

BABERGH DISTRICT COUNCIL

FROM: Corporate Director and Head of Finance

REPORT NUMBER **E274A**

TO: Strategy Committee

DATE OF MEETING 9 February 2006

BUDGET 2006/07

1. INTRODUCTION

1.1 The purpose of this supplementary report is to update the Committee on the General Fund budget for 2006/07 in the light of the views of the Overview and Scrutiny Committees and the Procurement Task Group, and the final announcement on Government Grant.

2. VIEWS OF PROCUREMENT TASK GROUP AND OVERVIEW & SCRUTINY COMMITTEES

2.1 As can be seen from the attached report E280, the Procurement Task Group is recommending an increase in the revenue grant to the Leisure Trust for 2006/07 of £24,000. This will be almost fully funded from a salary saving. The Task Group is also recommending an increase in the capital grant for 2005/06 of £20,000. That can be funded from savings in the budget for Private Sector Renewal Grants.

2.2 The Overview and Scrutiny Committees had different views on the following issues:-

Issue	O&S (Stewardship)	O&S (Community Services)
<u>Suffolk Speaks</u> Increase the budget provision to £10,000 to re-invigorate the Panel and consult 1,000 Babergh residents. Other districts have agreed to this level of contribution.	Not supported.	Supported.
<u>Sudbury Bus Station Feasibility Study</u> Contribute £15,000 towards the £30,000 cost of a study on the redevelopment of the Bus Station site in Sudbury.	Study should not be supported by Babergh unless it can be funded from alternative sources and there should be wide consultation.	If alternative sources of funding are not available, money should be taken from reserves, on the understanding that officers will not commit the funds until the position on possible alternative sources of funding is explored fully.
<u>Council Tax and Use of Reserves</u> <ul style="list-style-type: none">• Council Tax increase of 2.7%• Use of Reserves	Supported. No more should be taken from reserves. If necessary, further savings should be found.	Supported. If alternative sources of funding for the feasibility study are not available, an additional net £10,300 be taken from reserves.

3. **SUMMARY OF FINANCIAL POSITION**

- 3.1 A Council Tax increase of 2.7% is still achievable, but dependent on the Committee's decisions, there may be a desire to vary the amount to be taken from reserves slightly as a result of the following potential adjustments, which the Committee is asked to consider:-

Budget Variations	£
<u>Additional Cost</u>	
• Leisure Trust Grant	+24,000
<u>Less Salary saving</u>	-23,000
	+1,000
• Suffolk CC : reduction in recycling contribution	+10,000
• Suffolk Speaks	+5,000
• Sudbury Bus Station Feasibility Study	+15,000
	+31,000
<u>Additional Income</u>	
• Regional Centre of Excellence contribution towards cost of joint refuse procurement	-12,500
• Collection Fund adjustment	-5,600
• Additional Government Grant	-2,600
Increase in amount to be taken from Reserves	+10,300

4. **CONCLUSION**

- 4.1 The Committee is asked to decide whether the above amendments should be incorporated into the Council's General Fund budget for 2006/07. The outcome of those decisions can then be reflected in the recommendations below.

5. **RECOMMENDATIONS**

- 5.1 A comprehensive set of recommendations incorporating recommendations 2.1(b) – (h) from report E274 and with provision for the decisions to be reached by the Committee on this report are set out below:-

The Committee recommends to Council:

- a. Council Tax be increased by 2.7% for 2006/07 with £..... less/more being taken from the General Fund reserves to reflect the following amendments to the draft budget attached to report E239:- (list of amendments based on Committee decision in relation to para 3.1 above).
- b. The revised charges, as set out on pages 49 – 55 of the draft budget attached to report E239, are implemented with effect from 1 April 2006.
- c. The Council Housing budget attached to report E238 on 12 January.
- d. The weekly rents for Council dwellings and compulsory let garages be increased on average by 5.0% and in accordance with rent restructuring requirements with effect from Monday, 17 April 2006.
- e. The revised Council Housing charges, which are set out in Appendix B of report E238, are implemented with effect from Monday, 17 April 2006.
- f. The amendments to the staffing establishment set out in paragraph 4.7 of report E274.
- g. The prudential indicators for capital finance and treasury management set out in Appendix 3 of report E274.
- h. Where expenditure is included within the approved budget, the S151 officer, be empowered to:-

- Vary the timing of revenue and capital payments from the current financial year to 2006/07 or vice versa in accordance with Financial Regulations and Council resolutions.
- Vary the method of financing capital schemes, if he is satisfied that it is in the financial interest of the Council to do so.

The Committee resolves that an increase in capital grant to the Leisure Trust of £20,000 in 2005/06 be funded from savings in Private Sector Renewal Grants.

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