



Ryedale District Council

REPORT TO: POLICY & RESOURCES COMMITTEE

DATE: 2 October 2008

REPORTING OFFICER: Corporate Director (s151)

SUBJECT: Budget Strategy 2009/10

WARDS AFFECTED: All

1.0 PURPOSE OF REPORT

1.1 To form the basis of budget preparation and planning.

2.0 RECOMMENDATIONS

2.1 Members are asked to note the Council's current financial position and proposals for preparing the 2009/2010 budget with the following parameters:

- (i) Council Tax Increase to be at 4%;
- (ii) Increases in Fees and Charges to be not less than 4%;
- (iii) Only essential unavoidable growth bids to be considered;
- (iv) A Corporate Efficiency Programme to be prepared and presented to the Resources Working Party.

3.0 REASONS SUPPORTING DECISION

- To achieve the political objectives of the Council
- To establish a balanced revenue budget for 2009/2010

4.0 INTRODUCTION

4.1 The Medium Term Revenue Budget forecast as provided to members on the 25 February 2008 highlighted the projected financial position for 2009/2010. Within those projections were that efficiency gains and other savings were to be required totalling £522,000 to balance the 2009/2010 budget. This figure takes into account reductions in grant income to the Authority and is based on a Council tax Increase of 4%.

4.2 The achievement of these savings will also assist the Council to meet the Government 'unofficial' efficiency target of 3% per annum over three years. This equates to an annual target for Ryedale of £280,860.

5.0 POLICY CONTEXT

- 5.1 The Budget Strategy is a key process affecting all service delivery and linking to the Corporate Plan and all of the strategic plans as well as providing the means for attaining the Council's objectives and priorities.

6.0 REPORT

- 6.1 Revenue pressures in the Current year:

Service Costs:

Fuel Cost Increases - The current projected annual effect of the increases in fuel costs is £30,000 per annum. Officers are ensuring that procurement practices minimise costs in this area.

Car Parking Income - current monitoring shows a deficit of £21,000 at the end of August.

Land Charges Income - current monitoring shows a deficit of £12,000 at the end of August.

Development Control Income - current monitoring shows a surplus of £43,000 at the end of August.

Concessionary Fares – The position is at yet unclear, further information may be available for the meeting following a concessionary fares partnership meeting on the 29 September.

Corporate Costs:

Insurance – The tender exercise has been completed and savings in premiums have been achieved. Renewal details are being prepared, it is likely that the full year effect will be a saving of nearly a third, equating to over £50k per annum.

Salary Costs:

Whilst monitoring shows that there is already an underspend in salaries the 2008/2009 pay award has not yet been resolved. Notwithstanding this it is still likely that overall salary costs will under spend in the current year. In addition to the above RPI inflation is currently near 5% and it is likely that the pay claim for next year will be significant. Members will also be aware of the investment in additional salary costs approved in the April 2008 for the preparation of the Local Development Framework.

Government Grants:

Members have been informed of the Council's disappointing Planning Delivery grant allocation of £21,418 in 2008/2009. Likewise the current consultation on the Local Authority Business Growth Incentives (LABGI) proposes a greater shift in resources away from District Councils to County Councils and could result in Ryedale receiving less than £20,000 per annum.

- 6.2 Within the budget forecasts a sum of £100,000 has been included for growth items. It is likely that no new additional growth other than unavoidable growth such as the fuel costs will be able to be accommodated within the budget setting process. Growth needs will be identified and evaluated with Heads of Service.
- 6.3 Inflation within the Revenue Budget forecast on income and expenditure is built in at 3% which includes pay awards and it will be important that increases in fees and charges are made. It is proposed that these are targeted at not less than 4%, which

would be a below inflation increase. Where elasticities demonstrate that such a move would be financially counterproductive officers will consider alternative recommendations.

- 6.4 With three year Government settlements for Revenue Support Grant already announced provisional figures for 2009/2010 being the second year the requirements for the budget can be estimated with some certainty.
- 6.5 Clearly the requirement to make efficiency gains and other savings in excess of £0.5m will be a challenge for an Authority of Ryedale's size. As part of the budget strategy process last year when the Council was potentially entering into a number of major capital schemes with significant revenue implications Officers were requested to identify efficiency savings which could be made. This information will form the major part of the process together with new proposals or initiatives from the Heads of Service.
- 6.6 Paper efficiency savings must be delivered into real savings in order to avoid difficulties in future years and not to draw unnecessarily on reserves. It will be important that the savings proposals are properly scrutinised by CMT prior to submission to members for approval.
- 6.7 The implications of this will require that major and fundamental changes to the range and method of services to be delivered by the Council. Proper project management will be fundamental to the delivery and it is proposed that this is undertaken through a Corporate Efficiency Programme which is monitored by CMT and regularly reported to members.
- 6.8 This process will be extended to future years to enable individual targets for efficiencies to be identified for Head of Service based on their relative resources and spend. This will enable longer term planning and consideration of wider savings options.
- 6.9 In order to deliver the requirements of the budget strategy the following timetable is suggested:

Officers prepare savings proposal for discussion at Resources Working Party	December 2009
Member briefing on Budget	21 January 2009
Policy and Resources Committee consider Budget	5 February 2009
Full Council formally set budget	23 February 2009

7.0 LEGAL IMPLICATIONS

- 7.1 It is a requirement for the Council to have a balanced budget and operate within the Prudential code.

8.0 RISK ASSESSMENT

8.1 A full risk assessment will be undertaken when the budget is produced. The MTFP already includes a detailed risk assessment for this year's budget.

9.0 CONCLUSION

9.1 The 2009/2010 budget will require significant work over the forthcoming months to ensure a robust balanced budget. It will be important that genuine efficiency savings are identified, evaluated, tested and delivered.

Background Documents: None

OFFICER CONTACT: Please contact Paul Cresswell, Corporate Director (s151) if you require any further information on the contents of this report. The Officer can be contacted on 01653 600666 ext. 214 or email paul.cresswell@ryedale.gov.uk