

Item No. 2.1	Classification: Open	Date: February 20 2008	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2008/09-2010/11 - The 2008/09 Revenue Budget (The Budget and Policy Framework)	
Wards or groups affected:		All	
From:		Finance Director	

RECOMMENDATIONS

That Council Assembly:

1. Agree the recommendations of the Executive for a general fund budget and council tax increase for 2008/09 (see attached report to be considered by the Executive on 12th February 2008).
2. Approve the draft indicative budget proposals of the Executive for 2009/10 and 2010/11 subject to formal budget reports to Council Assembly for each of these years (see attached report).

BACKGROUND INFORMATION

3. On the 12th February 2008 the Executive will consider a report on the Council's revenue budget proposals for 2008/09 and draft indicative budget proposals for 2009/10 and 2010/11. A copy of this report is appended for information (appendix A). The Executive, at this meeting, will determine the general fund revenue budget and council tax recommendation for Council Assembly. This recommendation will be circulated to all members following the meeting.
4. The report proposes a council tax increase of 4%, for Southwark's element of the council tax, (in line with January 2008 Retail Price Index) and a general fund revenue budget of £309.0m in 2008/09.
5. The report proposes draft indicative general fund budget proposals of £314.8m and £321.3m for 2009/10 and 2010/11 respectively.

KEY ISSUES FOR CONSIDERATION

Resources 2008/09

6. Assuming a 4.0% increase in Council Tax for 2008/09 as per the recommendation in the Executive report February 12th 2008, the resources available to the Council are:

	£'000
Income from formula grant and NNDR	223,544
Projected collection fund surplus 2007/08	1,139
Income from council tax – assuming 4.0% increase	84,347
Total Revenue Resources Available	309,030

Revenue Budget 2008/09

7. The following table sets out the proposed budget for 2008/09:

	£'000
Revised 2007/08 budget (updated for inflation and commitments)	321,011
Identified savings	(11,981)
Total 2008/09 Budget Requirement	309,030

Indicative Medium Term Financial Plans

8. The draft indicative budget proposals for 2009/10 and 2010/11 are set out in the table below. The plans assume central government grant (Formula Grant) of £227.3m in 2009/10 and £230.7 in 2010/11. The plans are in line with the medium term financial strategy (MTFS) and local priorities.

	2009/10	2010/11
	£'m	£'m
Estimated Resources	(314.8)	(321.3)
Adjusted priors years budget updated for inflation	319.1.	326.4.
Commitments	9.1.	4.6.
Efficiencies and effective use of resources	(10.4)	(9.6)
Income, Fees and Charges	(0.4)	(0.1)
Other Savings	(2.6)	(0.0)
Budget Requirement	314.8.	321.3.

Council Tax

9. All local authorities are required to set their council tax by 11th March 2008. Given this timescale, it is difficult at this stage to provide comparative information for 2008/09. This Council will set its own tax on 20th February 2008 (the date to which this report refers). As in previous years, any delay to this date will mean the Council would have to move its instalment date beyond the 1st April 2008. This would result in a loss of income to the Council from cash flow and could also put at risk the ability of the Council's contractor to meet its collection targets with the resulting cost to the Council.

10. In proposing an increase of 4.0% in Council Tax for 2008/09, Southwark's Council Tax will have increased by 12.6% in the last five years. This is significantly lower than the average London increase over the same period. The general trend in comparative data on Council Tax for the last few years is given in the table in Appendix B. Southwark's Council Tax is now 6.1% below the national average and 8.2% below the London average in 2007/08.

GLA Precept

11. The Mayor of London's consolidated budget for 2008/09 is to be presented and approved by the London Assembly on the 13th February 2008. The proposal put out for consultation shows an increase of 2.4%. Subject to approval by the London Assembly and the decision of this meeting.

	200708	2008/09	Increase
GLA precept	£303.88	£311.16	2.4%
Southwark precept	£877.06	£912.14	4.0%
Total band D Council Tax	£1,180.94	£1,223.30	3.6%

Community Impact Statement

12. It is recognised that in drawing up detailed proposals following on from budget approval, future Executive reports will need to consider the impact on the community of any potential change in service design, outcomes or access will need to be addressed in future Executive reports.

Consultation

13. The Council consults with relevant stakeholders with regards the wider Policy and Resources Strategy process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Legal and Democratic Services

14. The statutory requirement to calculate and agree the Council's annual budget of the Local Authority is derived from section 32 of the Local Government Finance Act 1992("the 1992 Act"). Section 65 of the 1992 Act imposes a duty on the Council to consult with representatives of the business ratepayers in the Borough before making the calculation required under section32 of the 1992 Act.

15. Section 67 of the Act provides that the Council Assembly must make final decisions on the budget and council tax level for 2008/2009. The functions cannot be delegated to the Executive or to a Committee. This provision is reflected in the Council's Constitution Article 4.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Policy and Resources Strategy and budget working papers	Southwark Town Hall Peckham Road London SE5 8UB	Cathy Doran 020 7525 4396 Stephen Gaskell 020 7525 7293

APPENDICES

No.	Title
Appendix 1	Executive Report (12 th February 2008) Policy and Resources Strategy 2008/09 – 2010/11 - The Council's 2008/09 Revenue Budget (The Budget and Policy Framework)
Appendix 2	Council Tax Comparisons - 2002/03 to 2008/09

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Simon Hughes, Assistant Finance Director Cathy Doran, FMS Stephen Gaskell, Corporate Planning and Performance	
Version	Final	
Dated	8 February 2008	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Legal and Democratic Services	Yes	Yes
Finance Director	Yes	Yes
All Chief Officers	Yes	Yes
Executive Member(s)		Yes
Date final report sent to Constitutional Support Services	8 February 2008	

Council Tax Comparisons - 2002/03 to 2008/09

Local authority	Band D Council Tax for the authority £	Increase in Council Tax for the authority %	Band D Council Tax For the authority including GLA precept £	Increase in Council Tax for the Authority including GLA precept %
2008/09				
England	N/A	N/A	Not Available	Not Available
Greater London	Not Available	Not Available	Not Available	Not Available
Southwark	912	4.0	1,223	3.6
2007/08				
England	N/A	N/A	1,321	4.2
Greater London	955	3.1	1,258	3.6
Southwark	877	3.9	1,181	4.3
2006/7				
England	N/A	N/A	1,268	4.5
Greater London	926	2.0	1,215	4.6
Southwark	844	0.0	1,133	3.1
2005/06				
England	N/A	N/A	1,214	4.0
Greater London	908	3.4	1,161	3.8
Southwark	844	1.8	1,099	2.6
2004/05				
England	N/A	N/A	1,167	5.9
Greater London	878	5.3	1,119	5.8
Southwark	829	2.3	1,071	3.5
2003/04				
England	N/A	N/A	1,102	12.9
Greater London	834	15.5	1,058	18.2
Southwark	810	4.3	1,034	8.9
2002/03				
England	N/A	N/A	976	8.2
Greater London	722	4.6	895	6.4
Southwark	776	3.6	950	5.6