

REFERENCE FROM EXECUTIVE

EXECUTIVE BUDGET PRINCIPLES

The following principles will inform the formulation of the budget for 2002/03. These will be further refined as the budget process progresses.

1. Consolidation

This authority currently is undergoing significant change. Several major projects each impose management, organisational, and budgetary pressures. These include:

- Large-Scale Voluntary Transfer
- Organisational restructuring of the Authority
- Leisuretime externalisation
- Thematic Best Value Reviews
- New political structures

In these circumstances it would be inappropriate and imprudent to progress major additional policy initiatives. The Executive intends to pursue a policy of budgetary consolidation. To achieve this the Executive seeks a cautious approach to new spending bids and the pursuit of savings.

2. Spending Bids

The theme of the budget for 2002/03 is one of consolidation. The Executive expects this theme to inform the approach of officers to new spending bids.

At its meeting of 15 October the Executive expects to receive limited spending bids from officers. The Executive expects officers to formulate such bids in consultation with the Corporate Management Team and individual Executive portfolio holders.

3. Savings

The theme of the budget for 2002/03 is one of consolidation. This theme will inform the approach of the Executive to the pursuit of savings.

The Executive expects officers to identify a potential saving equivalent to each new spending bid they propose. The Executive expects such potential savings to be realistic and deliverable.

4. Council Tax

It is too early to give precise projections of the level of Council Tax for 2002/03. For instance, the government does not announce the Provisional Local Government Finance Settlement for 2002/03 until 27 November.

To produce a Council Tax settlement that is neutral in real terms (i.e. that rises only in line with inflation) would require an increase of around 2.5%. The Executive gives notice that, subject to a Local Government Finance Settlement that supports low taxation, and all other things being equal, it intends to restrict any increase in Council Tax to the range 2% - 5%.

5. Capital

Two significant items of potential capital expenditure are this authority's contribution to the proposed Sheepmount development and a possible post-externalisation capital injection into the Leisuretime facilities. The Executive intends to pursue no other major capital projects (i.e. in excess of £50,000) in 2002/03 unless an appropriate alternative method of funding can be identified.

6. Balances and Reserves

The Executive seeks to maintain a strong position in respect of balances and reserves.

7. Fees and Charging

The Executive endorses the existing Council policy in respect of fees and charging. The Executive seeks an increase in total income from fees and charging equal to the Retail Price Index plus 1%.

8. Forward Planning

Local authorities traditionally concentrate on formulating their annual budget on a year-by-year basis. Attention focuses almost exclusively on balancing the budget for the next financial year with little forethought given to subsequent years. This creates uncertainty and unpredictability in the planning of financial management and service delivery.

The Executive seeks to promote strategic thinking and forward planning. Whilst preparing its budget for 2002/03, the Executive will consider the potential impact on the budgets for subsequent years. This complements government proposals to give local authorities more specific indications of their grant allocation over a three-year period.

The Executive intends to consider various areas of council activity with a view to reviewing both their expenditure and income generation. Upon approval of the budget for 2002/03, the Executive will instruct the Finance and Resources portfolio holder to commence work immediately on formulating the budget for 2003/04.