

THE EXECUTIVE

24 JANUARY 2006

REPORT OF THE DIRECTOR OF FINANCE

REVISED BUDGET 2005/2006 AND BASE BUDGET 2006/2007	FOR DECISION
<p>Summary:</p> <p>This report sets out the position of the Council's revenue budgets for 2005 / 2006 and a base budget position for 2006 / 2007.</p> <p>The report reflects:</p> <ul style="list-style-type: none">(a) a revised budget for 2005 / 2006, taking into account changes approved by Members during the year;(b) issues relating to the likely outturn for the year as currently projected;(c) a base budget for 2006 / 2007, which is the starting point for decisions on setting the 2006 / 2007 budget. <p>Wards Affected: ALL</p>	
<p>Implications:</p> <p>Financial: The overall position is that this report identifies a new base budget for the Council of £247.724 million and is the base starting position in determining the final Council budget for 2006/07 and the consequent level of Council Tax for that year.</p> <p>Legal: There are no legal implications regarding this report.</p> <p>Risk Management: The risk to the Council is that by not determining a fully reconciled base budget for 2006/07 would lead to an unstable base position in determining the Council Tax and the level of budgets for each department in the Council. By undertaking the full reconciliation and agreeing the base budget provides a robust base position to allow a properly determined Council Tax for 2006/07.</p> <p>Social Inclusion and Diversity: As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.</p> <p>Crime and Disorder: There are no specific implications insofar as this report is concerned.</p>	

<p>Recommendation(s)</p> <p>The Executive is asked to agree:</p> <ol style="list-style-type: none"> 1. the revised budget for 2005 / 2006 and the base budget for 2006 / 2007 as set out in Appendix A (i). 2. the budget virements for the 2005 / 2006 revised budget as set out at Appendix A (iii); and 3. and note the position on the projected outturn for 2005 / 2006. 		
<p>Reason(s)</p> <p>The Council's budget position for 2005 / 2006 needs to be amended to reflect decisions made during the year. The base budget for 2006 / 2007 also needs to be approved as the initial position for deciding the overall 2006 / 2007 budget.</p>		
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1. Introduction and Background

- 1.1 Each year the Council's budget needs to be updated to reflect agreed changes in the base arising from various factors e.g. inflation, Executive decisions, etc. They also need to reflect the latest views of Directors in the allocation of the overall budget to and within specific services under their control.
- 1.2 The process for updating these budgets commences in about September each year and in arriving at these final budgets relevant Departments have been consulted throughout the process.

2. Revised Budget for 2005/06

- 2.1. The revised budget of the Council and matters relating to it are set out at Appendix A. These show a total revised budget for the Council of £232.252 million.
- 2.2. Appendix A (i) to the report sets out the original budgets for each Service adjusted for allocations from contingencies and reserves during the year. The figures also reflect certain changes to central department recharges between Services, which it is appropriate to include in the budgets at this stage. The budget arising from these changes is the revised budget for the Authority which will be used to monitor financial performance for the remainder of the financial year 2005/06.
- 2.3. The revised budget for 2005/06 also reflect transfers between budgets (virements within Service's), which are required in order to stay within the overall approved budget. Some of these transfers exceed £50,000 in value and under the Council's

Constitution, these require formal approval by the Executive. A complete listing of these transfers is provided at Appendix A (iii) and Executive's approval to these changes is sought.

3. Base Budget for 2006/07

- 3.1. The base budget is the starting point for each year's budget and for 2006/07 the overall position is £247.724 million. Included within this sum is an allocation for additional employer's contribution for the Pension Fund of 3% and inflation for pay awards of nearly 3%. The base budget for 2006/07 for each Service within the Council is also shown at Appendix A (i) along with a reconciliation of these budgets between the base budget for 2005/06 and the new base budget for 2006/07 at Appendix (ii).
- 3.2 As part of the Council reorganisation, the budgets shown in the attached appendices will need to be reformulated into the new Council departmental structure. This is currently an ongoing exercise and the revised position will be reflected in the Council's annual budget book, which will be produced for the new financial year 2006/07.

4. Projected Outturn 2005/06

- 4.1. Monitoring reports have been provided to the Executive throughout the year on a monthly basis highlighting budgetary control issues and year end forecasts. The last report to Executive on 20th December 2005 indicated the projected outturn to be broadly in line with the overall budget for 2005/06, however, there were variations within Service areas that gave an overall net neutral position. This was based upon the position at the end of October.
- 4.2. The latest position, as at the end of November, is being reported in detail in a report elsewhere on this agenda. Overall, that report highlights that at the end of November 2005, the Council has maintained a projected balanced position on the budget for the year end. Current projections indicate that there are still financial pressures within the Regeneration & Environment and Housing & Health budgets. The position at the end of November is that for Regeneration & Environment there is a projected overspend of about £320,000 and Housing & Health of £161,000 with all other Departments projecting to have balanced budgets by the year end. Offsetting the projected overspends is currently a favourable position with interest on balances of around £500,000.

5. Consultees

- 5.1 The members and officers consulted on this report are:

Councillor Bramley
Corporate Management Team
Heads of Finance

Background Papers Used in the Preparation of the Report:

Oracle reports
Working papers in Financial Services
Budget Monitoring reports to the Executive