

ST ALBANS CITY AND DISTRICT COUNCIL

REPORT TO: COUNCIL

DATE: WEDNESDAY 24 FEBRUARY 2010

REPORT TITLE: CORPORATE PLAN AND BUDGET 2010/2011 TO 2012/13

WARDS: ALL

PORTFOLIO HOLDER: Cllr Roger Axworthy, Resources and Efficiencies
Cllr.r.axworthy@stalbans.gov.uk

Cllr Robert Donald, Leader
Cllr.r.donald@stalbans.gov.uk

Cllr Joyce Lusby, Housing
Cllr.j.lusby@stalbans.gov.uk

CONTACT OFFICER: Colm O'Callaghan, Chief Finance Officer
01727 819200, Colm.O'Callaghan@stalbans.gov.uk

James Blake, Chief Policy and Partnerships Officer
James.blake@stalbans.gov.uk

Karen Dragovic, Head of Housing
Karen.dragovic@stalbans.gov.uk

1. **Purpose of Report**

To present the proposals of Cabinet and to provide background information in order that Council may set the 2010/11 budget and Council Tax.

2. **Recommendations**

(These include all relevant recommendations from Cabinet, amended where appropriate and reworded to refer to correct Appendices)

2.1 That the Corporate Plan 2010-13, shown at Appendix 4 and based on the policy priorities below, be recommended for approval:

- Providing leisure facilities at Westminster Lodge and London Colney, including youth provision
- Producing the Local Development Framework including the District Vision and protecting the Green Belt and the environment to ensure a sustainable and greener community
- Achieving value for money quality services, efficiencies and below RPI Council Tax rises
- Enhancing the District by providing visible improvements to the street scene

- 2.2 That the budget as amended and set out in the Appendices 1 and 2 be recommended.
- 2.3 That the Council Tax rate for 2010/11 be decreased by 0.4% to ensure that Council Tax payers in the District do not have to pay any increase in their District Council Tax and a 0% freeze or lower is actually achieved for all.
- 2.4 That the budget for the Housing Revenue Account 2010-13, and the proposed rent increases of an average 2.7% for housing and 5.0% for garages for 2010/11 be recommended
- 2.5 That the proposed Treasury Management Strategy be agreed and recommended to Council and the Financial Regulations should be amended to fully incorporate the four clauses as set out in Appendix 5 paragraph 1.2 of that strategy, which is itself Appendix T to Appendix 3 to this report.
- 2.6 That subject to Council agreeing the financing of the Capital Programme, that Council be recommended to set the prudential indicators as set out in Appendix 2 to Appendix T of the report at Appendix 3

3. **Executive Summary**

- 3.1 Under the Council's budget and Policy Framework the Cabinet is required to propose a Budget and Corporate Plan to Council. This report presents the proposals of Council.
- 3.2 The main financial proposals are, in summary
 - An average district council tax increase of -0.4% (Ranging from -0.9% to 0%)
 - Average rent increase of 2.7%
 - A capital programme of £6.9m (General Fund) and £9.3m (Housing Investment Programme)
 - A Treasury Management Strategy Statement

4. **Corporate Policy Implications Including Equalities**

- 4.1 The budget and corporate planning processes are integrated and the corporate policy and equality implications of changes are considered at the same time as budget changes.

5. **Financial Implications**

- 5.1 This report presents the budget which sets how the organisation will meet its aims and priorities within the financial resources available. The Council's budget decision will impact directly on the levels of Council Tax and housing rents.

6. **Legal And Property Implications**

- 6.1 Billing authorities must set their Council Taxes before 11 March each year. To be able to set the Council Tax the Council must first approve its own budget.
- 6.2 In accordance with the Constitution the Council is required to approve a budget and capital plan. This comprises:
- The General Fund Revenue Budget
 - The General Fund Capital Programme
 - The Housing Revenue Account
 - The Housing Investment Programme

The Local Government Act 2003 introduced a requirement that, when setting their budgets, local authorities set prudential indicators for the forthcoming year and two further years. In order to do this it is necessary to produce a budget and capital plan that covers three years and to set out how it is intended that the capital plan be financed. This is covered in Appendices R and S of Appendix 3.

- 6.3 Also in accordance with the Constitution, in cases where Cabinet forwards proposals for submission to Council before 8 February, if Council subsequently amends those proposals or substitutes its own proposals, Council's decision is deemed to be an "in principle only" decision which is referred to the Leader on behalf of Cabinet. The Leader then has the opportunity to object to the decision and has a period of 5 working days within which to do so. Cabinet's recommendations were agreed on 2 February 2010 so this applies.
- 6.4 Should the Leader choose to object then the Council would be required to meet again to reconsider its decision and the Leader's written submission.
- 6.5 Sections 25-30 of the Local Government Act 2003 place duties on local authorities that reinforce sound financial management. When an authority is deciding on its annual budget and Council Tax level it will have to take into account a report from its Chief Financial Officer on the robustness of the budget and the adequacy of the authority's reserves. This is covered in this report at Section 10.

7. **Workforce Implications**

- 7.1 The issues discussed in this report will have workforce implications in that reductions in posts are suggested. These savings will be implemented with due regard to the council's priority areas, national agreements with unions and in line with its employee stability policy and also targeted towards the deletion of posts that are not permanently filled in order to reduce the incidence of redundancies. Staffside consultation has begun and will continue.

8 Background

- 8.1 This section discusses the most recent events with regard to the Budget.
- 8.2 **Council Tax - Proposals put to Cabinet.** Appendix 3 shows the proposals put to Cabinet on 2nd February 2010. Apart from the changes relating to Appendices F and H of that report (superseded by Appendices 1 and 2 to this report) all the background regarding the budget in the 2nd February 2010 report is still current.
- 8.3 **Council Tax - Proposals agreed by Cabinet to be recommended to Council.** At its meeting on 2nd February 2010 Cabinet considered the report at Appendix C and made an amendment to the Council Tax levels proposed. This is shown in Appendix 2, and has the effect of changing from an average increase of zero % (with a range of -0.5% to +0.4%) to an average *decrease* of 0.4% (with a range of -0.9% to 0%). this has the effect of making no area have any increase in the SADC element.
- 8.4 The budget process has been based upon a consideration of the council's objectives and priorities and as such the Corporate Plan and the budget are considered together. The Draft Corporate Plan is attached at Appendix 4 of this report Cabinet report. This differs from the version agreed by Cabinet only with regard to minor drafting changes, which are noted in Appendix 5.
- 8.5 The resolutions on the agenda paper make the recommendations needed to effect the District Council tax in line with the Cabinet recommendation to Council, and to give the total council tax that individuals will pay.
- 8.6 There are no other changes to the proposals other than the one discussed at 8.3. It had been the case that the Housing rent increase recommended was provisional pending receipt of the final Subsidy Determination from government. This has now been received and is different by only £5k on a total figure of £10m and as such is not significant enough to change the proposals regarding the rent increase.

9. Council Tax

- 9.1 Cabinet's proposals result in an average 2010/11 Council Tax of £170.22 per Band 'D' property, a decrease of 0.4%.
- 9.2 The Council's budget requirement is reduced by the estimated balance on the Collection Fund at 31 March 2009, which is shared between the District and County Councils and Police Authority in proportion to their precepts, and by Government Support (Revenue Support Grant and Redistributed Business Rates).

- 9.3 The Council's budget is split over General expenses and "Special expenses". General expenses will be charged evenly throughout the district and "Special expenses" charged to the areas in which they are incurred. This avoids Council taxpayers in parished areas being charged twice for the same service.
- 9.4 Parish precepts have to be added to the Council's "Special expenses" in each parish to arrive at the total of special expenses to be charged in the City area and in the parishes. The Council Tax for special expenses is calculated by dividing the total "Special expenses" for each area/parish by the Council Tax base for each area/parish.
- 9.5 Council Tax calculations based on the Cabinet's proposals and the precepts of parish/town councils are included in the agenda.
- 9.6 The Council Taxes for general expenses and Special expenses are aggregated to arrive at the total District Council Tax. The tax will differ between each area/parish so that even though the average decrease is 0.4% some areas have reductions of other values, and the unparished area has no change.
- 9.7 This meeting must determine the District Council Tax including amounts determined by Parish/Town Councils. Appendix 2 gives details for each Parish.
- 9.8 The total Council Tax will then be obtained by adding to this the County Council and Police Authority precepts. These are not known at the time of writing but will be included in the schedules provided on the evening. These, in 2009/10 represented 76% and 9.7 % respectively of the total Council Tax and as such the overall increase in Council Tax experienced by taxpayers is significantly affected by the increase applied by the County Council.
10. **Statement of the S.151 Officer**
- 10.1 The Local Government Act 2003 introduced requirements whereby, when setting its budget, an authority must have regard to a report from its Chief Financial Officer on the robustness of estimates and the adequacy of proposed financial reserves. The information on this is contained in particular in paragraphs 4.1, 9.3 and 9.9 and Appendices K and L of the Cabinet report, and Appendix 1 to this report, the main points of all of which are briefly summarised with commentary as appropriate below.
- An assessment of risks in the budget, and possible areas where things may be better than expected
 - A statement on the Council's general reserve. This is currently above the target minimum, though there (as detailed in the bullet point above) remain some uncertainties, which in themselves affirm the need for a minimum level of the order of £1.5m
 - In term of future prospects, *estimated* reductions in Government grant in years after 2010/11 of the order of 10-15%. This is the driver for the budget gap shown in Appendix 1. This level of reduction may not of course materialise, but officers will include this scenario in those that are planned for.

In terms of the robustness of estimates he is satisfied that they are robust, having regard to likely levels of inflation and income and an estimating process which has regard to previous and current year's spending and taking into account the points made on risk above, and also the mitigations to those risks.

Local Government (Access to Information) Act 1985

Bibliography

<u>Background Papers</u>	<u>Custodian of Documents & Tel. No.</u>	<u>File Location</u>
Budget Working Papers	Colm O'Callaghan	District Council Offices