

AGENDA MANAGEMENT SHEET

Name of Committee **Resources, Performance & Development Overview and Scrutiny Committee**

Date of Committee **14 November 2006**

Report Title **2007/08 to 2009/10 Spending Proposals for Other Services**

Summary The report details the 2007/08 to 2009/10 revenue and capital spending proposals for Other Services and seeks the Committees views on both the spending proposals and the funding options proposed.

For further information please contact David Preece
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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background Papers 2007/2008 budget working papers (Other Services)

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s) Not applicable
(With brief comments, if appropriate)

Other Elected Members Cllr David Booth
Cllr George Atkinson
Cllr Bob Hicks

Cabinet Member Cllr Alan Cockburn – for information
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Chief Executive

Legal Sarah Duxbury

- Finance David Clarke – reporting officer
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS :

- Further consideration by this Committee
- To Council Council will approve the 2007/08 budget at its meeting in February 2007.
- To Cabinet The views of this Overview and Scrutiny Committee on the budget proposals will be reported to Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Resources, Performance & Development Overview and Scrutiny Committee – 14 November 2006

2007/08 to 2009/10 Spending Proposals for Other Services

Executive Summary

- This report details the 2007/08 to 2009/10 revenue and capital spending proposals for Other Services.
- Key points to note are as follows:
 - Additional revenue spending proposals identified are £1,014,000 for 2007/08, £2,836,000 for 2008/09, and £4,248,000 for 2009/10 (please note that these figures are cumulative).
 - There are no revenue or capital programme investment proposals for the service.

Resources, Performance & Development Overview and Scrutiny Committee – 14 November 2006

2007/08 to 2009/10 Spending Proposals for Other Services

Report of the Strategic Director of Resources

Recommendation

The Committee comments on the 2007/08 to 2009/10 spending and consequential funding proposals identified for Other Services.

1 Introduction and Background

- 1.1 Over recent years the medium term financial planning and annual budget process has developed to encourage wider consultation on, and consideration of, spending proposals being made by Directorates. Overview and Scrutiny Committees are key players in this consultation and this report provides the Committee with information about the spending proposals for Other Services.
- 1.2 The Directorate is presenting information on its additional spending proposals for 2007/08 to 2009/10 for scrutiny and validation. Like last year revenue budget proposals and capital programme bids are presented together in one report in order to promote a coordinated, whole-Directorate approach.
- 1.3 However, there is one significant additional aspect to the information before the Committee this year. A new medium term financial planning strategy was agreed by Council in July 2006. This stated, amongst other things, that the County Council will plan on the basis that:
 - Inflation and the corporate costs of capital (through to the end of the current approved programme) will be funded from government grant and council tax income.
 - Any other spending pressures Members wish to meet will be funded from the balance of council tax income and reducing investment in low priority services.
 - New developments will be funded from efficiency savings (with a minimum of 2.5% savings generated each year) and any further reduced investment in low priority services.

The reality of this, given the forecast level of resources available, is that Directorates have been asked to identify the actions they would need to take to manage any spending pressures (excluding inflation) if they did not receive additional resources. Therefore the Committee is also asked to comment on the actions the Directorate would need to take to meet its spending pressures.

- 1.4 Having considered the spending proposals and any consequential funding strategies from the Strategic Director, the Overview and Scrutiny Committee may wish to:
- Probe base budgets.
 - Consider the reasonableness and validity of proposals put forward in light of the likely level of resources available, the corporate priorities as outlined in the corporate business plan, and the vision and Directorate strategy.
 - Consider the actions being proposed by the Directorate to meet the spending pressures and explore whether all possible ways of funding the pressure have been investigated.
 - Comment on the prioritisation of proposals by Strategic Directors.

2 Directorate Vision and Delivery Strategy

- 2.1 Other Services consists of a number of items of corporate income and expenditure, which are not aligned to any individual service. The majority of the expenditure relates to capital financing, for example debt servicing. Interest made by internal and external cash managers on the Authority's cash balances offset this. Also included in Other Services' budget are items such as members' allowances, corporate subscriptions and the Environment Agency flood defence levy payable by the Authority.

3 Revenue Budget - Spending Proposals

3.1 2007/08 Base Budget

An analysis of the 2007/08 revenue base budget is shown at **Appendix A**. This information is to help Members place the subsequent discussion in context. The base budget for the Directorate is the approved cash allocation in 2006/07, adjusted for any one-off funding.

3.2 2007/08 to 2009/10 Spending Pressures and Funding Strategy

In August 2006 the Strategic Director of Resources issued initial guidance on the preparation of the 2007/08 to 2009/10 budget. This required Directorates to analyse their spending proposals between pressures and those that were investment proposals. Spending pressures, in this instance, are defined as those pressures, resulting from factors external to the Directorate, that the Directorate cannot meet without a change in policy or a change in the way the service is delivered.

- 3.3 As part of the guidance notes Directorate's have also been asked to identify what actions they would need to take to meet all their spending pressures if additional resources were not available. Some of the actions would be from within the specific service area, some from elsewhere in the Directorate. Table 1 shows that Other Services has additional spending pressures of £1,014,000 for £2007/08, £2,836,000 for 2008/09, and £4,248,000 for 2009/10.

| Table 1: Spending Pressures and Funding Strategies for Other Services | | | |
|--|-----------------|-----------------|-----------------|
| | 2007/08 £000 | 2008/09 £000 | 2009/10 £000 |
| Inflation | 84 | 167 | 251 |
| Spending Pressures | 930 | 2,669 | 3,997 |
| Total Additional Costs | 1,014 | 2,836 | 4,248 |
| Funding strategies within the service areas | 0 | 0 | 0 |
| Directorate wide funding strategies | 0 | 0 | 0 |
| Total Funding Strategies | 0 | 0 | 0 |
| Net Call on Corporate Resources | 1,014 | 2,836 | 4,248 |

- 3.4 **Appendix B** provides further details regarding the proposals outlined in the above table. Furthermore the Service has produced a detailed individual bid for each budget pressure and the actions proposed for managing the cost. These are available on request from David Preece (Ext. 2836).
- 3.5 There is an unavoidable consequential cost of financing the capital programme approved by Council in July 2006. Additional resources of £915,000 will be required in 2007/2008 to fund the capital financing requirements as a consequence.
- 3.6 The annual contribution to the cost of the quadrennial County Council elections has remained unchanged for a number of years, whilst the cost of these elections has increased over time. As a result the Quadrennial Elections Reserve is now overdrawn. An increase of £15,000 in the annual provision should provide sufficient resources to fund the 2009 election without any one-off cost being incurred in year, which would otherwise fall to general reserves.

DAVID CLARKE
Strategic Director of Resources
Shire Hall
Warwick

18 October 2006

Other Services

2007/08 Revenue Estimates - Service Analysis

| | Direct Costs A £000 | Management and Support Costs B £000 | Total Costs A+B=C £000 | External Income D £000 | Internal Income E £000 | Total Income D+E=F £000 | 2007/2008 Base Budget C+F=G £000 |
|---|------------------------------|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|--|
| Corporate & Democratic Core | 450 | 0 | 450 | 0 | 0 | 0 | 450 |
| LGA Subscription | 100 | 0 | 100 | 0 | 0 | 0 | 100 |
| Staff Club | 63 | 0 | 63 | (4) | 0 | (4) | 59 |
| Control of Substances Hazardous to Health | 19 | 0 | 19 | 0 | 0 | 0 | 19 |
| Subscriptions | 70 | 0 | 70 | 0 | 0 | 0 | 70 |
| Reorganisation Pensions | 93 | 0 | 93 | (21) | 0 | (21) | 72 |
| Warwickshire Care Services | 0 | 0 | 0 | (100) | 0 | (100) | (100) |
| Capital Financing Charges | 25,415 | 0 | 25,415 | 0 | 0 | 0 | 25,415 |
| Other Administrative Expenses | 51 | 0 | 51 | (25) | 0 | (25) | 26 |
| External Audit Fees | 372 | 0 | 372 | 0 | 0 | 0 | 372 |
| Insurances | 1,475 | 0 | 1,475 | 0 | (1,475) | (1,475) | 0 |
| Members Allowances and Expenses | 994 | 0 | 994 | 0 | 0 | 0 | 994 |
| County Council Elections | 82 | 0 | 82 | 0 | 0 | 0 | 82 |
| Donations re Charity Registration | 1 | 0 | 1 | 0 | 0 | 0 | 1 |
| Environment Agency (Flood Defence Levy) | 225 | 0 | 225 | 0 | 0 | 0 | 225 |
| Interest on Car Loans | 0 | 0 | 0 | (30) | 0 | (30) | (30) |
| Interest on Revenue Balances | 0 | 0 | 0 | (2,199) | (58) | (2,257) | (2,257) |
| Modernisation Fund | 1,201 | 0 | 1,201 | 0 | 0 | 0 | 1,201 |
| Interest to the Insurance Fund | 304 | 0 | 304 | 0 | 0 | 0 | 304 |
| 2007/08 Base Budget | 30,915 | 0 | 30,915 | (2,379) | (1,533) | (3,912) | 27,003 |

Other Services

2007/08 Revenue Spending Pressures and Funding Strategy

| Bid Ref. (A) | Bid Title (B) | 2007/08 | | | 2008/09 | | | 2009/10 | | |
|---------------------|--------------------------|----------------------|---|---|----------------------|---|---|----------------------|---|---|
| | | Cost (Ci) £000 | Within Service Funding (Cii) £000 | Directorate Level Funding (Ciii) £000 | Cost (Di) £000 | Within Service Funding (Dii) £000 | Directorate Level Funding (Diii) £000 | Cost (Ei) £000 | Within Service Funding (Eii) £000 | Directorate Level Funding (Eiii) £000 |
| R-SF-OS-01 | Inflation | 84 | 0 | 0 | 167 | 0 | 0 | 251 | 0 | 0 |
| R-SF-OS-02 | Capital Financing | 915 | 0 | 0 | 2,654 | 0 | 0 | 3,982 | 0 | 0 |
| R-SF-OS-03 | County Council Elections | 15 | 0 | 0 | 15 | 0 | 0 | 15 | 0 | 0 |
| Total | | 1,014 | 0 | 0 | 2,836 | 0 | 0 | 4,248 | 0 | 0 |