

Budget Panel – Key Themes

1. Introduction

This paper sets out the key themes that are emerging from the budget process and evidence received by the Budget Panel so far.

The Panel at this stage does not know the detail of the Administration's proposals. The Panel's scrutiny will need to focus on the First Reading Debate papers which primarily set out officers' views and set out the issues the Administration should be considering in deciding their budget proposals. There will be more information on what those proposals are likely to be in the budget report to the Executive on 12th February. At that stage, and after the Executive has decided what to recommend to Full Council, there will be an opportunity for the Panel to scrutinise more directly what the Administration is planning to do.

2. The Budget Gap

The Panel received a presentation from the Director of Finance and Corporate Resources on the budget gap for 2007/08 and the future financial prospects for the Council at its meeting on 21st November. The Panel will also be questioning the Deputy Leader on 7th December on measures to address the gap. The key issues the Panel may wish to consider are as follows:

- Does the Panel agree with the Director's analysis of the size of the budget gap?
- What is the Panel's view on how the budget gap should be bridged, taking account of the various approaches that can be taken to doing this including agreeing additional savings, increasing fees and charges, phasing priority growth, restricting growth for budget pressures, reducing central items, using balances, and varying the council tax increase?
- Does the Panel agree that the analysis of the budget gap and the measures to address it properly take into account the medium term financial prospects of the Council?

3. The Corporate Strategy & Budget Priorities of the Administration

The Panel received a presentation from the Leader and from the Director of Policy and Regeneration on the Corporate Strategy 2006-2010 and priorities for 2007/08 at its meeting on 21st November. The Panel has to consider which other lead members/directors it wishes to question on the way in which their spending contributes to achievement of the priorities in the Corporate Strategy and for the first year of the administration. The key issues the Panel may wish to consider are as follows:

- To what extent do the existing revenue budget and capital programme allow the corporate strategy 2006-10 and priorities for 2007/08 to be delivered?
- To what extent do the savings options in Appendices 2a and 2b of the First Reading Debate papers mitigate against delivery of the Corporate

Strategy and the delivery of the budget priorities of the Administration?
What other options should be considered?

- To what extent are the £12.9m of priority growth items listed in the First Reading Debate papers (Appendix 4) required to deliver the corporate priorities? Given they cannot all be afforded in the first year, how should they be phased?

4. Budget pressures

The budget gap includes a total of £10.9m for budget pressures due to demand, price and income loss pressures (details in Appendix 3 of the First Reading Debate papers) A total of £9.5m of that is due to 'inescapable growth' in adults' and children's services. The Panel on 21st November received a presentation from the Director of Housing and Community Care on the budget pressures in adult services and will receive a presentation on 7th December from the Lead Member and Director for Children and Families on budget pressures in Children and Families on the budget pressures in children's services. There will also be a further presentation from the Director of Housing and Community care on 7th December on budget pressures resulting from PCT cuts. The key issues the Panel may wish to consider are as follows:

- Does the Panel agree with the analysis of the Directors of Housing and Community Care and Children and Families on budget pressures affecting their departments?
- What is the Panel's view of measures being taken to address the budget pressures?
- Are there any other measures the Panel believes the departments should be taking to reduce the budget pressures?
- What is the scope to spend to save in these areas?
- What comments have the Budget Panel on the impact of PCT funding problems on the Council's budget?

5. Other ways of bridging the budget gap

The Panel will wish to consider other ways to bridge the budget gap, including:

- Central items within the budget (Appendix 5) – can any of these be reduced?
- Capital programme (Appendix 7) – is there scope to reduce this to reduce debt charges? What would the impact be on priorities in the corporate strategy? Can schemes be re-phased ie put back to later years?
- Can the underlying budget assumptions be amended eg pay?
- Can balances be used to balance the budget? What are the risks?
- What are the key issues that should be taken into account in setting the council tax?

