


<h1>REPORT TO EXECUTIVE</h1>			
<div><div>CARLISLE CITY COUNCIL</div><div></div><div>www.carlisle.gov.uk</div></div>			
PORTFOLIO AREA: POLICY, PERFORMANCE MANAGEMENT, FINANCE AND RESOURCES			
Date of Meeting:		29 September 2003	
Public			
Key Decision:		Yes	Recorded in Forward Plan: Yes
Inside Policy Framework			

Title: BUDGET 2004/05 – UPDATE ON PROJECTIONS, TIMETABLE AND LEGISLATIVE ISSUES

Report of: Head of Finance

Report reference: FS32/03

Summary:

This report sets out the updated Budget Timetable, following consultation with various parties, and also updates Members on progress with various legislative issues, and gives a brief update on overall budgetary constraints.

Recommendations:

The Executive is asked to:

- i. Approve the revised Budget Timetable detailed at Appendix A,
- ii. Note the progress on legislative issues detailed at Appendix B.
- iii. Note the current update on the overall budget projections.

Contact Officer: Angela Brown **Ext:** 7299

CITY OF CARLISLE

To: The Executive FS32/03

29 September 2003

BUDGET 2004/05 – UPDATE ON PROJECTIONS, TIMETABLE

AND LEGISLATIVE ISSUES

1. BACKGROUND INFORMATION AND OPTIONS

1.1 Timetable Update:

Following consultation with the Overview and Scrutiny Committees, the revised timetable detailing special budget meetings has been attached at Appendix A for approval. Changes from the original timetable have been highlighted.

1.2 Legislative Issues:

There are also a number of financial legislative changes that are currently working their way through Parliament, and it was deemed appropriate to provide an update on those issues for members' information. This is provided at Appendix B

1.3 Budget Forecast Update:

The first budget forecast for the period 2004/05 to 2006/07 was considered by the Executive on 7th July (FS8/03), and pointed to projected budget shortfalls for the period of in the region of £275,000 per annum.

Since then, the Council on 9th September, approved ongoing annual expenditure of £340,000 per annum in connection with the Defra recycling bid, and therefore the ongoing projected shortfall is now in the region of £600,000 per annum.

This shortfall projection is of course only indicative, as it is prior to consideration of the detailed service estimates together with any further new bids, commitments and savings that will emerge as part of the budget process. This will be addressed during the budget cycle in accordance with the Executive Guidance already issued.

2. CONSULTATION

1. Consultation proposed.

Corporate Resources Overview and Scrutiny Committee as part of the budget process.

1. RECOMMENDATIONS

3.1 The Executive is asked to

- i. approve the revised Budget Timetable detailed at Appendix A,
- ii. Note the progress on legislative issues detailed at Appendix B.
- iii. Note the current update on the overall budget projections.

1. IMPLICATIONS

- Staffing/Resources – None
- Financial – As set out in the report
- Legal – None at this stage
- Corporate – CMT and SFPG have considered the current shortfall projections and will continue consider updated projections throughout the budget process.
- Risk Management – None specifically, although issues will emerge as and when details of the Budget and Legislative programme are progressed.
- Equality Issues – None
- Environmental – None

- Crime and Disorder –None

ANGELA BROWN
Head of Finance

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Contact Officer: Angela Brown Ext: 7299

Financial Services

Carlisle City Council

18th September 2003

AB/CH/FS32-03 Updated Budget TTable Exec 29.9

APPENDIX A

REVISED OVERVIEW TIMETABLE – 2004/05 TO 2006/07 BUDGET

Detail	Executive Meeting	Overview & Scrutiny and other Consultees	Council Meeting
Consideration of Medium Term Financial Plan and Corporate Charging Policy (Policy Documents)	09/06/03 (draft) 07/07/03 (final)	CR O & S. 12/06/03	15/07/03
Consideration of First Budget Forecast and Timetable Executive issue Guidance for Budget process	07/07/03	CR O & S. 24/07/03	
Consideration of: <ul style="list-style-type: none">• Individual Charges Review Reports• Individual New Bids and Savings Reports (including Capital)	27/10/03	Infr O&S 12/11/03 Com O&S 13/11/03 CR O & S 27/11/03	
Consideration of: <ul style="list-style-type: none">• Detailed Core Service Estimates• Capital Estimates• First Summary Overall Position (if necessary)	24/11/03	-	
Detail	Executive Meeting	Overview & Scrutiny and other Consultees	Council Meeting
Consideration of: <ul style="list-style-type: none">• Draft Revenue Support Grant Settlement• Summary of Overall Budgetary Position Executive issue Draft Budget Proposals for Consultation (NB: final Government revenue and capital grant approvals will not be known at this point) Set Council Tax Base and Precept Payment Dates	18/12/03		-

	18/12/03		13/01/04
<u>Consultation Period</u> (4 week period 19/12/03 to 16/01/04) <ul style="list-style-type: none">• Public Consultation• Business Community• Corporate Resources Overview & Scrutiny• Staff and Trade Unions		TBA Date TBA CR O&S 12/1/04 Date TBA	
Detail	Executive Meeting	Overview & Scrutiny and other Consultees	Council Meeting
Consideration of: <ul style="list-style-type: none">• Initial Consultation Feedback from Corp Res O&S• Final Consultation Feedback Executive Issue Final Budget Proposals (NB. If the Council budget meeting is held after 7 th February in any year, then the Council decision on the night is binding)	19/01/04 02/02/04 02/02/04		12/02/04 (plus budget pack)
Formal Setting of Council Tax (NB. Final Statutory date for the setting of the Council Tax in any year is 11 th March)			02/03/04

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APPENDIX B

Local Government Finance – Legislative Issues

The purpose of this note is to give a brief update to Members on some current developments in the field of local government finance.

All of these issues are in various stages of consultation and therefore it is not yet possible to given a definitive indication of the effect of these changes on the City Council. Many of the issues are of a highly technical nature, and Finance Officers have fed their views in to the process in a variety of ways, albeit no formal responses have been made on behalf of the City Council.

Members will be kept informed of changes relevant to the authority as and when further details are available.

Local Government Bill 2003

The third reading of the bill in the House of Lords took place on 10 September with consideration by the Commons of any Lords' amendments taking place the following week. Royal Assent is expected later in the month.

Capital Finance and the Prudential Code

The most significant aspect of the Bill, as far as this authority is concerned, relates to the proposed introduction of the Prudential Code on Capital Finance. Although the timetable is extremely tight, with local authorities already preparing their budgets for 2004/05, all the signs are that the ODPM is very keen to introduce the new regime on 1 April 2004.

To that end, ODPM issued draft regulations at the end of July. The final regulations, to be produced following a period of consultation, will probably be issued in November. There is also a consultation running on Government Support for Capital.

Much of the content of these consultation documents is of a technical nature and many of the regulations e.g. those relating to housing finance, are unlikely to be relevant to this authority. One of the main issues for the authority will be in agreeing affordable borrowing limits and setting the prudential indicators. There are also indications that the existing debt repayment mechanism (the minimum revenue provision) will continue albeit in a new form, although it is intended that any charges will be revenue neutral. It also looks likely that the commutation adjustment (from which Carlisle currently benefits) will continue in some form.

The Code itself is due to be approved in its final form later this month. The prudential indicators that are defined in the Code will have to be considered by the authority as part of the budget cycle.

Power to Charge

The Bill also contains provisions to give local authorities greater powers to charge for services. Guidance on these provisions is expected from ODPM during the autumn.

Balance of Funding Review

The ODPM is carrying out a review of the funding of local government to determine whether the balance of funding between revenues raised locally (Council Tax) and revenues raised nationally (Business Rates and Revenue Support Grant) should be altered and if so in what ways. The Local Government Association's view is that in the interests of local democracy and local accountability, it is essential that local authorities are able to raise a greater proportion of their own income. The Review is due to report in mid 2004.

Investments

The draft regulations issued relating to the Prudential Code made no mention of amending the powers of local authorities to invest. However a separate consultation paper has been promised from ODPM for later this year.

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