

Title: **Budget Report 2006/07**

Portfolio Holder: **Cllr Carbin – Finance Portfolio Holder**

Reporting Officer: **Ian Jamieson – Head of Finance**

Key Decision: **Yes**

1 Purpose

To consider the latest budget estimates for 2006/2007 and recommend or confirm the Council Tax increase proposed to Council, taking into account comments received from the Scrutiny Committee.

2 Background

This report details the changes to the 2006/2007 revenue budget and capital programme following confirmation of the local government finance settlement. However, other uncertainty continues around the Planning Delivery Grant, Local Authority Business Growth incentive and the Wiltshire County Council contribution arising from the change to the long term empty homes discount rate.

3 Revenue

The overall budget for each service and the projected General Fund revenue budget of £13.963m for 2006/2007 were agreed by Cabinet on 11 January 2006. Since then a number of small adjustments have been identified. The detail of the changes is given below with revised service plan budget pages in Appendix 1.

Waste Performance and Efficiency Grant - £103,000 previously treated as revenue. DEFRA have advised that half of this grant, £51,500, is to be used for capital purposes. The impact on the revenue budget will be neutral, as the proposed revenue contribution of £50,000 to the capital programme will not now be made.

A Service and Policy saving arising from the withdrawal from South West Tourism has been reduced from £10,500 to £2,500 due to prior commitments. The impact on the revenue budget will be neutral as the Efficiency option saving of investment income has been reviewed and increased from £46,912 to £54,912

Summary Medium Term Financial Plan

It has not been possible to fully revise and update the Medium Term Financial Plan as we are still awaiting confirmation of key information:

- Local Government Finance Settlement
- Waste Performance and Efficiency grant
- Planning Delivery Grant
- The budget and level of council tax for 2006/2007

In view of the above a fully revised Medium Term Financial Plan will be produced for March Cabinet. The key revenue and capital forecasts have been updated using assumptions made in the Medium Term Financial Plan approved by Cabinet on 28 September 2005.

An extract of the summary revenue forecast 2006-2009 is given below:

	2005/06	2006/07	2007/08	2008/09
<u>Estimated Grant Settlement</u>	9.1%	11.4%	9.2%	2.5%
<u>Revenue Budget Projection</u>	£,000	£,000	£,000	£,000
Projected budget	12,382	13,963	14,963	15,886
Projected resources	12,382	13,963	14,883	15,490
Surplus/(Shortfall)	0	0	(80)	(396)

4 Capital

The individual capital projects and the net capital programme of £2.5m for 2006/2007 was agreed by Cabinet on 11 January 2006. However, we are required to also agree a gross programme, which is before contributions and grants from other bodies. The gross capital programme is £3.3m as per Appendix 3 of the January Cabinet report.

Summary Medium Term Financial Plan

An extract of the summary capital forecast for 2005-2008 is given below:

Capital Budget Projection	2005/06	2006/07	2007/08	2008/09
	£m	£m	£m	£m
Projected budget	4.5	2.7	1.9	1.5
Resources balance (start of year)	6.3	3.2	0.5	0.0

This shows it will be necessary to borrow to finance the programme for 2007/08. However, this is based on all expenditure being incurred as planned. It is unlikely that this will happen, as there is always slippage on projects often due to circumstances outside the Council's control.

Prudential Code

As can be seen from the above, capital resources will be exhausted during the next two years. This will mean that borrowing under the Prudential Code will be required to finance the programme. Discussions will be held with our Treasury Management Advisers and a report on their recommendations will be presented to Cabinet in due course.

5 Implications

In preparing this report, we have had regard to community safety, environmental, equality, financial, sustainability, human rights and legal implications. The report deals with those issues where there are relevant matters to be considered or noted.

6 Recommendations

The Cabinet is recommended to:

- a) Confirm the decision of 11 January giving an overall budget for each service and the projected General Fund revenue budget of £13,964m for 2006/2007 and recommend a council tax level band D of £134.26 an increase of 4.99% to Full Council on 22 February 2006, or
 - b) Decide amendments to the budget and recommend any consequent changes to the council tax level to Full Council.
 - c) Agree the capital programme of £3.3m for 2006/2007
- Taking into account any comments received from the Scrutiny Committee on 1 February

Statement of reasons for key decision	Requirement of constitution
Options considered and rejected	Councillors had opportunities to consider alternatives at various budget meetings
Date of Implementation (not less than 5 days after date of decision)	15 February 2006

Trevor Carbin
Finance Portfolio Holder

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Head of Finance

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06-07 update.doc

Background Papers:

Working Papers held in Financial Services: Room F31



Plain English guidance given

31/01/06