
Executive

16 January 2007

Report of the Director of Resources

Revenue Budget 2007/08

Summary

- 1 This paper presents the Revenue Budget proposals for 2007/08 and details the potential financial position for the Council in 2008/09 and 2009/10. To assist with this latter point where possible the report details figures for future years alongside their 2007/08 equivalents. There are two other separate reports on the agenda covering the Capital Budget and the Housing Revenue Account. At Budget Council on the 21st February there will also be proposals for Fees and Charges, details of which have been provided in the Member's library.
- 2 The proposals in this paper present a balanced budget for the Council for 2007/08 with the following key features:
 - a. Revenue investment of £12.106m^{TABLE 2} the funding for which will be achieved through:
 - i. Revenue savings of £4.799m^{TABLE 2};
 - ii. An additional £3.416m¹ from a City of York Council Tax rise of 4.5% resulting in a Band D Council Tax, for City of York Council only, of £982.06, an increase of £42.29^{TABLES 15 & 19};
 - iii. Meeting £1.312m of one-off expenditure from general fund reserves^{PARA 50};
 - iv. Additional Revenue Support Grant Funding of £1.191m^{TABLE 14};
 - v. A £850k share of the projected 2006/07 collection fund surplus^{PARA 45};
 - vi. Other adjustments on corporate budgets totalling £538k^{ANNEX 1}.
 - b. A net revenue budget of £104.538m, which will be funded by:
 - i. Council Tax income of £64.883m (including a £850k contribution from the 2006/07 collection fund surplus)^{PARA 74};
 - ii. Government grant of £38.343m^{TABLE 12};
 - iii. Use of reserves, of £1.312m^{PARA 50};

¹ This comprises £2,728k from existing properties and a further £688k from those expected to be built in 2007/08.

- c. Funding for pupil led aspects of education, primarily schools, of £83.835m to be met by the Dedicated Schools Grant ^{TABLE 16};
- 3 The above figures highlight that setting the 2007/08 budget is a difficult process and hard choices need to be made, not least the potential loss of around 35 posts resulting in up to 19 redundancies. However, these proposals will enable the Council to maintain its existing quality services (such as education and social care) whilst investing in key priorities and areas of need. Alongside this the Council has also been able to address public priorities such as car parking charges and enhanced waste recycling arrangements. It is useful to put this in the context of a Council Tax increase of approximately 80 pence per week and that in 2006/07 York had the second lowest Council Tax and the lowest spend per person of any Unitary Authority.
 - 4 In itself the Government settlement is not enough to fund all of the growing pressures on Council budgets which total £12.106m. Of this the Council needs £6.734m to meet known unavoidable commitments. This includes £4.27m for pay and prices inflation, £1.25m for future job evaluation costs and £0.795m for the revenue cost of capital expenditure. In addition to known commitments, there are increasing volume demands on services, particularly in social services and the waste strategy. The Council needs to provide non-Education budget growth funds of £4.202m. A full list of these pressures is shown at Annex 3.
 - 5 To help fund the rising budget pressures and keep Council Tax down, the non-Education budget proposals include efficiency savings and income generation proposals of £4.799m. A full list is shown at Annex 4.
 6. Members should note that there are a number of potential expenditure pressures which may materialise in 2007/08, but which cannot at this stage be quantified with any certainty. It is proposed that a General Contingency of £0.6m is set to cover these eventualities. As shown at Figure 5 this is the lowest level of contingency in recent years. Possible calls on this contingency are detailed at Annex 2.
 7. It is important when setting the 2007/08 revenue budgets that members do so in the knowledge of a range of significant issues that may affect the Council in next few years and which York may not have sufficient resources to address. Given the council's tight financial position; the levels of reserves now held; the effects of the significant additional expenditure pressures; the Government grant settlement and the significant level of efficiency savings; increases in charges and budget cuts that are needed to balance the budget; it has not been possible to identify acceptable options to enable the Council to fully prepare for all of the following issues. The 2007/08 budget that is proposed in this report is very 'tight' in a number of key areas. For example there is no allowance for inflationary growth on the majority of non staff and non contractual budgets and, in effect, these are cash limited. In addition the budget also requires a significant number of savings initiatives to be implemented. Of particular concern are the following key issues that could well add significant pressure, either to the 2007/08 budget after it has been set, or to future Council budgets:
 - a. The deficit on the pension fund ^{PARA 21};
 - b. The introduction of job evaluation ^{PARA 26};

- c. The future costs of waste management ^{PARA 127A} ;
 - d. The increasing numbers of elderly persons and the costs of services for them ^{PARA 127E} ;
 - e. The threatened substantial cuts in grants for 'supporting people' ^{PARA 127F} ;
 - f. The backlog of outstanding works needed to the City infrastructure, in particular roads and Council buildings ^{PARA 127G} .
- 8 All of the above issues are covered in more detail later in this report.

Background

- 9 The base for the 2007/08 budget is the Council's net revenue budget for 2006/07 of £97.769m². The Medium Term Financial Strategy for 2007/08 (presented to the Executive in June 2006) estimated that to stay within the government's likely range for a 2007/08 Council Tax rise, meet all known expenditure pressures, and provide for service investment; the Council would be facing a budget gap for 2007/08 of around £10.09m including the need to address £7.29m of service growth pressures.
- 10 This gap takes into account the government's decision on the 29th June to nominate York for council tax purposes. This decision means that for the capping calculation in 2007/08 York's base budget will be reduced by £285k (the equivalent of York having set a 5% rather than 5.49% increase in 2006/07). This is purely a paper calculation and has had no direct financial impact on the council's budget's for 2006/07. However, when taken in conjunction with the government's desire to see council tax increases of below 5%, it means that any increase above 4.5% would significantly increase the chance of government intervention over the 2007/08 council tax increase.³ It is therefore the Director of Resource's opinion that an increase in 2007/08 of above 4.5% would be inadvisable.
- 11 York has consistently fared badly in the level of Government grant it receives compared to other local authorities and in 2006/07 this fell to an all time low of 60.6% of the unitary average, a position which, as Figure 1 demonstrates, is unlikely to materially change in 2007/08.

² This figure excludes £1.1m non-recurring expenditure funded from reserves as such expenditure does not impact upon the net revenue budget of the Council.

³ It is worth noting that where the authority to set a 4.5% council tax increase the DCLG would, based on the revised calculations, consider this a 4.99% increase.

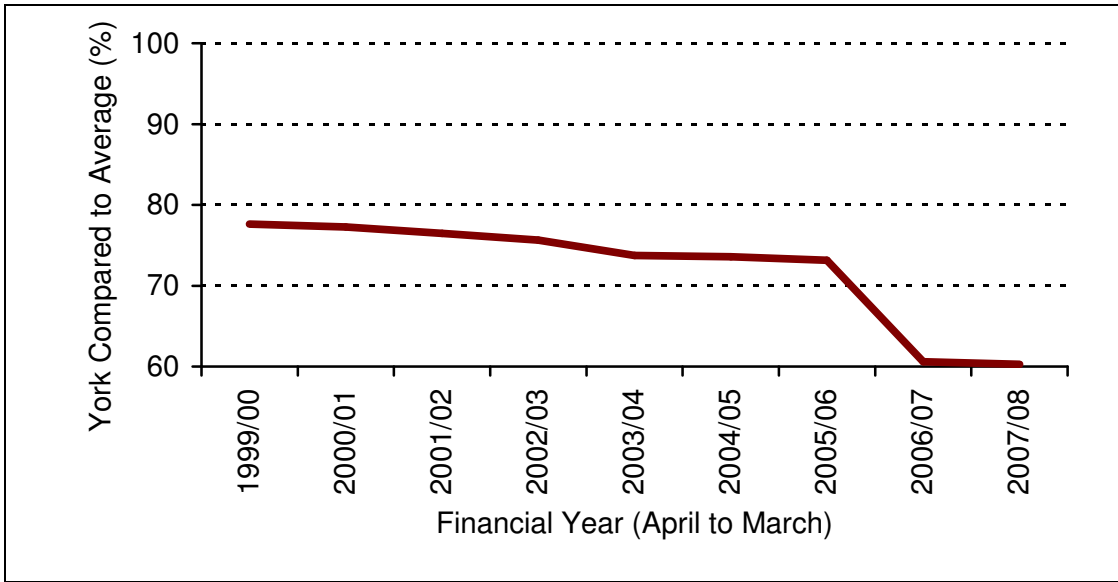


Figure 1 – Comparative Levels of Grant per Person (all unitary councils)

12 In addition, because the level of York’s Council Tax falls far below the level assumed by the Government and the on-going threat of capping, the Council is unable to balance this low level of central Government funding through Council Tax collection. Indeed as shown in Figure 2 in 2006/07 York had the second lowest Council Tax of any unitary authority. As Figure 3 demonstrates, this low grant and Council Tax base has consistently resulted in York having the lowest budget spend per head of all unitary authorities.

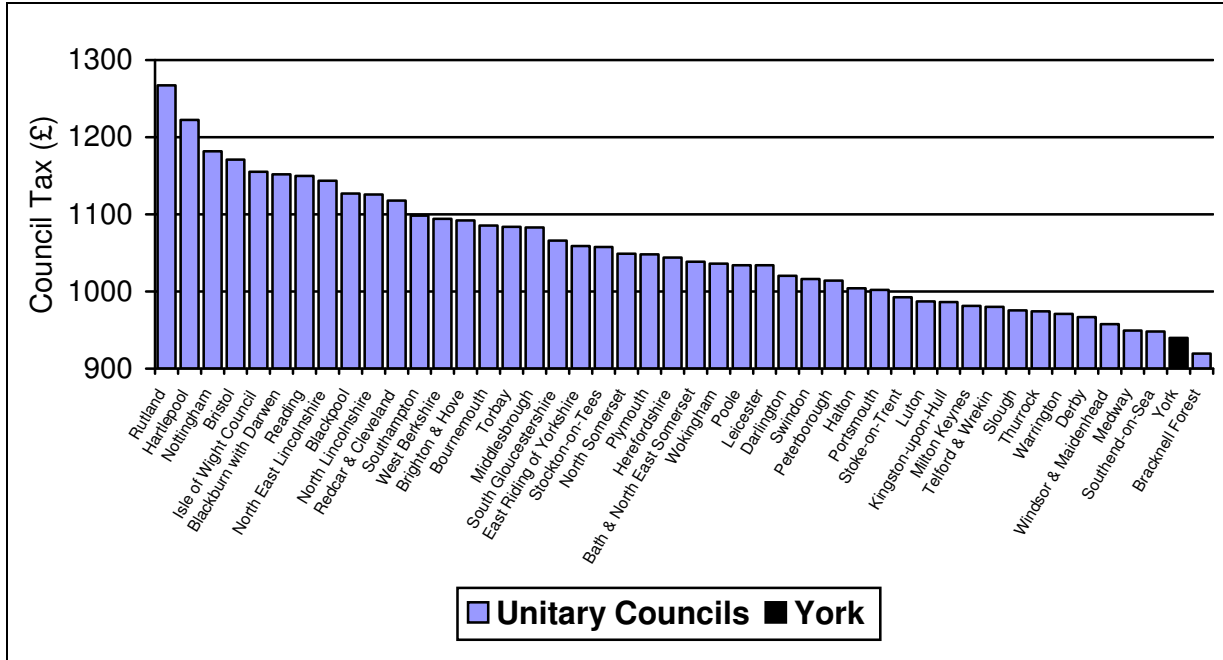


Figure 2 – Unitary Council Tax 2006/07

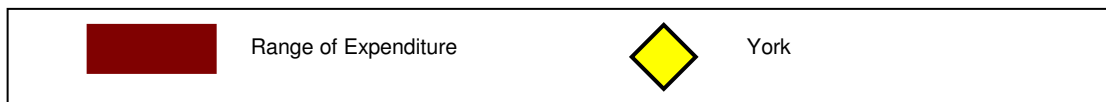
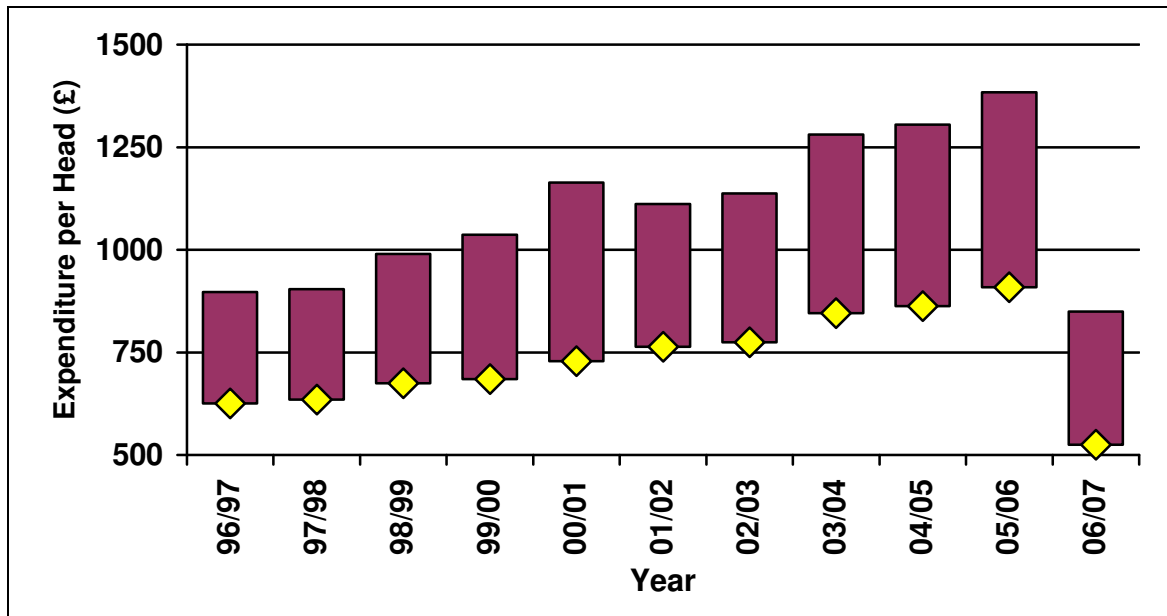


Figure 3 – Unitary Council Expenditure per Head Since 1996⁴

- 13 The provisional funding settlement for 2007/08 was published on the 28th November and final details are expected to be published in late January. Estimates within this report reflect the provisional settlement which is not expected to materially change when the final settlement is announced.
- 14 Members of the Executive are asked to recommend the income and expenditure proposals in this budget paper for the approval of Full Council on 21st February 2006.

Future Timetable

- 15 As Table 1 demonstrates 2007/08 will be a particularly busy period for the development of forward financial planning. Alongside the normal budget cycle the council will also have to deal with the implications of the Lyon’s Review report which will feed into the Comprehensive Spending Review 2007 which in turn will set the council’s spending envelope until 2010/11. Due to the pressures and uncertainly engendered by these changes it is likely that the budget EMAPs and Executive will need to revert to their traditional January and February dates.

	Council Timetable	National Timetable
March		Lyons Report Published
April		
May	Council Elections	
June		
July	Medium Term Financial Strategy 2008/09 to 2010/11	CSR 2007 (covering years 2008/09 to 2010/11) published

⁴ The decrease in 2006/07 is the result of the introduction of the Dedicated Schools Grant

August		
September		
October	2007/08 Monitor One	
November		Draft Settlement 2008/09 to 2010/11
December	2007/08 Monitor Two	
January	Budget EMAPs	Final Settlement 2008/09 to 2010/11
February	Budget Executive	
	Budget Council	
March	Council Tax Billing	

Table 1 Budget Timetable for 2007/08

Expenditure Pressures & Budget Position

- 16 Annex 1, summarised in Tables 2 and 15, sets out the latest estimate of the Budget position for 2007/08, using the funding assumptions described in the earlier section and the savings and growth presented to EMAP meetings. This shows that in 2007/08 the council's net budget requirement will increase by £5.67m from £98.869m to £104.538m.

Expenditure Requirements	2007/08 £'000
Net Expenditure Budget for 2006/07	98,869
Less: One-off Funding for non-recurring items	-1,100
Starting Expenditure Requirement for 2007/08	97,769
Unavoidable and Corporate Non-Schools Expenditure Pressures Recurring ⁵	7,334
Non-Recurring	570
Total Unavoidable Pressures	7,904
Directorate Growth Funded via Reprioritisation	4,202
Total Expenditure Pressures	12,106
Savings Proposals	-4,799
Adjustments on Corporate Budgets	-538
Net Budget Growth / Additional Funding Requirement	6,769
Revised Projected Expenditure Requirement for 2007/08	104,538

Table 2 – 2007/08 Expenditure Requirements

- 17 Service and corporate spending pressures and growth proposals are outlined in Annex 3. Further detail on key corporate spending pressures is detailed below.

Growth

- Price Inflation (non-avoidable expenditure increases only, 2.3% on income, all other budgets cash-limited) ^{PARA 18}
- Pay Inflation ^{PARA 20}
- Employers' Pension Contributions ^{PARA 21}

⁵ Includes £600k contingency

- d. Job Evaluation Costs^{PARA 26}
- e. Additional financing for borrowing (capital programme)^{PARA 32}
- f. Minimum Revenue Provision^{PARA 33}
- g. Environment Agency and Drainage Board increased levies^{ANNEX 3}
- h. Impacts of prior year savings and growth^{ANNEX 3}
- i. Rent Reviews for Admin Accommodation Property^{ANNEX 3}
- j. Impact of Savings on HRA and DSG areas^{ANNEX 3}
- k. Waste Management^{PARA 35}
- l. Impact of New Depot on Business Rate Liability^{PARA 36}

Savings

- a. Minimum Revenue Provision - Local Govt Re-org^{PARA 34}
- b. Contingency Savings (One-Off and Non-Utilised 2006/07 Funding)^{ANNEX 4}

Price Inflation

18 As Figure 4 demonstrates during 2006 general price inflation⁶ has been running at between 2.1% and 3.3%. This is significantly higher than the position for 2005.

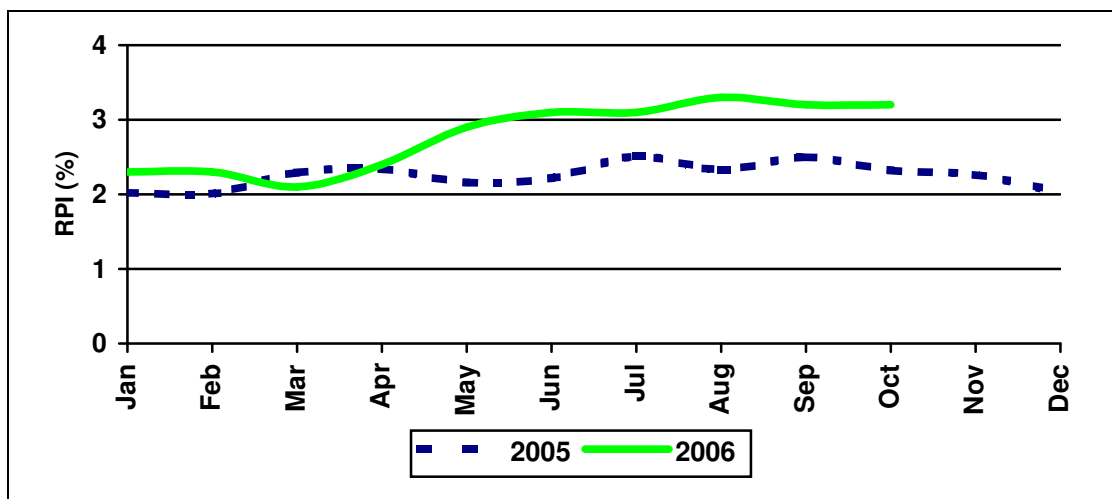


Figure 4 –RPI (Excluding Mortgage Interest)

19 Even with this increased level of general inflation the severity of the expenditure pressures facing the Council for next year means that it is once again proposed that there is a general cash freeze on non-pay budgets. However, there are a number of unavoidable price increases including contractual prices, levies for internal drainage boards and the cost of utilities / fuel all of which need additional funding. In total £1.858m has been allocated to cover such costs. Also included within this figure is a sum for the increased cost of Council Tax Benefits, at 4.5% in line with the overall Council Tax rise for York residents, and provision for Housing Benefits for both private and council tenants.

Pay Inflation and Employers' Superannuation Contribution

20 While estimates have been based upon a 2.5% APT&C pay increase the actual award has yet to be agreed and so an additional £170k has been included in

⁶ RPI excluding Mortgage Interest

the contingency to cover the costs should the actual settlement reach 2.75%. The Council also employs a number of staff under different national conditions (for example Trade, Soubury and Teachers). Where appropriate pay inflation for these employees has been included in line with current agreements and forecasts. In total pay awards are estimated to cost £1.694m (excluding the costs of job evaluation which are addressed later in the report).

- 21 The triennial valuation of the North Yorkshire Pension Fund (NYPF) was undertaken at the end of 2003/04. This review showed that the funding level of the whole fund had fallen from 79.5% (£187m deficit) at 31st March 2001, to 59% (£525m approx deficit) at 31st March 2004 of which York's share was approximately £130m. As recognised in last year's budget this was well below where we would wish the fund to be and additional investment will be required to bring the fund back to a balanced level.
- 22 While the trustees of the Fund recommended a 30 year recovery period as a default approach to covering these shortfalls the Council felt it would be more prudent to have a shorter recovery period and elected to maintain its fixed contribution rate of 17.6% of payroll costs for the period 2005/06 to 2007/08. This rate increased York's recovery period from 15 to 24 years. The interim review of the fund undertaken as at 31 March 2006 indicated that due to market conditions the position of the fund had improved with the funding level having increased to 69% (£523m deficit) of which York's share would be approximately £98m.
- 23 However, even with this positive short term performance pressure is increasing on the council's recovery period and levels of contributions. At the interim valuation the Pension Fund's actuaries indicated that changes in a number of demographic areas, most notably longevity, would have a negative impact on the level of funding. In addition the government is currently consulting on changes to the Local Government Pension Scheme as a whole and once finalised such changes may require an increased level of contributions from both employers and / or employees.
- 24 It is impossible to predict the outcome of the next triennial valuation in March 2007 given the significant variables that will impact upon it:
 - a. Proposed changes to the Scheme;
 - b. Longevity rates;
 - c. Membership profiles;
 - d. Investment growth;
 - e. Return on gilts;
 - f. Assumptions on future growth and inflation.
- 25 As such this budget does not propose to increase the level of employer contributions during 2007/08. However, the results of the triennial valuation are expected in October or November 2007 and will therefore feature in the 2008/09 budget process.

Job Evaluation and Equal Pay

- 26 One of the consequences of the 2004 national three-year pay deal is that the Council must undertake a full pay and grading review based on a job evaluation exercise, and implement any resulting changes by 2007/08. It is anticipated that in line with this requirement York will be implementing its revised pay and grading structure during 2007. In response to guidance from The Employers Organisation the council has set aside funding of £540k and £1,000k in 2005/06 and 2006/07 respectively. On top of these funds during 2007/08 the council will also need to deploy a further £1.25m⁷ giving an ongoing base budget of approximately £2.6m and a one-off budget of just over £1.7m
- 27 The funding built up in 2005/06 and 2006/07 of £1.54m is likely to be fully utilised in making additional equal pay settlements and in meeting the operating costs of the job evaluation and equal pay projects.
- 28 At this stage in the job evaluation project it is not possible to gauge the total costs of revised remuneration arrangements as the result of implementation. However, as Table 3 demonstrates, it is anticipated that £2.616m will be available on an on-going basis to fund the resultant changes.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Budget Allocated	541	1,000	1,075
On-Going Funding in Base	541	1,541	2,616

Table 3 – On Going Job Evaluation Funding in Base Budget

- 29 As Table 4 shows, although the Council is setting aside on-going base budget for the effects of job evaluation this funding has not been needed until 2007/08. Some of this funding has therefore been utilised in meeting the one-off funding of the costs of implementation.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Base Budget ⁸	541	1,541	0
One –off b/fwd	0	382	1,573
One-off funding allocated	0	0	175
Project Costs	-120	-350	-330
Legal Costs (One-Off) ⁹	-39	0	0
Total Funding Available¹⁰	382	1,573	1,418

Table 4 – Cumulative Job Evaluation Funding

- 30 A full report will be brought to the Executive in 2007/08 prior to the introduction of the new pay and grading system which will highlight the full financial implications. This report will also request the release of the on-going funding so it can be allocated across directorates in line with the revised staffing budgets.
- 31 The council has attempted to reach agreement with over 1,300 mainly female staff over compensation relating to equal pay legislation. To date almost 1,100

⁷ This comprises £1,075k on going and £175k one off funding.

⁸ In 2008/09 the base budget allocations will be transferred to supporting the pay implications of job evaluation.

⁹ Executive on the 28/06/05 supported a one off allocation of funding towards additional costs incurred within legal services.

¹⁰ Funding needs to support one off expenditure in 2008/09 on job evaluation and equal pay.

have reached agreements at a cost to the council of around £2m. The council is actively seeking to reach agreement with the remaining 200 staff but some of these may potentially take legal cases against the authority resulting in additional liabilities being incurred.

Capital Financing

- 32 The Council has to make provision within the revenue account to fund the interest and principal repayments on any borrowing it undertakes. Until 2006/07 the FSS formula provided an explicit allocation of funds to support this expenditure however, with the implementation of the four-block model, this is no longer the case. The Council also funds a significant proportion of its capital expenditure from capital receipts. The continued use of capital receipts will result in the reduction of investment income which could have been generated if these receipts had been invested on the money markets.
- 33 The Minimum Revenue Provision (MRP) represents the minimum amount the Council must set aside to repay its debt. This is calculated as a percentage of the Council's capital financing requirement. The capital financing reflects the Council's underlying need to borrow for a capital purpose. The additional growth of £430k represents the increased amount of set aside needed to comply with the statutory requirements. In addition to the MRP there are the interest costs of borrowing the additional funds to finance the capital programme. The anticipated additional interest cost for 2007/08 is £414k, which includes the full year effect of borrowing taken in 2006/07 and the part year effect of 2007/08 borrowing which will be taken mid way through the year.
- 34 In 1997/98 the Council ceased all additional borrowing for local Government re-organisation purposes and has now repaid all that it borrowed leaving an on-going benefit to the General Fund. As a result the budget calculation also includes a reduced cost of £180k that represents the benefit to the Council arising from the fall out of capital funding requirements occurring as a result of local Government re-organisation in 1996.

Waste Management

- 35 It is both a Council and Government priority to reduce the amount of household waste being sent to landfill. In order to achieve this and assist in reaching the target of diverting biodegradable waste from landfill to achieve Landfill Allowance Trading Scheme (LATS) targets the kerbside recycling scheme has been expanded. The scheme now includes more households and a cardboard and plastics collection that requires 3 larger vehicles. Investment needs exist across the waste management agenda and in total the budget for 2007/08 includes £812k of growth pressures in this area. These comprise:
- NS 1 – Landfill Tax, £227k
 - NS 4 – Impact of Growth in Property Base, £36k
 - NS 6 – Waste Strategy, £250k
 - NSG 01 – Operating Costs of Three Additional Kerbside Vehicles, £299k

Impact of New Depot on Business Rate Liability

- 36 The new depot at Hazel Court has an additional National Non-Domestic Rates bill of £133k higher than the depot at Foss Islands Road. The council had successfully appealed to the District Valuer over the rates bill at Foss Islands due to poor state of the old depot and had been given a rebate.

Budget Growth and Investment

- 37 Service departments have identified a number of areas which require increased investment. They have been evaluated on the basis of statutory requirement, risk to Council business, health and safety of the public and Council staff, proven customer demand and the contribution to the corporate priorities.
- 38 Annex 3 lists growth proposals totalling £12.106m. Within this £4.202m represent directorate pressures (Table 5) of which, as summarised in Annex 6, £742k is one-off growth that it is proposed to meet from reserves. It should be noted that this £742k only represents new one-off funding commitments and that an additional £570k of such commitments exist which are viewed as unavoidable due to their nature or commitments made in previous years.

	2007/08	2008/09	2009/10
	£'000	£'000	£'000
Corporate ¹¹	467	967	1,467
Housing General Fund	17	44	76
Adult Social Services	1,640	1,514	1,514
LCCS	463	463	463
City Strategy - Planning & Transport	506	609	563
City Strategy - Economic Development	0	0	0
Chief Executives	413	121	121
Resources	319	319	319
Neighbourhood Services	377	369	439
Recurring Growth	4,202	4,406	4,962

Table 5 – Recurring Directorate Growth

Savings and Income Generation

- 39 Annex 4, summarised in Table 6, details the £4.799m of individual savings proposals submitted by the EMAPs.

	2007/08	2008/09	2009/10
	£'000	£'000	£'000
Housing General Fund	86	113	145
Adult Social Services	899	906	906
LCCS	866	775	779
City Strategy - Planning & Transport	994	664	664

¹¹ Assumes current policy of investing up to £500k per annum into the IT Development Fund is continued in 2008/09 and 2009/10.

City Strategy - Economic Development	22	12	12
Chief Executives	214	211	211
Resources	816	841	843
Neighbourhood Services	902	873	844
Net Total of Savings	4,799	4,393	4,404

Table 6 – Saving Proposals

- 40 Comments from the Head of Human Resources on the implications of these proposals in terms of posts lost and possible redundancy situations are detailed later in this report.
- 41 Alongside the above proposals EMAPs were also presented with a number of alternate savings options totalling £1.565m. These alternate saving options are shown at Annex 5 and summarised in Table 7.

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Housing General Fund	48	48	48
Adult Social Services	431	431	431
LCCS	273	273	273
City Strategy - Planning & Transport	362	362	362
City Strategy - Economic Development	94	94	94
Chief Executives	73	73	73
Resources	117	117	117
Neighbourhood Services	167	167	167
TOTAL	1,565	1,565	1,565

Table 7 –Alternate Savings Options

- 42 Members should be aware that in reaching the final budget proposals some slight amendments have been made to the proposals originally submitted to EMAPs. They are:
- NSG03 – Implementation of Smoke Free Legislation (£78k)
Since the EMAP met the council has been provided with details of an additional grant for 2007/087 which will help fund the costs faced in implementing the new smoke free regulations for certain places, premises and vehicles. It is proposed that this grant is allocated in full to fund such work.
 - CSG03 – Road Safety Initiatives (£202k)
This area is also funded by a specific government grant. At the EMAP it was proposed to ring fence this grant to road safety works. However at that time the grant was forecast to be £185k per annum for 2007/08, 2008/09 and 2009/10. However revised allocations are now available which place the funding at £202k for 2007/08, £197k for 2008/09, £194k for 2009/10 and £191k for 2010/11. The growth shown at Annex 3 has been adjusted to reflect these higher than expected allocations, an increase in 2007/08 of £17k.

Summary of Directorate / Portfolio Budgets

	2007/08 £'000
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Housing	1,188
Adult Social Services	33,893
Children's Services - General Fund	25,321
Leisure and Culture	9,240
City Strategy	12,875
Economic Development	2,220
Chief Executive	5,048
Resources	4,020
Treasury Management	7,479
Neighbourhood Services	13,908
	115,192
Neighbourhood Services - Traded Services	-550
Contingency	600
Job Evaluation Budget	1,075
Asset Rentals balancing figure	-16,460
Corporate Revenue Budgets (e.g. BVACOP, pensions)	3,300
Other Corporate Budgets (e.g. fuel inflation)	1,382
TOTAL	104,538

Table 8 – Summary of 2007/08 General Fund Portfolio Budgets

- 43 Table 8 summarises the proposed net general fund budgets on a portfolio basis. Under the constitution the Scrutiny Management Committee is entitled to request an annual budget for its work. At its meeting on the 18th December 2006 it determined this request to be £6k which is in line with the existing provision and is included in the figures for the Chief Executives Department.

Contribution from the Collection Fund

- 44 The Collection Fund is the ring fenced account where all Council Tax is credited¹². This account can either be in surplus or deficit at the year-end, depending on whether the authority has managed to collect more or less than it originally anticipated. If there is a surplus, the funds are used to reduce the Council Tax. If in deficit, a higher Council Tax must be set and the taxpayer must fund the shortfall. All major precepting authorities¹³ share in any surplus or deficit on the fund, York's share of the surplus is 80.21%.
- 45 For a number of years, due to high collection rates and the buoyancy of the housing market, York's Collection Fund was in surplus. However in 2005/06 this was not the case and hence no surplus was available for distribution. In 2006/07 this position has significantly improved and as a result it is forecast a £1.06m surplus will be produced providing a one-off contribution towards the council's budget of £850k.
- 46 The existing components of the current (2006/07) Band D Council Tax for a City of York resident are shown in Table 9. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

¹² This includes monies collected on behalf of Parish Councils, the Police and Fire Authorities

¹³ City of York, Police and Fire Authorities

	£
City of York Council	939.77
North Yorkshire Police Authority	180.00
North Yorkshire Fire Authority	53.94
TOTAL	1,173.71

Table 9 – Make Up of 2006/07 Council Tax

- 47 The recommendation made in these papers is that from April 2007 the City of York Council's (CYC) element of the Council Tax will rise by 4.5% to £982.06. Such an increase would yield £3.416m in additional income for the Council. This figure reflects an increase in council tax from existing properties of £2,728k and council tax income from new properties of £688k.

Fees and Charges Proposals

- 48 Detailed proposals for fees and charges are presented at Annex 8. The vast majority of proposals are in line with a recommended increase of between 2.3% to 3.0%. However, it should be noted that it is proposed not to increase charges for standard stay car parking charges, on-street parking charges, or season tickets for contract parking.

Use of One-Off Funding to Support One-Off Expenditure Items

- 49 Table 10 shows the position on all of the unearmarked General Fund reserves which, it is anticipated, will increase from £5.52m at the start of the 2007/08 financial year to £6.696m by the end of 2008/09. In the longer term the Council's budget should not rely on one-off funds to support recurring expenditure, but it is good financial practice to use such funds to support one-off expenditure. In this regard it should be noted that the above figures do not include future unidentified one-off pressures funded by reserves or the use of the venture fund in support of the admin accom project or other invest to save activities both of which could significantly impact on the levels of balances held by the end of 2008/09.
- 50 It is assumed in the budget projections in this paper that all of the net one off expenditure for 2007/08 totalling £1.312m, will be funded from Revenue Reserves reducing the available balance on the general fund to £3,569k¹⁴. Within this £215k has been set allocated to meet the costs of the local elections in May 2007. It is likely that a proportion of this funding will be required to be spent in advance of the 1st April 2007 and the Executive are being asked to authorise the use of up to £50k from this budget in 2006/07.
- 51 Forecasts for the future levels of reserves are shown at Annex 7. In addition the contingency (Annex 2) contains potential one-off expenditure pressures totalling £500k which it may be appropriate to fund from the general reserve.

	2006/07 Projected Outturn	2007/08 Budget	2008/09 Budget

¹⁴ The council is currently anticipating an additional dividend from YorWaste totalling £480k. In line with the second monitor the figures in Table 10 reflect this dividend being received in 2007/08. If received before the 31st March the 2006/07 projected outturn would increase to £6m whilst future year values would remain unchanged.

	£'000	£'000	£'000
General Fund	3,569	3,150	2,651
Venture Fund	1,621	2,530	3,715
Commercial Services	330	330	330
Total	5,520	6,010	6,696
CPA / Prudent Minimum Reserves	4,950	5,201	5,361
Headroom in Reserves	570	809	1,335

Table 10 – Projected General Reserves

- 52 Under current CPA guidance, a recommended prudent level of reserves for this Council should be 5% of the net non-schools revenue budget. For 2007/08 this would be equal to 5% of £104.982m, or approximately £5.25m. However in line with best practice the council is looking to move away from this blanket figure to a targeted calculation taking into account identified risks and known commitments. The Director of Resources has undertaken a mini-review of the level and nature of balances held both for general purposes and for earmarked purposes, and also calculated the level that should be held by undertaking a risk assessment for the Council rather than using the former CPA guidance of 5% of net general fund budget. In considering what level of general purpose balances that should be held, rather than those held for earmarked purposes, the Director of Resource has determined that, as a minimum, the prudent level must:
- i. Provide sufficient cover to match the highest peak values for net departmental overspends over the last three financial years (£2,000k);
 - ii. Be sufficient to fund the Council's contribution to the Bellwin scheme relating to the costs of two major disasters in a financial year (£760k);
 - iii. Cover a shortfall in council tax income of approximately 0.5% (£350k);
 - iv. Cover 2% of the Council's net revenue budget (£2,091k).
- 53 The total of the above is that the prudent minimum level of reserves is calculated at £5,201k compared to the former CPA guideline figure of £5,250k. For 2008/09 it is assumed that items ii, iii and iv will increase by 5% while i will remain fixed. This provides a 2008/09 minimum prudential balance of £5,361k.
- 54 Included within the Council's earmarked reserves there is the sum of £300k for the Council's contribution to any future Bellwin claims. As the prudent general reserves target now includes an allowance for meeting major disasters it is therefore proposed that this sum should now be transferred from earmarked reserves to the general fund. The above balances include this figure.
- 55 For calculation purposes the overall general reserves comprise the general fund reserve, the venture fund reserve and the commercial services reserve. Details of these are also shown in Annex 7.
- 56 Members are reminded that balances are not normally used to fund recurring expenditure and any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund current year overspends or new investment in future years. Using balances to fund recurring expenditure creates funding problems in future years, as the resources will no longer exist, but the expenditure will.

57 It is forecast that by the end of 2007/08 the Council will have relevant reserves totalling £6.010m, against a prudent reserve level of £5.201m. However this position assumes that the council will receive an interim payment of LPSA2 reward grant of £409k that will be used to repay some of the advances on the venture fund and that no call is made on the general reserve for the £500k of potential one-off expenditure pressures detailed at Annex 2. If no payment was to be received and all the pressures were funded then the general reserves would be £100k below the prudent limit determined by the Director of Resources.

Commercial Services

58 Traditionally due to the traded nature of its work the council’s budget report has included an adjusted contribution from the Commercial Services directorate. However with the directorate’s absorption into Neighbourhood Services this approach is no longer appropriate and from 2007/08 onwards savings and growth requirements will be addressed in line with all other council services.

General Contingency

59 In order to meet any unforeseen costs which may arise during the financial year, the Council sets aside a contingency amount in the budget. This is a prudent way to ensure that unforeseen costs do not result in any substantial overspends against budget, which would impact on Council reserves or require in year cuts to be made. Due to the uncertainty of any of these events occurring the level of funding provided is less than the total potential demands. As Figure 5 shows calls on the contingency have varied significantly in recent years¹⁵.

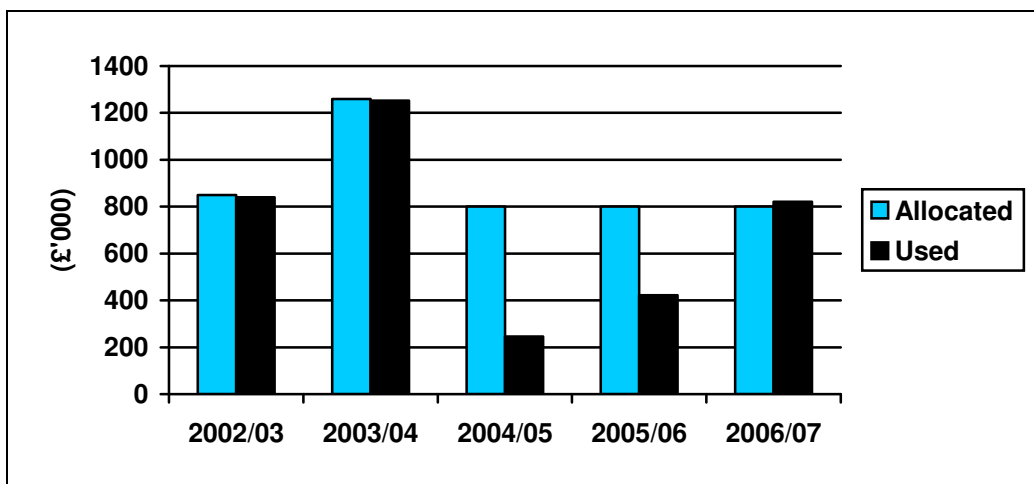


Figure 5 – Size and Use of Contingency

60 The General Contingency for 2007/08 will need to be set at a level to allow the Council to cope with some potentially significant financial issues, which are, at

¹⁵ 2006/07 Figures assume the allocation by Executive of £55k to Neighbourhood Services in respect of income pressures at the crematorium.

this stage not fully quantifiable. Details of possible calls on the contingency are set out at Annex 2 and summarised in Table 11.

	2006/07		2007/08	
	Potential Requirement	Utilised	One Off	On Going
	£'000	£'000	£'000	£'000
HASS	647	400	280	0
LCCS	277	79	0	0
City Strategy	50	0	0	400
Chief Executives	69	9	20	0
Resources	0	0	100	0
Neighbourhood Services	296	55	0	80
Corporate ¹⁶	450	279	100	545
Total	1,789	822	500	1,025

Table 11 – Summary of Potential calls on Contingency

- 61 In the context of the estimates provided above and the difficulties of costing some of the proposals it is recommended that Members set a robust contingency for 2007/08. It is accepted that not all these pressures will become a reality, but due to the uncertain nature of the possible pressures it is recommended that a contingency of £0.6m is set aside.

Contribution to the Council's Priorities

- 62 The council's corporate strategy for 2006 to 2009 has laid down 13 clear priority areas for service improvement. These are:
- Decrease the tonnage of biodegradable waste and recyclable products going to landfill.
 - Increase the use of public and other environmentally friendly modes of transport.
 - Improve the actual and perceived condition and appearance of the city's streets and open spaces.
 - Reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York.
 - Increase people's skills and knowledge to improve future employment prospects.
 - Improve the contribution that Science City York makes to economic prosperity.
 - Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are poorest.
 - Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.
 - Improve the quality and availability of decent, affordable homes in the city
 - Improve our focus on the needs of customers and residents in designing and providing services.

¹⁶ Includes £275 for social care pressures which if required would be utilised by LCCS or HASS.

- (k) Improve leadership at all levels to provide clear, consistent direction to the organization.
- (l) Improve the way the council and its partners work together to deliver better services for the people who live in York.
- (m) Improve efficiency and reduce waste to free-up more resources.

63 Achieving these ambitious priorities over the next two years will require a high degree of commitment by the organisation. In some instances, such as for priorities 'c', 'd', 'i' and 'k' work has been on-going towards revising managerial and operational structures to ensure that outcomes can be improved within the existing resource base. The council recognises, however, that to achieve certain of its priorities the authority must make additional investment in key areas. To this end the growth proposals at Annex 3 identify opportunities for significant additional investment to support priority 'a', reduced use of landfill, and priority 'e', increased skills and knowledge. These are shown below:

Use of Landfill

- NS 1 – Landfill Tax
- NS 4 – Impact of Growth in Property Base
- NS 6 – Waste Strategy
- NSG 01 – Operating Costs of Three Additional Kerbside Vehicles

Skills and Knowledge

- CHG03 – KS3 Personalised Learning
- CHG05 – Primary Personalised Learning
- CHG06 – 14-16 Practical Options
- CHG08 PRUs and Skill Centres

64 As in previous years budget proposals have been developed to ensure that saving proposals have the least possible impact on the council's priorities and the quality of service experienced by individual customers. By doing so the council has managed to release £4.799m of savings which have been reinvested in other service areas and in addressing the unavoidable spending pressures that the council will face during 2007/08.

65 During the next year work will be undertaken to further deliver significant improvements in the priority areas and to ensure that these, and objectives contained in future versions of the corporate strategy, are fully integrated into future budget processes.

Funding Position

Government Settlement - 2007/08

66 In 2006/07 the Government changed its approach to local authority funding. Before this date settlements were based on assumptions of spending need (Formula Spending Share). This spending need was partially funded by formula grant (Revenue Support Grant plus Non-Domestic Rates) and was balanced by a Government assumption on the amount of Council Tax each local authority could raise (Assumed Notional Council Tax).

67 From 2006/07 Local Government funding is based on a four-block model which no longer uses notional figures for spending and local taxation. Instead the formulae are now simply a means to distribute actual Government grant. Allocations from this approach are shown in Table 12.

	2007/08 £'000	2008/09 £'000
Relative Needs Block	24,242	24,766
Relative Resource Amount	-17,118	-17,794
Central Allocation	31,292	32,244
Floor Damping	-1,265	-0,872
Net Allocation	37,151	38,343

Table 12 – Government Funding Allocations 2006/07 and 2007/08

- 68 The government is also looking to move towards longer term financial settlements linked to the comprehensive spending review (CSR) cycle. As a result last year's settlement covered both 2006/07 and 2007/08, and following CSR 07 next year's settlement will cover the three year period 2008/09 to 2010/11. This should allow greater certainty in longer term budget setting. However for 2007/08 the figures have been provided for one year only.
- 69 As Table 13 demonstrates, the funding settlement indicated a £1.392m increase in formula grant offset by a reduction of £201k due to adjustments on the transfer of responsibilities into general grant providing a total allocation of £38.343m¹⁷. However it must be noted that in the settlements for 2006/07 and 2007/08 the level of funding received by the Council has, due to use of floor damping, been reduced by £2.137m (£1.265m and £0.872m for 2006/07 and 2007/08 respectively). At this stage no indications are available about when this damping will finally cease and CYC will get its full grant entitlement.

	2007/08 £'000	2008/09 £'000
Formula Grant for Prior Year	108,851	37,151
Dedicated Schools Grant Transfer	-74,451	0
Transfer of Responsibilities/New Burdens	1,565	-0,201
Adjusted Prior Year Formula Grant	35,965	36,950
Increase in Formula Grant	1,187	1,392
Formula Grant for Year	37,151	38,343

Table 13 – Breakdown of Funding Settlement

- 70 In 2006/07 York's grant increase of 3.3% was marginally ahead of the average for other unitary authorities (2.89%). However in 2007/08 this position has been reversed with a below average increase (3.8% as opposed to 4.1%). As Figure 6 demonstrates, when viewed as a two year settlement for the combined period 2006/07 and 2007/08, York has seen an average level of increase in its grant funding (7.17% compared to an average 7.16%).

¹⁷ It should be remembered that neither of these totals contain allocations for Dedicated Schools Grant which is made as a separate payment to the Council.

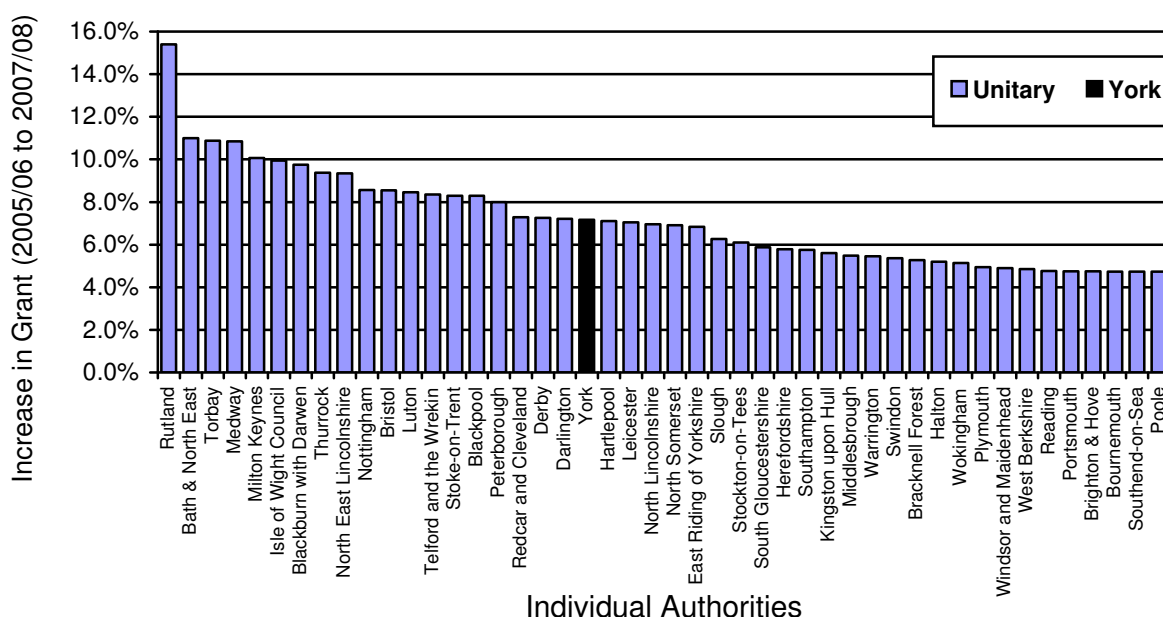


Figure 6 – Scale of Unitary Grant Increases 2005/06 to 2007/08 (Post Damping)

- 71 York’s funding has been affected by transfers of specific grants and new responsibilities into RSG funding which have resulted in a £201k reduction in overall grant. However at this stage a breakdown of how this figure is calculated is not available.
- 72 While the funding settlement identifies a net reduction in grant of £201k there are also a number of instances in social care where this change has not been as transparent, with the grant continuing at a lesser level at a total costs to the council of £1.047m. These are (including reference in Annex 3):
- HAG2 Supporting People, £897k
 - HAG4 Preserved Rights, £120k
 - HAG7 Mental Health, £30k

73 As Table 14 shows, the above adjustments have resulted in additional Government funding of £1.191m being available to support the Council’s spending needs the majority of which is required to ensure the continuation of services for which external grant has been withdrawn. It should also be noted that this is £842k less than would be the case if formula damping were not in place.

	2007/08 £’000
Reduced RSG due to Grant and Service Transfers	-201
Additional RSG for New Functions	0
Additional RSG/NNDR for 2007/08 settlement	1,392
Total	1,191

Table 14 – Gross Increase in Government Funding (General Fund)

74 Annex 1, summarised in Table 15, shows how these changes in funding affect the overall funding position for the Council. Once the use of reserves is taken into account the Council has £101.122m of funding available against identified budget pressures of £104.538m. This leaves £3.416m to be met from the

Council Tax, the equivalent of a 4.5% increase on a Band D property. Including the contribution from the collection fund this would increase the Council Tax element of funding for York to £64.883m.

Funding Requirements	2007/08 £'000
Existing Funding	98,869
Removal of one-off funding for non-rec exp.	-1,100
Starting Funding for 2007/08	97,769
<u>Funding Changes in 2007/08</u>	
Loss of Grant due to Transfers and New Grants	-201
Estimated Increase in RSG	1,392
Contribution from Collection Fund Surplus	850
Use of Reserves	1,312
Revised Funding for 2007/08	101,122
Additional Council Tax Income Required	
• From Increase in Council Tax	2,728
• From Additional Properties	688
Net Impact of Council Tax Increase of 4.5%	3,416
Net Funding Available	104,538

Table 15 – 2007/08 Funding

Adopting Changes to the Proposals

- 75 Details of service budgets were provided to members as part of the EMAP papers and the recommendations arising from these meetings are detailed at Annexes 3 and 4. However as Annex 5 shows individual EMAPs were also provided with alternate saving options which could be adopted to replace proposed savings, fund additional reinvestment or reduce the overall budget requirement. For reference members should note that in terms of the proposals and alternate options that a 0.1% change in the Council Tax equates to a saving of £61.23k or, alternately, a £100k saving equates to a 0.16% reduction in Council Tax.
- 76 Members also need to take due cognisance of the need to ensure that any amendments to the budget are balanced, that is savings and growth must either equal each other; or be corrected via appropriate transfers to or from reserves; or result in equivalent adjustments to the Council Tax levied by the Council; or reflect adjustments to the fees and charges levied.

Housing Revenue Account (HRA)

- 77 There is a separate budget report for the HRA which is attached at Annex 10. The proposals will ensure that the HRA is fully balanced, with expenditure commitments being matched by ring-fenced income. To balance the account and meet revenue growth requirements of £44k, and following a proposed rent increase of 5%, savings proposals of £76.6k have been made. The working balance on the HRA at the 31 March 2007 is estimated to be £5.453m, an increase of £618k over the balance at the end of 2006/07. This balance is

required to achieve the decent homes standard by 2010 in line with the HRA business plan. Full details of all proposals and supporting information are in the HRA Budget Report.

Dedicated Schools Grant and the Schools Budget

- 78 The DSG is ring-fenced for funding the provision of education for pupils in schools. As such it covers funding delegated to individual schools through the LMS Funding Formula and funding for other pupil provision that is retained centrally by the LEA. It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (5% in 2007/08). Additional funding is then allocated based on Ministers' priorities. For 2007/08 personalised learning and practical options for 14-16 year olds have been identified as priorities.
- 79 Expenditure under the DSG does not form part of the council's overall net revenue budget. Details of the proposals for this area are included alongside other elements of savings and growth at annexes 3 and 4. The LEA itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the Schools Forum limited contributions can be made to the following areas:
- Combined budgets supporting Every Child Matters objectives where there is a clear educational benefit.
 - Prudential borrowing, where overall net savings to the Schools Budget can be demonstrated.
 - Some SEN transport costs, again only when there is a net Schools Budget saving.
- 80 There are also strict limits (Central Expenditure Limits) on the amount of the DSG that the LEA can retain to fund pupil costs outside mainstream schools.
- 81 As Table 16 shows for 2007/08 York's increase in DSG is estimated to increase by £3.785m (+4.7%) to £83.835m, the equivalent of £3,614 per pupil (+6.4%). This figure includes additional funding which has been allocated for the following government priorities:
- Personalised Learning at Key Stage 3 and in primary schools (£879k)
 - 14-16 Practical Learning Options / Vocational Training (£215k)

	£'000
2007/08 Base Budget	79,539
Schools Minimum Funding Requirement	+ 2,722
Provision for Pay Increases (not schools)	+ 235
Provision for Price Increases (not schools)	+ 217
Growth Proposals (Annex 2)	+ 1,394
Savings Proposals (Annex 3)	- 272
2007/08 Total Proposed Budget	83,835

Table 16 - Schools Budget Proposals

82 The funding available includes the estimated 2007/08 DSG allocation of £83,582k plus a carry forward from 2006/07 of £253k because of an underestimation of pupil numbers in 2006/07. This will be updated following the annual schools and early years census in January 2007.

83 Although at face value the increases appear generous, they are well below average and are at the lower end of the increases nationally (134th out of 149 authorities). This can also be seen in the per pupil cash increase with the highest increase nationally of £419 per pupil in 2007/08 almost double the increase in York which is £217.

Schools Minimum Funding Requirement (+£2,722k)

84 The minimum guarantee applies to the funding provided by the LEA to schools via the LMS funding formula. The actual way the guarantee is calculated for an individual school varies depending on the type of school and the size of the school. The DfES have estimated average school level pay and price inflation for 2007/08 at 3.69% and based on this calculation have set the Minimum Funding Guarantee (MFG) at 3.7% per pupil for all schools in 2007/08. The estimated amount required to deliver the MFG for all York school (including net estimated change in pupil numbers) is £1,796k.

85 Central Expenditure Limit (CEL) regulations determine the minimum total size of the Individual Schools Budget (ISB). For 2007/08 an additional £926k (equivalent to 1.9% per pupil) will need to be allocated to schools over and above the £1,796k required to deliver the MFG (and the £879k included as ISB growth items at Annex 3) in order to meet the CEL limit.

Pay Increases and increments (excluding schools) (+£235k)

86 These calculations are based on a pay increase for APT&C and Teaching staff of 2.5% and a 0.6% increase in teachers' pensions at a cost of £190k. Growth of £45k is included for the net costs after allowing for new starters at the lower point of the grade.

Price Inflation (excluding schools) (+£217k)

87 The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments and fuel bills.

Growth Proposals (+£1,394k)

88 A range of options for growth proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 3 are approved.

Savings Proposals (-£272k)

89 For the Schools Budget savings have had to be identified within the centrally retained budgets in order to keep expenditure within the overall DSG funding

level and meet the requirements of the central expenditure limit regulations. Annex 4 shows the full list of DSG savings proposals.

Schools Funding via the ISB (LMS Formula Funding)

- 90 Under the DfES regulations, the minimum overall increase required in the ISB for 2007/08 is estimated at £3,767k or 5.1%. This equates to an average per pupil increase within the ISB of approximately £180 or 5.9%. Table 17 sets out the initial estimate of how this figure is made up:

	£'000
Delivering the DfES Minimum Funding Guarantee	1,796
Post 16 Pupils – Funded by the Learning & Skills Council	94
Return of Primary Personalised Learning – Funding Area Teachers in 2006/07	72
Additional Primary Personalised Learning	346
Additional Key Stage 3 Personalised Learning	533
Headroom available to continue delivery of new funding formula introduced in 2005/06	926
Total	3,767

Table 17 – Individual Schools Budget Increase – 2007/08

- 91 The additional funding for post 16 sixth form pupils is determined by the formula set by the Learning and Skills Council, again for 2007/08 this funding will also be protected by the MFG at 3.7% per pupil.
- 92 For 2006/07 the primary headteachers agreed a top-slice of £72k from their personalised learning allocation to fund four part time area teachers that the council was proposing to cut. For 2007/08 a traded service is being established and the £72k top slice is returned to the ISB.
- 93 As part of the two year settlement the DfES had already announced additional funding in 2007/08 for personalised learning totalling £879k. At its meeting in September the Schools Forum agreed to maintain the existing method of distribution within the formula for 2007/08 prior to a full review of deprivation funding for 2008/09.
- 94 When the new LMS Funding Formula was introduced from April 2005 the overall level of funding available was insufficient to allow most schools to reach their new target level immediately. To deal with this the Schools Forum agreed that a maximum (ceiling) per pupil increase would be determined each year depending on the overall increase in the level of resources available. Those schools whose formula funding level (on a per pupil basis) was above the ceiling level would then have their increase capped at the ceiling level. Over a period of time, originally estimated at 4/5 years, the vast majority of schools would be moved to their target level of funding.
- 95 In setting the two year budget strategy last year the Schools Forum agreed that the additional headroom within the ISB over and above the new personalised learning allocations and the sums required to deliver the MFG should continue to be used to move schools to their target level under the new formula. The estimated £926k available in 2007/08 (the third year of the new formula) should

enable a maximum ceiling increase of at least 7.5% per pupil to be set. This means that over 70% of schools will have reached their new target level; ahead of the schedule originally envisaged.

School Standards Grant (SSG), School Development Grant, Standards Fund Grants

- 96 Almost all of these funding streams were pre-announced for 2007/08 as part of the two year funding allocations (although some additional SSG was announced in the Chancellor's Pre Budget Report in December 2006). Schools will receive a minimum 3.7% increase in the vast majority of the allocations delivered through these funding streams. The exception to this is the targeted allocations related to the Primary and Key Stage 3 strategies, which are due to be announced by the DfES in early 2007.
- 97 For the elements of these grants supporting LEA services and staffing, the DfES has continued to freeze allocations at 2003/04 levels. This puts particular pressure on the Educational Development Service and in 2007/08 one advisor post will need to be deleted to contain costs within the grant allocations.

School Specific Contingency

- 98 The school specific contingency budget is effectively a sum that is top-sliced from the ISB funding available for schools. As such the actual level of the contingency can only be set by the Schools Forum and once set can be used by the LEA for two purposes. This is totally separate from the general fund contingency shown at Annex 2.
- 99 Firstly as an ISB contingency retained to deal with any data errors notified by schools within their LMS formula funding (mainly at provisional resource allocation stage). This sum is also used to adjust school funding in year to reflect items funded in the LMS Formula on an actual basis that could only be estimated at the start of the year.
- 100 Secondly a separate contingency held outside the ISB by the LEA for circumstances where Governing Bodies face unreasonable and significant cost pressures during the year that could not have been planned for or were unknown at the start of the year.
- 101 In setting the two year budget strategy last year, it had already been agreed that the following provisions be made in the School Specific Contingency budget for 2007/08:
- £77k, representing 0.1% of the total ISB to cover data errors and changes and variations in items funded in the formula on an actual basis.
 - £250k to write off any deficits at Oaklands and Lowfields schools at the time of closure and fund the costs of the shadow governing body of the new York High School prior to the school opening in September 2007.
 - £100k as a general contingency
- 102 For 2007/08 an additional item of £250k is proposed to fund the costs of any

pay protection schools may be expected to fund as a consequence of the job evaluation process for non-teaching staff.

- 103 Members should note that any funding set aside in the School Specific Contingency budget can only be spent on directly supporting schools. Any sums unspent would have to be carried forward to the following financial year and ultimately allocated in some way across all schools if they were not called upon.

Combined Budgets Supporting the Every Child Matters Agenda

- 104 In setting the two year budget strategy last year, the Schools Forum has already agreed that a sum of £237k be used to support a combined budget for managing education and care placement costs for the city's looked after children population. This has meant that during 2006/07 the majority of this funding has been used to continue the development of a high quality local fostering programme. A recent report on the placement strategy for looked after children has been presented to the Children's Service EMAP. This report set out the advantages both in terms of financing and for the individual child's care / education. The report also recommended further expansion of the local fostering programme.
- 105 In financial terms the benefits of the approach are already being seen. The DSG funded Out of City Placements budget has been under severe pressure for a number of years now, with significant increases (c£250k per annum) in the budget being required. For 2006/07 in anticipation of the new approach no increase was made to the budget. Despite this the current projection is for an underspend of about £60k by the end of the year. The Schools Forum has therefore been asked to agree that the combined budget of £237k continues to be used to support the development of the local fostering programme.

Exceptions to the Central Expenditure Limit

- 106 The school funding regulations set strict limits on the level of funding that can be retained from the DSG by the council to fund centrally provided services for pupils. If the authority wishes to retain any sums above the limits then the specific approval of the Schools Forum is required. Table 18 summarises all the existing and proposed exemptions to the Central Expenditure Limits for 2007/08.

	£'000
<u>Existing Exemptions Agreed in 2006/07:</u>	
• Transfer of Teachers' Pay Grant for Centrally Employed Staff	192
• Practical Learning Options for 14-16 Year Olds	338
• School Specific Contingency Items:	
○ ISB Errors and Actual Cost Items (@ 0.1% of total ISB)	77
○ General Unspecified Annual Contingency Level	100
○ West of York Secondary School Review	250
<u>New Exemptions Requested for 2007/08:</u>	
• Job Evaluation Pay Protection Contingency	250
• Early Years SEN Transfer from ISB	24
Total Exemptions for 2007/08	1,231

Table 18 - Exceptions to the Central Expenditure Limit – 2007/08

107 At its meeting in October 2006 the Children’s Service EMAP approved a proposal to redirect £24k of funding currently contained within the ISB and delegated to Burton Green Primary School’s Early Years Special Educational Needs (SEN) unit. Under the proposal the unit at the school will close at 31 March 2007 and the £24k of funding would be used to support early years SEN provision in other settings (other maintained schools or private, voluntary and independent nurseries).

Precepts

108 In addition to the Council Tax to be charged by the City of York, the overall charge must include the precepts from the Police Authority, Fire Authority and Parish Councils. Due to the timing of this report these precepts are not yet available but will be included in the report which is considered by full council on the 21st February. However to put this decision in context in 2006/07:

- The Police Authority increased its precept by 2.27% (£4.00) resulting in a Band D Council Tax of £180.
- The Fire Authority increased its precept by 2.56% (£1.36) resulting in a Band D Council Tax of £53.94.

109 As Table 19 demonstrates in 2006/07 these increases resulted in a total Band D Council Tax for York of £1,173.71.

	2006/07			2007/08	
	Increase (£)	Increase (%)	Council Tax	Council Tax	Increase (%)
CYC	48.95	5.49	939.77	982.06	4.5
Police	4.00	2.27	180.00		
Fire	1.36	2.56	53.94		
Total	54.31	4.86	1173.71		

Table 19 – Headline Council Tax Figures for City of York Area

110 There are 31 parish Councils within the City of York Council area all of which will have set their precepts before the council meeting on the 21st February. In total the parish precepts rose by 8.9% in 2006/07. This overall change masked a wide variety of increases and decreases in the individual parishes ranging from a reduction of 32.5% at Upper Poppleton to a doubling of the precept in Osbaldwick. In 2006/07 the impact upon individual taxpayers also varied from a Council Tax charge of £6.06 per Band D property in Strensall and Towthorpe, to £38.58 in Heslington.

Budget Consultation

111 For 2007/08 stakeholder consultation has been undertaken with the business community, the voluntary sector, a selection of other external bodies and the public. Details of the responses given are provided at Annex 9.

National Non Domestic Rates (NDR)

- 112 In April 2006 the two NNDR multipliers were 43.3p in the pound for normal properties and 42.6p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). From April 2007 these multipliers will increase to 44.4p (2.54%) and 44.1p (3.52%) respectively. Bills for individual ratepayers will also be adjusted in line with the national transitional relief scheme, which from April 2005 to March 2009, aims to mitigate the effect of those properties that would otherwise see large changes in their NNDR bills.
- 113 During the consultation meeting with the business community concern was expressed that as a city York did not benefit from growth in its business community through the payments made by companies via NNDR. The NNDR income which the council collects is remitted in full to the Treasury, which redistributes amounts to Local Authorities as part of the RSG settlement process. In addition to this there is a national scheme called the Local Authority Business Growth Incentive (LABGI) which is designed to reward councils with one off funding if they exceed a target for the generation of business rates. This reward funding can be used for any purpose.
- 114 Unfortunately for York the current trend in rateable value for business premises has been downwards with large-scale businesses closing their operations, for example Terry's of York. Therefore, although there is a perception that in certain parts of the local economy there is steady growth, overall there has been a fall in real terms in the amount of business premises being occupied. York looks unlikely to benefit from this scheme either in 2007/08 or 2008/09 after which it is not known if the scheme will continue. It is worth noting that council owned properties comprise 3.6% of the total NNDR liability for the York area.

The Government's Efficiency Agenda

- 115 Over the 3 year period from 2005/06 to 2007/08 the Efficiency Agenda aims to divert £6.45 billion of national and local Government expenditure into front-line services. At least half of the efficiency gains must provide a direct financial saving or benefit and the money released can be spent elsewhere or used to balance the budget (cashable). The remainder may be non-cashable i.e. gains may not necessarily lead to lower costs but will lead to improved performance for the resources used. The efficiency agenda is not about cutting the overall level of funding to local Government. Instead it aims to recycle efficiency savings into front line services and, to date, there has been no impact on the level of grant support provided to local authorities.
- 116 At the 2006/07 mid year monitoring point the Council estimated cumulative efficiency gains of £ 8.559m against a target to date of £ 5.871m. If the 2007/08 budget saving proposals are approved these will deliver cashable efficiencies of around £2.369m. In addition to these there are a number of potential cashable and non-cashable savings which are yet to be formally appraised.

	2005/06	2006/07	2007/08
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	£'000	£'000	£'000
Annual Target			
• Cashable	1,294	1,642	1,467
• Non Cashable	1,294	1,642	1,467
Cumulative Target	2,588	5,872	8,806
04/05 Backward Looking ¹⁸	1,023	1,023	1,023
05/06 Outturn	3,842	3,842	3,842
06/07 Mid term Monitor		3,694	3,694
07/08 Estimate		2,369	2,369
Efficiencies achieved	4,865	8,559	10,928
Over/(Under) Target	2,278	2,688	2,122

Table 20 – Progress on Efficiency Targets

- 117 As Table 20 shows the Council remains well ahead of its cumulative efficiency target and is well placed to significantly exceed its overall target at March 2008. However while it is currently ahead of these overall targets the Council needs to take steps to ensure that it maintains this positive position. This will require the Council to do more to formalise the efficiency agenda and develop its programme of specific efficiency reviews.
- 118 In the Pre Budget Report the Chancellor announced that from April 2008 the council will face an annual cashable efficiency target of 3% (the equivalent level of non-cashable savings is yet to be announced). Allowing for net budget growth of 4% per annum this would result in a target of £3.64m in 2008/09, £3.79m in 2009/10 and £3.94m in 2010/11.

Medium Term Financial Position

Overall Position

- 119 While it is a legal requirement that the Council balances its budget for the next financial year and sets a Council Tax, it is essential that this is done in the context of its medium term requirement. This is done to avoid significant swings from year to year and more importantly to plan ahead if the financial projections indicate the need for major reductions in spending or Council Tax increases and to ensure that increasingly scarce resources are correctly targeted.
- 120 In support of this, in 2006/07 the ODPM, for the first time, published a two year settlement covering both 2006/07 and 2007/08, a development which was introduced to bring greater stability and certainty to funding for local services in the belief this should allow better financial management and more efficient use of resources, and introduce greater stability to the Council Tax. The government has indicated that in future settlements would mirror the three year cycle of comprehensive spending reviews (CSR) leading to a three year settlement in 2008/09 and a two year settlement for 2009/10. However as the

¹⁸ In 2005/06 the Council was allowed to take into account on-going efficiency savings achieved in 2004/05.

results of CSR 2007 are yet to be announced 2007/08 is a traditional one year funding settlement.

121 Even allowing for a Council Tax increase of 5% Annex 1, summarised in Tables 21 and 22, shows current projections of a shortfall in resources of £5.82m in 2008/09¹⁹. At this stage these figures include a number of assumption, including:

- a. An assumed £4m additional departmental recurring growth pressures;
- b. £4.85m for pay and price increases;
- c. £636k for the overall impact of capital expenditure;
- d. £0.8m contingency fund in each year.

Funding Requirements	2008/09 £'000
<u>FUNDING</u>	
Existing Funding	104,538
Removal of one-off funding for non-rec exp.	-1,312
Starting Funding for 2008/09	103,227
<u>Funding Changes in 2007/08</u>	
Estimated Increase in RSG	436
Contribution from Collection Fund Surplus	600
Use of Reserves	627
Additional Council Tax Income	
• From Increase in Council Tax	3168
• From Additional Properties	665
Net Impact of Council Tax Increase of 5%	3833
Net Funding Available	108,723

Table 21 – 2008/09 Funding

Expenditure Requirements	2008/09 £'000
Net Expenditure Budget for 2007/08	104,538
Less: One-off Funding for non-recurring items	-1,312
Starting Expenditure requirement for 2008/09	103,227
Unavoidable and Corporate Non-Schools Expenditure Pressures	
Recurring	7,112
Non-Recurring	295
Total Unavoidable Pressures	7,407

¹⁹ Excludes Council Tax increase and assumes £4m of discretionary growth

Directorate Growth Funded via Reprioritisation	
Adjustments to 2008/09 Growth Proposals	-296
Assumed Growth	4,000
Total Directorate Growth	3,704
Total Expenditure Pressures	
Adjustments to 2007/08 Savings Proposals	402
Adjustments on Corporate Budgets	-197
Net Budget Growth / Additional Funding Requirement	11,316
Gross Budget Requirement	114,543
Funding Available (Table 21)	108,723
Projected Saving Requirement for 2008/09	5,820

Table 22 – 2008/09 Expenditure Requirements

- 122 While the gap does include current known pressures and the implications of decisions proposed in this report it does not take into account any issues arising from Governmental and Council policy decisions. Prior experience indicates that such developments may well require funding over and above the levels currently identified.
- 123 In determining its approach the Council needs to pay due regard to a number of factors, not least potential future capping criteria. In this area the Government has made it clear that it anticipates average Council Tax increases to be below 5% for 2007/08. However, as the council unfortunately found out in 2006/07, the use of the word average in this regard was a misnomer which meant that intervention occurred where council tax increases exceeded 5%.
- 124 Based on such factors the Council needs to consider a range of future options. Such developments need to focus on:
- The Council's low level of relative expenditure and its need to maximise available resources.
 - Maintaining an annual Council Tax increase of no more than five percent per annum.
- 125 While the above options provide a target range for future Council Tax increases of no more than 5% the Council should continue to look to balance current and future expenditure pressures with the city's position as the lowest spending unitary authority. As such the Council should continue to seek to maximise its income levels both in terms of central Government funding and the levels of Council Tax yield it secures.
- 126 It should be remembered that outside of these concerns the Council needs to correctly manages those services such as schools for which it receives direct grant funding and to ensure that the HRA works towards the decent homes standard whilst maintaining adequate working balances.

Additional Pressures

127 In considering the level of council tax increase the authority needs to be aware of the significant pressures that the Council faces in the near future. These include:

a. The future costs of waste management

There are significant cost pressures facing the Waste Management budget over coming years. Landfill Tax is currently increasing by £3 per tonne and the introduction of Landfill Allowances limits the amount of biodegradable municipal waste²⁰ that the Council can dispose using landfill. In 2007/08 the Council is having to put aside £227k to cover these cost increases. The Landfill allowance is 63,450 tonnes in 2007/08 and this is set to reduce to 20,640 tonnes by 2020. While it is currently forecasted levels of landfill will be within allowances up to and including 2008/09 after this date the Council will need to have diverted additional waste from landfill or purchased allowances from other local authorities. If this is not achieved then the Government will fine the authority £150 per tonne landfilled over the allowance. This could potentially cost the Council £11.5m over the following four years. To alleviate this risk the Council in partnership with North Yorkshire County Council is seeking to undertake a PFI procurement that will divert waste from landfill.

b. The introduction of job evaluation (see paragraph 26)

c. The deficit on the pension fund (see paragraph 21)

d. The reduced level of contingency funding (see paragraph 59)

e. The increasing numbers of elderly and the costs of services for them

Current estimates envisage that the client base for social care will have increased from 4,892 in 2002/03 to 6,353 by 2008/09. The impact of this growth in the client base will be further magnified should historic increases in the average cost per client also continue.²¹ Alongside this a number of actions have been taken to control social care costs. In order to maintain a balanced budget into the future it is imperative that these actions are successfully monitored and delivered.

f. The threatened substantial cuts in grants for 'supporting people'

The supporting people grant is being significantly reduced from £8.4m in 2006/07, to £8.2m in 2007/08 and then further to £8.0m in 2008/09. Looking ahead the allocation formula (currently being consulted on) would mean a 50% reduction in funding over the next 10 years (phased in at 5% per year). Supporting People now funds the majority of 22 The Avenue, a Mental Health facility, and almost all supported living schemes as well as a significant element of warden call and all homeless hostels. Such a reduction would not just impact on the Council but reduce funding across

²⁰ BMW is calculated as being 68% of total waste arisings.

²¹ For personal care the average costs per client rose from £56 per week in 2001/02 to £95 to 2004/05. Since 2001/02 across all life stages there has been an increase from an average of £58 to £96 (65%).

the sector. Due to the scope of the schemes which Supporting People funds the Council would have to deal with reductions in services where they were statutory or a statutory obligation to the customer existed (for example if funding for a supported living scheme reduced or ceased then the Council may face increased costs for residential care).

g. The backlog of outstanding works needed to the City infrastructure, in particular roads and Council buildings

Members will be aware that in spite of the recent investment allocated to improve highways we have only managed to halt the deteriorating trend and therefore have not been able to significantly reduce the backlog of structural maintenance work. At present, as Table 23 demonstrates, it is estimated that to address this backlog and bring all grade 3 [poor] highways up to a grade 1 [good] standard would cost £27.628m. This is just under £2m less than the corresponding figure developed for last years budget (£29.532m).

	Km's	%	£'000
<u>Carriageway</u>			
Principal	10.8	15	3,067
Non-Principal	22.8	14	5,146
Unclassified	93.4	18	12,407
Footway	68.3	7	7,008
Total			27,628

Table 23 – Outstanding Infrastructure Work - Highways

It should be noted that the percentage of grade 2 carriageway has increased by five percentage points compared to a decrease of two percentage points in the overall grade 3. Although the backlog figure is based on the upgrade of roads in grade 3 condition the increase in roads classified as grade 2 will potentially effect the backlog calculations in the future.

The capital resources which were allocated to deal with the repair backlog and access issues have been directed at those buildings which are most used by the public and which the operational services have been identified in their Service Asset Management Plans as being retained for service delivery in the foreseeable future. As a result the amount of urgent repairs required (i.e. those which will need doing in the next 2 years) has reduced from over £15.6m to £15m (excluding Housing) and accessibility to buildings continues to improve with DDA compliance now having reached 80%. There is still need therefore to continue with these works using the agreed criteria and continued capital and revenue resources will be needed in the coming years. To address this the council will need a combination of modernisation, replacement, pfi, partnerships and its own limited internal resources.

Specialist Implications

128. The following implications apply to this report:

Financial

129 These comprise the body of the report

Human Resources (HR)

130 Where requested HR have been involved in the development of the budget proposals and have worked with local managers to identify the HR implications of the proposals. A detailed analysis of the proposals has been undertaken by HR staff and it is expected that the savings proposals will result in a reduction of approximately 35 full time equivalent posts and could potentially lead to approximately 19 redundancies (with the associated costs of related redundancy payments). However it is likely that the overall number of redundancies will be lower than this as Human Resources, in conjunction with local managers, will work to mitigate the effect of the savings proposals on individual employees through processes such as redeployment. There are also a number of proposals which may result in staffing reductions, primarily through restructuring exercises, although the precise numbers will depend on the agreement of the final proposals and can not therefore be quantified at this time. In addition the retention of external grant funding in some areas will also reduce the final number of posts to be removed from the establishment below the level currently indicated.

131 The HR implications described above will be managed in accordance with established Council procedures. As part of this process consultation with affected staff and their representatives has been undertaken at a corporate and departmental level. In addition, these reductions will occur in different phases during the next financial year which will help to ensure as many people as possible are found suitable alternative employment with the Council.

132 There is a statutory requirement for consultation with both the trade unions and employees affected where 20 or more redundancies are proposed within a 30 day period. This threshold has not been reached yet, however if the anticipated number of potential redundancies increases when the proposals described above become clearer, it will be necessary for the Council to issue an Advance Notification of Redundancies (HR1) to the Department of Trade and Industry and the trade unions. Failure to do so could result in delays to redundancies taking place and penalties associated with non-compliance.

133 A number of the growth items contain bids for additional resources. If these growth items are not agreed, managers will need to revisit departmental service plans and either identify alternative ways of delivering the additional work, or prioritise work that will either not be delivered or will be delivered over longer timescales than currently anticipated. Some of the growth bids, if approved, may provide redeployment opportunities for staff affected by savings proposals elsewhere.

134 Action is already being taken to more effectively manage vacancies in order to provide opportunities for staff who may be affected and recruitment controls

have been developed in order to assist with the redeployment process. This action will continue whilst savings proposals containing staffing implications are implemented.

- 135 In addition, in future years the Council will continue to face significant budget pressures. In these circumstances, it will become increasingly necessary for consideration to be given to how some services can be maintained if further incremental reductions are needed. It would be prudent for the Council to begin the planning process now in order to consider how services may need to be re-designed or delivered in different ways in the future, in order to maintain service standards and performance. Failure to adequately plan for these changes may compromise the Council's ability to achieve excellence in the future.

Equalities

- 136 No equalities issues have been identified in the development of this report. Where potential equality issues arise from individual proposals they will need to be dealt with by operational management as part of any subsequent implementation process.

Legal

- 137 The council has a legal requirement to set a balanced budget on an annual basis. The proposals contained in this report would, if adopted by the Executive and Full Council, enable this duty to be met.

Crime and Disorder

- 138 None from this report.

Information Technology (IT)

- 139 None from this report.

Property

- 140 None from this report

Statutory Advice From the Director of Resources/ Comments on Capping

- 141 The Local Government Act 2003 places responsibilities upon the Council's Chief Finance Officer to advise the Council on the adequacy of its reserves and the robustness of the budget proposals including the estimates contained in the document. This section also addresses the key risks facing the council in relation to current and future budget provision. The following paragraphs give my views on the budget, reserves and general robustness of the process.
- 142 The proposals in this budget give a balanced budget for 2007/8 and give consideration to the 2008/09 and 2009/10 financial years. The Council has taken many steps to try to put itself on a firmer long term financial footing including addressing some significant Social Services demand and expenditure

pressures and taking some significant steps to tackle the challenges of waste management. It has also set up and undertaken some considerable revenue and capital projects which are aimed at improving the long term stability, viability and efficiency of the Council.

- 143 In the coming months officers will be undertaking a number of initiatives to identify options to improve the Council's resilience. These include the production of the medium to long term LATS waste strategy, the production of the Medium Term Financial Strategy and the identification of key issues facing the Council in the next 4 years. The Government will also be producing a variety of initiatives and information of which the Comprehensive Spending Review and the Lyons report should be particularly significant. It is important that the Council takes steps to further prioritise and to redirect expenditure to meet the changing needs and demands that it will be facing in coming years.
- 144 Notwithstanding the positive steps which continue to be taken, the current low Council Tax levels, low grant funding and low expenditure make it increasingly difficult for the Council to have a resilient long term funding position in relation to its ambitions for good quality service provision. In addition the Council is struggling in terms of its capacity to deliver whilst significant annual savings and cuts have to be implemented to maintain a balanced budget.
- 145 There are no proposals contained within this report to use balances to fund recurring items of expenditure. While the correct level of reserves is a matter of judgement, I have, for the first time, introduced a risk based analysis to inform this decision. The resulting calculation indicates that the council should, as a minimum, hold general reserves of £5.065m and, at £6.01 m for 2007/08 and £6.696m for 2008/09, I am recommending that the council looks to remain above this target for the next two years. This is particularly important as Annex 1 shows that there is potentially great pressure in future years and there will be a need to support aspects of the admin accom project from reserves from 2009/10 onwards. The decision on the adequacy of the level of reserves is linked to the general robustness of the budget process and the Council's systems of budgetary control and risk management. These need to ensure that the Council will not be exposed to any unforeseen major financial problem requiring the use of reserves to resolve. The Executive has considered and agreed the Council's Risk Management Strategy, which identified the major risks facing the Council and provided details as to how these would be dealt with. With regard to budgetary control, I believe that the Council has tight control systems in operation that are regularly reviewed by the District Auditor and internally. The Council needs to concentrate and take remedial action in order to control overspends and achieve income targets.
- 146 In coming to my view I have examined York's performance against a range of financial management systems that need to be in place
- a. Monitoring systems;
 - b. Budgets aligned to responsibility;
 - c. Proper financial reporting;
 - d. Financial policies linked to policy and service objectives;

- e. Clear roles and responsibilities;
 - f. Financial regulations are appropriate and in place;
 - g. in particular the practice of ensuring that almost all saving proposals are specific, allocated to an individual manager, planned, realistic and achievable should ensure that the Council's overall budget balancing is realistic.
- 147 With regard to the robustness of the budget, I consider that the estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable. The overall package, which includes a Contingency sum of £0.600m, is a realistic approach in dealing with the financial pressures facing the Council next year. I would draw Members attention to the earlier comments at paragraph 7 on the medium term position and the actions required now to start preparing for these challenges.
- 148 The Government have announced that they will again consider capping Councils who, they feel, are raising Council Tax levels excessively. The capping criteria they use are often based on budget growth and Council Tax increases. The Government have talked about average increases of 5% and maximum rises of 5%, but they do not publish the criteria they will use until after we will have set out budget. Based on their actions last year and the restrictions they have placed upon the council I believe that in 2007/08 the authority will have to agree a council tax increase of no more than 4.5% to avoid capping.
- 149 I do have serious concerns about future budget pressures in the forecast and about the pension fund, where the deficit is running at 93.4% of our net annual budget. In the light of these pressures, and York's relatively low Council Tax I would recommend that Members set the Council Tax as high as possible, whilst staying below our estimates of the possible capping limit. If it were not for capping the Council should be considering higher levels of Council Tax (or further savings if it were possible and acceptable to make them) in order to deal more effectively with the pension fund and the future financial pressures.
- 150 However, in reaching their final decision members need to balance this opinion with the risks and implications of the Council being capped. Not least amongst these are the reputational damage which capping could cause and potential costs of rebilling which in 2006/07 were estimated at £170k.

Recommendations

- 151 Members are asked to consider the appropriate levels of Council Tax that they wish to see levied by the City of York Council for 2007/08 and a target range for the potential increase in 2008/09. In doing so they should pay due regard to factors such as:
- a. Expenditure pressures facing the Council in 2007/08, 2008/09 and 2009/10 as detailed at Annex 1;
 - b. The impacts in 2007/08, 2008/09 and 2009/10 of the growth requirements and savings proposals outlined at Annexes 3 and 4;

- c. Medium term financial factors facing the Council as outlined from paragraph 119 onwards;
- d. The levels of reserves projected to be held at the 31st March 2009 (Annex 7);
- e. Significant future pressures identified at paragraph 127;
- f. The statutory advice from the Director of Resources provided from paragraph 141 onwards;
- g. The need to ensure that any adjustments to these proposals are self balancing within the requirements laid down by the Director of Resources as the Council's Responsible Financial Officer.

152 In light of these considerations Members are asked to recommend to Council approval of the budget proposals as outlined in this report, in particular:

- a. The net revenue expenditure requirement for 2007/08 of £104.538m, as set out in Table 1;
- b. The housing revenue account proposals outlined at Annex 10;
- c. The dedicated schools grant proposals outlined from paragraph 78 onwards;
- d. The revenue growth proposals for 2007/08 outlined in Annex 3, which include the post EMAP amendments detailed at paragraph 42;
- e. To allow the Chief Executive, if required, to utilise in 2006/07 £50k of the proposed £215k budget for the 2007/08 elections;
- f. The revenue savings proposals for 2007/08 outlined in Annex 4;
- g. In terms of the council's reserves to:
 - i. Agree the use in 2007/08 of £1.312m of revenue reserves as outlined in paragraph 50;
 - ii. Authorise the transfer of balances held on the Bellwin reserve into the general reserve as detailed at paragraph 54;
 - iii. Endorse the adoption of a risk based calculation to inform the Director of Resources opinion on the appropriate minimum level of general reserves as described at paragraph 52;
- h. The release of further funds to support the job evaluation project as outlined from paragraph 26 onwards;
- i. The fees and charges proposals in Annex 8.

153 The reason for these decisions is to provide full council with a balanced set of budget proposals which it can consider in reaching its decision on the budget and resultant council tax which it will set for 2007/08

154 The effect of approving the income and expenditure proposals included in the recommendations would result in an increase in the City of York element of the Council Tax of 4.5%. It is intended that the total Council Tax increase including the parish, Police and Fire Authority precepts, will be agreed at the full Council meeting on the 21st February 2007.

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Report Approved **Date** 4/1/07

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Report Approved **Date** 4/01/07

Specialist Implications Officer(s) Human Resources

Name Chris Tissiman

Title

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers

Medium Term Financial Strategy - Executive
2nd Finance and Performance monitoring report - Executive
EMAP reports December 2006
Government Grant settlement papers

Annexes

- 1 Summary of Budget
- 2 Contingency
- 3 Growth and Reprioritisation
- 4 EMAP Saving Proposals
- 5 Alternate Saving Proposals
- 6 Use of reserves
- 7 Estimated Reserve Balances
- 8 Fees and Charges (in Member Library)
- 9 Consultation responses
- 10 Housing Revenue Account budget report