

## **SECTION 1**

### **1. INTRODUCTION**

#### **Purpose**

- 1.1 The main purpose of this report is to obtain Members' approval for the 2004/2005 capital and revenue budgets and to agree the Council Tax to be levied. It also brings together into one document key information relating to the Council's current financial position and future projections.
- 1.2 The annual revenue and capital budgets identify the resource requirements to deliver a full range of Council services. The following sections set out the budget making process in detail and the issues on which decisions need to be taken.
- Section 2 - Summarises the recommendations that need to be considered.
  - Section 3 - Describes the budget making process.
  - Section 4 - Sets out the Council's probable outturn for this financial year 2003/2004
  - Section 5 - Details the 2004/2005 revenue budgets for each service area and the central items.
  - Section 6 - Describes the 2003/2004 position and the 2004/2005 budget of the Housing Revenue Account.
  - Section 7 - Sets out the Council's capital expenditure requirements and resources.
  - Section 8 - Details the Council's Treasury Management Strategy for 2004/2005.
  - Section 9 - Sets out the requirements of the new Prudential Code and the limits that have to be agreed.
  - Section 10 - Sets out the level of resources available from Central Government and the calculation of the amount required from Council Tax.
  - Section 11 - Details of future expenditure plans and the medium term financial strategy.
  - Section 12 - Sets out the procedures to be adopted for financial management of the Council.
- 1.3 Financial implications are included in the body of the report. Legal implications are set out in Appendix L.

- 1.4 Under new Corporate requirements each Service Area needs to set out the Diversity Implications of both growth and savings proposals within its Service Development Plan. These will then form part of Members' considerations when agreeing the final budget. It is the intention for future budgets that such diversity implications will be included explicitly in all proposals so that Members have appropriate information to make an informed decision. For the 2004/2005 budget cycle this has not been totally achievable because the full requirement was not in place when work began. However, any subsequent reports detailing implementation plans for budget decisions will meet the new Corporate Standard.
- 1.5 Members need to be aware that if the budget were to contain a material gap between estimated expenditure and income and no realistic mechanism for closing it, this would amount to a deficit budget and would be liable to challenge as unlawful. Members should carefully scrutinise these proposals and be satisfied that realistic provision as advised has been made to achieve a balanced budget.

**DUNCAN McLEOD**  
**Acting Director of Finance**

Contributors:

Zeb Ali  
Chris Bala  
Amar Barot  
Max Gray  
Brian Hague  
Charles Hampshire  
David Huberman  
Paul May  
Eamonn McCarroll  
Mark Peart  
Martin Spriggs  
Martin Stratford