246,000
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APPENDIX D

PROPOSED NEW STARTS IN 2007/08 CAPITAL PROGRAMME

	2007/08 Cost	Funding Costs
	£'000	£
Corporate And Policy Directorate		
Runcorn Town Hall – Refurbishment (total cost £4m)	2,500	112,500
	2,500	112,500
Environment Directorate		
Capitalisation of street lighting structural maintenance (annual provision)	100	4,500
Renew equipment for Stadium Fitness	70	3,150
Programme of replacing litter bins	20	900
Halton Stadium –function marquee	30	-
Drainage work at Runcorn HW Site	50	2,250
Part IIA contaminated land investigation (funded by grant)	170	-
Automatic air quality monitoring station (funded by grant)	20	-
Replace noise monitoring equipment	10	450
TOTAL	470	11,250
Less Grant	190	-
NET TOTAL	280	11,250
Health and Community Directorate		
Headstone Safety Project	50	2,250
New forestage for the Brindley	30	1,350
PODS utilising DFG	40	1,800
CCTV – Victoria Park	28	1,260
Additional funding for Disabled Facilities Grants	300	13,500
	448	20,160
TOTAL	3,228	143,910

APPENDIX E

PRUDENTIAL INDICATORS

	2005/06	2006/07	2007/08	2008/09	2009/10
Affordability					
1. Ratio of financing costs to net revenue stream (estimate) – General Fund %		-0.2	0.5	1.3	2.0
2. Ratio of financing costs to net revenue stream (actual) – General Fund %	1.3				
3. Incremental impact of capital investment decisions on the Council Tax £	2.78	-	3.42	2.78	0.17
Capital Expenditure					
5. Total capital expenditure (estimate) (see Note) – General Fund £m Note: These figures will be amended as further allocations and grant approvals are received.		28.5	29.5	23.2	14.1
6. Total capital expenditure (actual) – Actual £m	27.5				
Capital Financing Requirement					
7. Capital Financing Requirement (estimate) – General Fund £m		46.7	54.4	64.2	72.0
8. Capital Financing Requirement (actual) – General Fund £m	40.6				

	2005/06	2006/07	2007/08	2008/09	2009/10
Treasury Management					
9. Adopted CIPFA Code of Practice for Treasury Management			Note: to be considered by Executive Board Sub-Committee on 15th March 2007		
10. Authorised limit for external debt £m			55.1	65.4	74.9
11. Operational boundary for external debt £m			50.1	60.4	70.0
12. External debt (actual) £m	24.0				
13. Upper limit on interest rate exposure on fixed rate debt %			75	75	75
14. Upper limit on interest rate exposure on variable rate debt %			75	75	75
15. Maturity structure of borrowing as a percentage of fixed rate borrowing %					
Under 12 months			Lower 0	Upper 50	
12 months - 2 years			0	75	
2 years - 5 years			0	50	
5 years - 10 years			0	50	
10 years and above			0	75	
16. Total principal sums invested for periods longer than 364 days					
1-2 years %			60	60	60
2-3 years %			30	30	30