

REDDITCH BOROUGH COUNCIL GENERAL FUND ESTIMATED OUTTURN FOR 2009/10 AND REVENUE REQUIREMENT FOR 2010/11

4. Background

Officers have prepared initial budgets for 2010/11 which were submitted to Executive Committee on the 3rd February. These estimates have been calculated in line with the budget preparation guidelines approved by Executive Committee on the 18th November 2009. This part of the process has been completed.

5. Key Issues

- 5.1. The Heads of Service budgets are one element of the Council's General Fund revenue budget. The remaining elements are considered in this report and when brought together, form the overall picture of the Council's spending plans for 2010/11.

Formula Grant and Capping Criteria

- 5.2 The Formula Grant is simply a means of distributing Government grant. The system takes account of the relative needs of an area and the relative ability of council's areas to raise Council Tax using relative needs formulae to calculate grant payments. Redditch Borough Council's Formula Grant for 2010/11 is £6.458 million. Compared to the adjusted Amended Formula Grant for 2009/10 (adjusted to a comparable basis to the 2010/11 grant), this represents an increase of 0.5%.
- 5.3 The capping powers are set out in Local Government Act 1999. The powers allow the Minister of State to look back over two or more years when deciding if increases in the budget requirement are excessive. In addition to in-year capping, the Secretary of State is able to set a notional budget requirement to be used for future comparisons or to cap the following years' budget requirement. He/she is also able to require authorities to reduce their budgets over a number of years.
- 5.4 No specific guidance has been given as to the level of increase which would be considered excessive. However, there is an expectation that increases will not exceed 2.5%.
- 5.5 The proposed figure in paragraph 5.10 allows for a 1.75% increase in the budget requirement. The average Council Tax will need to increase by 2.5% because of increased costs and the reduction in the level of Formula Grant.

5.6 Estimated outturn for 2009/10 and Initial Budget 2010/11 – Heads of Service Budgets

- a) The following table shows net Heads of Service revenue budgets as reported to the Executive Committee during the current cycle of meetings.

Head of Service	2009/10 Initial Budget £'000	2010/11 Initial Budget £'000
Directors	0.0	0.0
Head of Financial, Revenues & Benefits	1,736.8	1,803.7
Head of Legal, Democratic & Property	625.4	615.4
Head of Strategy & Partnerships	1,586.2	1,547.5
Head of Environment	2,912.1	3,041.9
Head of Leisure & Arts	3,403.4	3,132.5
Head of Planning & Building Control	966.2	964.3
Head of Asset and Maintenance	80.9	46.0
Head of Operations	1,846.0	1,868.2
Head of Housing & Community	697.6	650.3
Head of Customer and IT	54.6	67.9
Head of HR & Communications	123.7	195.8
Total	14,032.9	13,933.5

- b) The Heads of Service budgets have been prepared assuming no increase in service provision unless previously approved by Members.
- c) A robust process has been followed in preparing the estimates for 2010/11. The Financial Services Section have, in conjunction with budget holders, prepared the estimates taking into account all anticipated inflationary increases in expenditure and all known sources of additional income.

5.7 Capital Charges

- a) The Heads of Service budgets include a charge made in line with current accounting practice to reflect the costs of using capital assets such as buildings and major items of equipment.
- b) An adjustment is made to remove these notional charges from the budget when the Council Tax is set to prevent these costs distorting the level of general fund expenditure. This adjustment is shown in paragraph 5.9 below.

5.8 Use of balances

The General Fund revenue balances at the 31st of March 2009 was £2.131 million.

General Fund balances	£'000	£'000
As at 31 March 2009	2,131.2	
Allocations during the year (2009/10)	<u>(153.7)</u>	1,977.5
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Recommended level at 31 March 2011		<u>750</u>
Available for allocation 2010/11		<u>1,227.5</u>

5.9 General Fund Summary 2010/11

The overall revenue budget can be summarised as follows:-

	£'000
Expenditure	
Net Heads of Service expenditure (see para. 5.6)	13,933
Planning Grant	(150)
Area based grant	(104)
Net Financing charges	226
Net contingencies/identified savings	(214)
Prior Year VAT adjustment	(346)
Additional superannuation payments	271
Provision for bad debts	50
FRS17 adjustment	227
Minimum Revenue Provision (MRP)	417
Sub Total	14,310
Capital Charges (see para. 5.7)	(1,470)
Net expenditure	12,840
Add Feckenham Parish Precept	8
Total Expenditure	12,848
Resources	
Revenue Support Grant	(819)
Business Rates Pool	(5,639)
Council Tax	(5,762)
Total external funding (Budget Requirement) (see Para 5.2)	12,220
Use of balances	628
Total Resources	12,848