

REPORT OF THE HEAD OF FINANCE
TO THE EXECUTIVE
17 OCTOBER 2008

Budget Setting Process 2009/10

1.0 Introduction and report summary

- 1.1 This report sets out the four stages that the budget setting process will follow.
- 1.2 The contact officer for this report is Alice Brander (Chief Accountant) telephone 01235 540429. Email address Alice.Brande@whitehorsedc.gov.uk

2.0 Recommendation

That the budget setting process as detailed in this report and summarised in the timetable at Appendix 1 is approved by the Executive.

3.0 Relationship with the Council's vision, strategies and policies

- 3.1 Sound financial management underpins the delivery of all the Council's vision, strategies and policies. A robust and timely budget setting process contributes towards this.

4.0 Changes to budget setting

- 4.1 As for 2007/08, the starting position for setting the budget for the next financial year (2009/10), will be the current year original budget.
- 4.2 This year for the first time it is proposed not to include the support service recharge budgets and the capital budgets within the net service budgets in the medium term financial plan. This will have the impact of more clearly demonstrating the net budgets of each service area which can be influenced and controlled by the appropriate deputy director.

5.0 Budget setting timetable

- 5.1 It is proposed that the budget setting timetable should divide the process into four distinct phases as follows:
Stage 1 – gathering of base data and the production of a standstill budget.
Stage 2 – consolidate the standstill budget and share with the Executive.
Stage 3 – budget proposals issued for consultation.
Stage 4 – final budget proposed and approved.
- 5.2 **Stage 1 (ends 15 October 2008)** – Officers prepare a standstill budget. A standstill budget is an estimate of the cost of providing the current level of service at the current standards in 2009/10. During this period deputy directors will be asked to cost the cost reduction ideas (CRIs) agreed in the previous year's yellow pages, identify new

cost reduction ideas and to identify other growth bids (both unavoidable and discretionary) and draft capital projects.

- 5.3 **Stage 2 (20 October to early December 2008)** – During this stage the process of informing members starts. The standstill budget, CRIs and growth bids are shared with the directors group and Executive members to prompt a discussion about the issues to be faced. The Executive member for Finance will work through the higher level detail to gain a thorough understanding of the overall need for further savings or scope for growth.
- 5.4 **Stage 3 (Early December to mid January 2008)** – Before Christmas the Executive will issue its budget proposal for consultation. The report will include details of the standstill budget, unavoidable growth, CRIs and discretionary growth bids. It will also include the Government's initial estimate of the grant support the Council is likely to receive in 2009/10 (known as the 'provisional settlement'). Non-Executive Members will be able to question the Executive on its proposal either informally, by lobbying, or formally, by way of a Scrutiny committee.
- 5.5 Also during this stage a business breakfast meeting will be held to allow the business community to be consulted on the Executive budget proposals.
- 5.6 **Stage 4 (February 2009)** – The Executive will propose its final budget to Council. Council will set a budget.
- 5.7 The timetable attached at Appendix 1 gives the detail.

6.0 Medium Term Financial Plan

- 6.1 The Medium Term Financial Plan which looks at known budgets and cost pressures over a four year period is used as a tool to set a long term sustainable budget. The first draft of this plan is attached as Appendix 2 for information. The known cost pressures and savings feeding into the plan are listed on page 2 of the Appendix.

**WILLIAM JACOBS
HEAD OF FINANCE**

**STEVE BISHOP
STRATEGIC DIRECTOR AND CHIEF FINANCE OFFICER**

Vale of White Horse DC Draft Budget Timetable 2009/10

Indicative Dates	Forum	Action	
Aim for mid September	Deputy Directors (DDs) and Finance support	With support from finance prepare detailed draft revenue estimates (standstill budget) and capital programme for review at officer level.	STAGE 1 - Base Data
15-Oct-08	Deputy Directors and Finance support	All revenue and capital growth bids and cost reduction ideas (CRIs) to Alice Brander.	
20-Oct-08	SMT +AB	Dedicated budget setting meeting. Consideration of SPPs and growth pressures.	STAGE 2 - Consolidate and share with Executive
22nd Oct - 10am	Jerry Patterson/William Jacobs/Alice Brander	Budget briefing	
24/10/2008 - 2pm	SMG/SMT+ AB	Budget briefing	
17 Nov 08 TBC	SMT	Dedicated budget setting meeting. Finalise CRIs and growth pressures lists.	
Late November/ early December 08	Finance	Provisional FSS and RSG settlement announced by Government	
01-Dec-08	SMT	Finalise budget report for discussion with SMG following week.	
08-Dec-08	Joint SMT/SMG	Consider Budget report for preparation for public consultation and referral to Scrutiny if needed.	STAGE 3 - Budget position reported for consultation
W/c 22 Dec 08	Web access/Nikki Malin	Public Exec's initial budget for public consultation	
08-Jan-08	Finance & DDs	Agree narrations with DDs for Yellow Pages	
December 08 and January 09	Members	Lobbying Preparation of alternative budgets	
Jan-09	Business Breakfast	Consultation with the Business Community	

18-Jan-09	SMG/SMT+ AB	Members consider draft budget proposals	
06-Feb-09	Executive	Agree final Revenue Budget and Capital Programme in light of final Grant settlement	STAGE 4 - Final budget proposed and approved.
<i>25-Feb-08</i>	Council	Approve Revenue Budget & Capital Programme. Set Council Tax Level for 2008/09	
<i>27-Feb-08</i>	Council	Reserve date for approval of Budget, Capital Programme and Council Tax Level.	
<i>04-Mar-08</i>	Capita	Council Tax Bills Issued	
28-Mar-08	Finance	Accountancy aim to complete Budget Book	

APPENDIX 2

	Yellow Pages	YP budgets (excl Cap&Supp Rech)+incr use of reserve	Indicative	Indicative	Indicative	Indicative
	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Service Costs						
Commercial Services	1,158,128	1,069,810	1,069,810	1,069,810	1,069,810	1,069,810
Contracts & Procurement	6,518,927	5,138,190	5,138,190	5,138,190	5,138,190	5,138,190
Democratic Services	1,208,154	818,750	818,750	818,750	818,750	818,750
Environmental Health	1,194,944	928,760	928,760	928,760	928,760	928,760
Housing & Community Safety	1,841,987	1,012,220	1,012,217	1,012,217	1,012,217	1,012,217
Legal Services	(188,425)	98,080	98,080	98,080	98,080	98,080
Organisational Development & Support	396,899	2,881,588	2,844,988	2,844,988	2,844,988	2,844,988
Planning & Community Strategy	2,260,645	970,090	870,090	820,090	820,090	820,090
Ridgeway - financial services	1,656,484	2,094,320	2,088,320	2,130,320	2,080,320	2,080,320
Strategy (Chief Executive)	24,850	14,520	14,520	14,520	14,520	14,520
Strategy (SB)	1,024,551	656,020	656,020	656,020	656,020	656,020
Strategy (TS)	7,115	11,790	11,790	11,790	11,790	11,790
Contingency	256,816	376,992	338,774	338,774	338,774	338,774
Inflation + Increments	0	0	574,440	1,175,065	1,792,065	2,415,530
Budgets funded from reserves+grants	50,000	0	250,000	90,000	420,177	80,000
Total service costs	17,411,075	16,071,130	16,714,749	17,147,374	18,044,551	18,327,839
Unavoidable growth bids (Appendix F YP 08/09)	1,076,740	0	(29,100)	(8,000)	(15,000)	(15,000)
Growth Proposals (Appendix G YP 08/09)	228,080	0	26,190	(5,810)	(15,810)	(15,810)
Savings						
Savings/income with no impact on service (Appendix F YP 08/09)	(414,795)	0	(116,458)	(116,458)	(116,458)	(116,458)
Prior Year Service Prior'n Plans (Appendix H YP 08/09)	(65,350)	0	(145,200)	(176,700)	(176,700)	(176,700)
New Service Prior'n Plans (Appendix I YP 08/09)	(308,820)	0	(24,600)	(43,000)	(32,850)	(32,850)
Further savings required (App K YP 08/09)			(14,825)	(14,825)	(14,825)	(14,825)
	17,926,930	16,071,130	16,410,756	16,782,581	17,672,908	17,956,196
Reversal of Capital Financing	(1,855,800)	0	0	0	0	0
Net Cost of Service	16,071,130	16,071,130	16,410,756	16,782,581	17,672,908	17,956,196
Investment Income	(1,682,500)	(1,682,500)	(1,766,500)	(1,696,100)	(1,589,600)	(1,527,100)
Property Income	(2,029,400)	(2,029,400)	(2,053,600)	(2,079,000)	(2,079,000)	(2,097,000)
Impact of known costs/savings *		993,400	364,400	352,400	259,600	209,600
Net Expenditure	12,359,230	13,352,630	12,955,056	13,359,881	14,263,908	14,541,696
Contribution to Earmarked Reserves						
Total Contributions to Earmarked Reserves	230,000	230,000	205,000	200,000	115,000	175,000
Total Usage of Earmarked Reserves	(240,000)	(240,000)	(300,000)	(90,000)	(420,177)	(80,000)
	(10,000)	(10,000)	(95,000)	110,000	(305,177)	95,000
Amount to be Financed	12,349,230	13,342,630	12,860,056	13,469,881	13,958,731	14,636,696
Contribution to/(from) Balances	(311,940)	(1,305,340)	(467,470)	(673,540)	(707,280)	(910,050)
Budget Requirement	12,037,290	12,037,290	12,392,586	12,796,341	13,251,451	13,726,646

Govt Grant - Revenue Support Grant	(850,144)	(850,144)				
Govt redistributed Business Rates	(6,106,996)	(6,106,996)				
Provisional forward settlements			(7,022,055)	(7,129,632)	(7,272,225)	(7,417,669)
Exchequer Contribution	(6,957,140)	(6,957,140)	(7,022,055)	(7,129,632)	(7,272,225)	(7,417,669)
Collection Fund transfer	9,680	9,680				
Gross amount to be met from Council Tax	5,401,770	6,395,170	5,838,001	6,340,249	6,686,506	7,219,027
Net Amount to be met from Council Tax	5,089,830	5,089,830	5,370,531	5,666,709	5,979,226	6,308,977
Tax Base	47,496	47,496	47,733	47,972	48,212	48,453
Council Tax	107.16	107.16	112.51	118.13	124.02	130.21

Revenue Reserves

At start of year - Reserves	(987,531)	(830,000)	(860,000)	(765,000)	(875,000)	(569,823)
Net reduction of/(Contribution to) Reserves	10,000	(30,000)	95,000	(110,000)	305,177	(95,000)
At end of year - Reserves	(977,531)	(860,000)	(765,000)	(875,000)	(569,823)	(664,823)

General Fund Balances

At start of year-General Fund Balances	(2,282,000)	(2,954,000)	(1,648,660)	(1,181,190)	(507,650)	199,630
Use/(contribution to) general fund balances	311,940	1,305,340	467,470	673,540	707,280	910,050
At end of year-General Fund Balances (min 5% budget requirement)	(1,970,060)	(1,648,660)	(1,181,190)	(507,650)	199,630	1,109,680

	2008/09	2009/10	2010/11	2011/12	2012/13
* Impact of known costs/savings					
VAT reimbursement on excess charges	(86,000)				
SMT re-organisation	450,000	(280,000)	(280,000)	(280,000)	(280,000)
Investec contract budget adjustment of SBCF230 2007/08	10,600	10,600	10,600	10,600	10,600
Capita support costs income budget reduction	19,000	19,000	19,000	19,000	19,000
In year salary re-gradings	14,000	27,000	27,000	27,000	27,000
Energy price increases	52,000	52,000	52,000	52,000	52,000
Hsg slowdown in transferring from temporary accommodation	32,800	32,800	32,800	0	0
Downturn in requests for Land Searches + long term correction of budget	140,000	120,000	100,000	90,000	90,000
Concessionary fares budget pressure	131,000	131,000	131,000	131,000	131,000
Planning application fees income reduction	0	100,000	100,000	50,000	0
Car park income budget reduction	75,000	75,000	60,000	60,000	60,000
Loss in investment income	100,000	50,000	0	0	0
Loss in property income	55,000	27,000	0	0	0
Increase on contract inflation	0	100,000	100,000	100,000	100,000
	993,400	364,400	352,400	259,600	209,600