

FINANCING THE BUDGET REQUIREMENT

Introduction

1. Earlier reports have dealt with capital expenditure and financing, revenue projections for 2000-01, committee budget proposals for 2001-02 and the need for balances.
2. This report deals with the financing of the revenue budget and the council tax to be levied in 2001-02.

What constraints are there on spending?

3. The views of the electorate should always be important and, with County Council elections in May this year, the importance is greater. Normally, this would tend to depress council tax increases. With the spending pressures that services have experienced in 2000-01, in next year it would be necessary to make quite severe cutbacks in services from present levels to deliver a modest council tax increase.
4. The other constraints are imposed by Government:
 - (a) By making authorities contribute to council tax benefits, where the council tax is above prescribed levels and
 - (b) By calling in authorities where the Secretary of State deems the budget to be excessive, when compared with earlier years.
5. In my report to the January meeting of the Policy and Resources Committee, I suggested that the County Council might attract the attention of the Secretary of State, if the increase in the budget requirement is more than 6% and council tax more than 8%.
6. Since that meeting, I have seen the results of a questionnaire by the Society of County Treasurers. For the 29 counties that completed returns, I have produced a scattergram on Appendix A. Wiltshire appears with a council tax increase of 7.9%. There are only three County Treasurers owing up to tax increases for their Councils above 8%. An updated chart may be available immediately before the County Council meeting.

How much spending and how should it be financed?

7. The recommendations of the Policy and Resources Committee were incomplete, as they did not address the issue of balances and they left open the possibility of additional resources for some services.
8. On Appendix B, I have set out in the middle block the recommendations of the Policy and Resources Committee, taking it down to the precept and a council tax increase of 3.7%.
9. The right hand block shows a council tax increase of just below 8%. In the light of the comments in the report on balances, I am assuming that the recommendations in that report will be approved:
 - (a) £60,000 for the coroner's service
 - (b) £2 million to the Social Services Committee, and
 - (c) £1.25 million to balances.

10. This leaves £0.840 million for allocation to services.
11. Other reports show the recommendations made by service committees.
12. In addition, members should be aware of the following points:
 - (a) Education spending is below the education SSA by £0.8 million, but the Policy and Resources Committee resolved to draw the Education Committee's attention to the apparent change in the balance of the committee's budget, which has contributed to this position.
 - (b) Because of cost pressures in other areas, the addition made to the Environment and Transport Committee has only maintained current roads expenditure.
 - (c) The late increase in the SSA is for capital financing, through the large credit approvals issued to implement the Local Transport Plan. The Council's additional financing costs for this Plan in 2001-02 have been met by reducing the revenue funding for the capital programme.
 - (d) There is no provision to implement the recommendations of the INLOGOV report into scrutiny arrangements to make scrutiny more effective.
 - (e) Even with the addition of £2.0 million, there will be considerable difficulty in delivering social services' spending within budget.
13. Of course, I should also mention that the Council could resist these spending pressures and set a council tax increase below 7.9%. As shown on Appendix B, a 1% change in the council tax represents £1 million of expenditure.
14. When writing this report, DETR had still not issued the regulations on the Council Tax Benefit Limitation Scheme for 2001-02.

Recommendations

15. The County Council is asked to:
 - (a) Determine for 2001-02 the:
 - (i) Net revenue expenditure of committees and the proposals contained within them
 - (ii) Contribution to balances
 - (iii) Budget requirement
 - (iv) Precept upon collection funds
 - (v) Band D council tax, including the contribution to the council tax benefit scheme.
 - (b) Instruct the County Treasurer to issue precepts upon the collection fund of each of the district councils, showing the amounts to be paid and the dates of payment.

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County Treasurer

Unpublished documents relied upon in the production of this report: *NONE*

Environmental impact of these proposals: *NONE*