

BUDGET AND PERFORMANCE

General Fund Revenue Budget Update Report 31 January 2006

Report of Councillor Barker

PURPOSE OF REPORT

To provide information on the latest budget position for current and future years, to allow Cabinet to make recommendations to Council on Council Tax levels for 2006/07.

Key Decision

Non-Key Decision

Referral from
Cabinet Member

X

This report is public.

This report went to Cabinet on 17th January 2006.

RECOMMENDATIONS OF CABINET MEMBER:

1. That in the current year £550K be transferred into earmarked reserves as set out in section 4 of the report, and the resulting 2005/06 Revised Budget of £19.369M be referred on to Council for approval, with the net underspend of £90K being transferred into Balances.
2. That Cabinet notes the position regarding the Local Government Finance Settlement and capping.
3. That Cabinet recommends to Council that the minimum level of General Fund Balances be retained at £1M from 01 April 2006.
4. That Cabinet approves the reassessment of other earmarked reserves as set out in Appendix C.
5. That for 2006/07, a 4.5% increase in Council Tax be recommended to Council for approval, and that the supporting budget proposals as set out in the other recommendations and appendices to this report be referred on for Council's consideration.
6. Cabinet is asked to accept the Star Chamber savings and some of the Star Chamber growth as set out in paragraph 5.8 and Appendix E of this report as part of its budget proposals and delegates to the Cabinet Member for Finance, in consultation with Star Chamber, the task of producing further proposals having

regard to further work on the base budget, the Cabinet's Priorities and spending decisions to be agreed elsewhere on this agenda.

7. That Cabinet notes the proposals regarding the declaration of Special Expenses, and that scope of the future review as set out at section 7 be approved.
8. That Cabinet notes the Council Tax Base for 2006/07 and reaffirms the existing arrangements for allocating and distributing the City Council's share of second homes council tax income through the Local Strategic Partnership.
9. That subject to all the above, Cabinet notes the resulting draft 2006/07 General Fund Revenue Budget of £21.518M, and the indicative spending projections of £23.264M for 2007/08 and £24.544M for 2008/09.

Introduction

This report, together with the separate items on the General Fund Capital Programme and on the Housing Revenue Account found elsewhere on the agenda, takes forward the budget position as reported to the December Cabinet meeting. In particular this report seeks Cabinet's recommendations regarding Council Tax levels for 2006/07 for referral on to Council.

In considering budget proposals and recommendations regarding Council Tax, Members are requested to refer also to the information contained within the December reports.

Proposal Details

1 CURRENT YEAR'S BUDGET

- 1.1 In the December report to Cabinet the revised budget for the current year stood at £18.859M. Further adjustments are now proposed as outlined below, which increase the revised position by £510K to £19.369M. After allowing for these changes, it still results in a net underspending of £90K (or ½% of the budget) and it is proposed that this amount be transferred into Balances. On this basis, Balances would stand at £1.820M as at the end of this financial year.

	2005/06 £000
Revised Budget as reported on 13 December 2005	18,859
Storey Institute	-25
Highways Contractor	-6
Access to Services (see section 4 of report)	+250
Job Evaluation (see section 4 of report)	+300
Other Minor Budget Changes	-9
Updated Revised Budget Position	19,369
Original Budget	19,459
Underspend Transferred to Balances	90

- 1.2 Information on major variances and key assumptions is also provided below.
 - During last year's budget exercise reserves to support the development of Job Evaluation and Access to Services were created. Cabinet is advised that further contributions to reserves are necessary again this year; further details are set out in section 4. In total the additional contributions amount to £550K.

- For Decriminalisation of Parking the revised budget takes account of last year's outturn, but as yet the county-wide agreement has not been finalised. Actual experience is significantly different from the model that the original budget was based on. One of the main changes is that whilst the off-street account position has improved, the on-street account is running at a deficit, with no indication of this position changing.
 - The recent completion of the Luneside agreement and potential developments on other major capital schemes could have a major impact of the Council's cash flow (by requiring large payments to be made up front, with reimbursement from grant income following later). Given the potential amounts involved, this has made forecasting cash flow and the resulting investment interest more difficult.
 - The review of this year's budget has given rise to some large overspendings in connection with Salt Ayre Sports Centre, mainly in connection with energy charges.
 - There are variances across all years relating to vehicle running costs, due to delays in replacing vehicles in the current year and assumptions on the method of procurement for future replacements, i.e. leasing, hiring or outright purchase. The newly appointed Fleet Manager is now in post and will be working closely with Financial Services to co-ordinate and manage the replacement and procurement of future vehicles.
 - In February of this year authorities will receive the first allocations of Business Rate income due under the Local Authority Business Growth Incentive Scheme (LABGI). Current estimates indicate that an amount of around £200K will be receivable but in setting the original budget for this year, it was not possible to calculate a reasonable assessment of likely income levels. It has been assumed that the February payment should be accounted for 2005/06 but even this is not clear; further guidance has been sought from Government.
- 1.3 In terms of comparing the draft Revised Budget with the corporate financial monitoring information that has been prepared during the year, many of the variances have already been reported on or were specifically highlighted as risk areas in developing the original budget as approved back in March, and it is still felt that the financial monitoring process continues to provide a sound indicator of the Council's financial position at a given point in time.

2 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 Since the last Cabinet meeting there have been no changes to the provisional Settlement; a summary of the key points arising is included at **Appendix A** for Members' information.
- 2.2 Detailed information on individual councils' settlements has only recently been made available and therefore there has been no time to undertake any further analysis. One important point has now been confirmed, however, in that support for private sector housing capital investment and sea defence works will be provided as capital grants in future; it will no longer be provided through supported borrowing allocations. It is felt that this makes private housing capital funding far clearer and simpler and the change is very much welcomed. More information is provided in the General Fund Capital Update Report included elsewhere on the agenda.

- 2.3 As yet it has not been possible to gain confirmation of when the final settlement will be announced, but early indications are that it may well be late January - consultation on the provisional settlement did not end until 11 January. If any further information is available this will be reported into the meeting.
- 2.4 With regard to capping, as included in the December report the Government has stated that it “expects to see average council tax increases in each of the next two years of less than 5%. There is, following today’s announcement, no excuse for excessive increases. If there are....we will take capping action – as we have done over the last two years.” Cabinet is asked to take these comments into account when considering proposed Council Tax increases for next year.
- 2.5 With regard to the City Council’s position, the impact of the provisional settlement information received to date is summarised in the table below. From this it can be determined that the District’s grant increases in cash terms for next two years will be £1,658K and £443K. In considering the increase in real terms, however, it is essential that the new related spending pressures are taken account of, the biggest of which is clearly concessionary travel. After allowing for such estimated costs, the Council’s grant increases for 2006/07 and 2007/08 are still 4.7% and 3.1%.
- 2.6 In comparing the settlement with the latest MTFs projections the Council has fared much better than expected; this is also shown in the table. Having a provisional two-year settlement will help considerably with financial planning and whilst 2008/09 figures are not yet available, assuming a 3% cash increase would seem reasonable at this stage. This will be built into the projections.

	2005/06 Final	2006/07 Provisional	2007/08 Provisional
	£'000	£'000	£'000
Current Distribution Basis:			
Formula Spending Share	20,759	n/a	n/a
Less Floor Damping Adjustment	-174	see below	see below
Less Assumed Income from Council Tax	-7,775	n/a	n/a
New Distribution Blocks:			
Relative Needs Amount	n/a	7,560	7,622
Relative Resource Amount	n/a	-1,603	-1,742
Central Allocation	n/a	8,762	9,280
Floor Damping	n/a	-251	-249
Total Government Support (known as Formula Grant)	12,810	14,468	14,911
Made up of:			
Redistributed NNDR	3,922	12,138	Split not yet known
Revenue Support Grant (RSG)	8,888	2,330	
Cash Increase in Formula Grant Year on Year	559	1,658	443
Indicative New Spending Needs (Concessionary fares, etc) – In year	--	1,053	1,082
Indicative Real Terms Change in Formula Grant:			
Year on Year £'000	559	605	414
Year on Year %	4.6	4.7	3.1

3 LATEST REVENUE BUDGET POSITION 2006/07

- 3.1 At the last Cabinet meeting on 13 December, the draft budget for 2006/07 was reported as £21.362M. Since then more work has been done in reviewing the figures, including outstanding actions arising from Star Chamber, and a list of further base budget amendments is shown below.

	2006/07 £'000	2007/08 £'000	2008/09 £'000
Draft Budget as reported to Cabinet in Dec. 05	21,362	22,987	24,333
Salt Ayre Income	-43	-44	-45
Storey Institute	-19	+8	+6
Vehicle Renewals	+57	+186	+185
Concessionary Travel	+85	+89	+94
Car Parking Income	-22	-23	-24
Additional Street Cleansing	+22	+23	+24
Customer Services		-43	-119
Other Minor Budget Changes	+17	+41	+70
Reduction in assumed contribution from Balances	+59	+40	+20
TOTAL	+156	+277	+211
Current Draft Budget	21,518	23,264	24,544

- 3.2 In total, the changes amount to £156K in 2006/07 increasing the draft budget to £21.518M. Cabinet is asked to consider the amendments and approve the base budget changes for incorporation into the draft budget.
- 3.3 In considering the latest position Cabinet is also asked to note the various risks and assumptions inherent in projecting the Council's future spending plans, as attached at **Appendix B**. The following key points are also highlighted:
- The previous draft budget was based on a contribution of £469K from Revenue Balances, in line with the last review of the MTFS projections. This contribution has now reduced by £59K to £410K, as a result of the Revised Budget changing and the subsequent reallocation of available balances in line with the current MTFS criteria.
 - Over £1M of estimated new spending commitments have been budgeted for at this stage. Virtually all of this relates to the extension of the concessionary travel scheme, and extra funding has been provided through the Finance Settlement (see section 2 of this report and the separate item elsewhere on the agenda).
 - The draft position takes account of the review of reserves and provisions as set out at section 4 of this report.
 - No budget adjustments have been made as yet regarding the termination of the existing Highways Partnership.

- No budget adjustments have been made regarding the current review of Service Head posts.
 - It is assumed that in the main, other grant awards such as Planning Delivery Grant and any to be fed through the Local Area Agreement would be used to support new spending needs (as an example, this includes the Safer Stronger Communities Fund).
 - At present the treasury management estimates take account of the existing five-year capital programme, but as mentioned earlier the Government has made some fundamental changes to the way in which it provides support for capital investment. This will result in some savings on borrowing costs for future years but as yet though, there has been insufficient time to update the draft revenue budget.
- 3.4 At the last meeting it was reported that the draft budget provided for no general contingency and it is assumed that Cabinet do not wish to alter this position. It will be the intention though to seek some level of flexibility to update future years' budget projections as is currently provided for within the MTFS.

4 RESERVES AND BALANCES

- 4.1 As highlighted in the last report the draft budget for next year is based on minimum General Fund Balances of £1M, with an assumption that any balances over this amount will be used to support the next three years' spending. This is to help even out Council Tax increases year on year.
- 4.2 Under current legislation the Section 151 Officer is now required to give more explicit advice to Council on the minimum level of reserves and balances. This advice should take account of:
- the context of the Authority's Medium Term Financial Strategy (MTFS), not just short-term considerations;
 - the strategic, operational and financial risks facing the authority. Whilst the Council has made some good progress in its risk management approach, there is still more to be done to embed this across all council functions.
 - the effectiveness of financial management arrangements and internal financial and other controls; assurance on these can be taken from the respective formal Statements that the Council is required to produce, as well as the recent Use of Resources assessment.
 - specific risks and assumptions underlying production of the General Fund budget figures, as set out in Appendix B.
- 4.3 After reviewing both the General Fund and Housing Revenue Account in comparative terms and considering the issues and assumptions outlined above, the Head of Financial Services (as Section 151 Officer) advises that the Level of General Fund balances be retained at £1M to support the next three years' budget forecasts, as part of the overall Medium Term Financial Strategy (MTFS). This is broadly 5% of the net budget but to recognise that setting the minimum level of reserves is based on judgement, rather than it being an exact science, she would advise also that some degree of tolerance of up to $\pm 5\%$ would be acceptable in managing balances for the three year period. This ties in with the principle of there being flexibility available to

Cabinet through the MTFs, and it will be considered in more detail in the February report, with appropriate recommendations on to Council.

- 4.4 The main reasons why an authority should maintain an unallocated Balance are to provide:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and
 - a contingency to cushion the impact of significant unexpected events or emergencies.

Whilst in recent years the Council has demonstrated that it can contain its spending within budget, the progression of Customer Services, Job Evaluation, and any accommodation developments continue to present major challenges (and therefore risks) to the authority, as do the changes to the Concessionary Travel scheme. Furthermore major capital schemes such as Luneside East may add real pressure in managing the Council's cashflow. In basic terms, whilst the former would lead to the view that minimum balances could perhaps reduce, the latter points support the retention of balances at current levels.

- 4.5 Retaining balances at £1M would mean that £820K is available to support revenue spending, and this has been accounted for in the latest budget projections. Whilst this use may well support recurring expenditure over the next three years (albeit indirectly), this cannot be sustained. It is felt though that the phased use of balances adopted in the Medium Term Financial Strategy (MTFS) does help manage the position.
- 4.6 A full reassessment of all other reserves and provisions is attached at **Appendix C**, with the outcome of that review reflected in the statement attached at **Appendix D**. The Head of Financial Services advises that the resulting level of reserves is adequate for the period covered, but will need to be reviewed regularly as set out. In addition, she would draw attention to the following areas:

Access to Services Reserve

Whilst outline arrangements are in place for the roll out of customer services, staffing arrangements are still on a secondment basis and as yet no compensating savings have been made, although work is being done to develop proposals. Given this, and the extra work involved in appraising, developing and implementing the next phases of customer services, a further £250K has been added to the reserve, as mentioned earlier. As and when further progress on the overall staffing position is known, the need for this reserve can be reappraised.

Job Evaluation and Associated Organisational Change

A report is currently being drafted on the associated financial issues regarding this but given that the Council is taking forward the exercise, some provision needs to be made regarding interim costs, including costs associated with actually undertaking the work involved and acquiring associated software etc. At present it is recommended that a contribution of £300K is made in the current year, as referred to earlier. This is based broadly on 1½% of the pay bill, being the average cost that local authorities have experienced. Given such experience, JE represents a major challenge for the authority and as well as needing to resource the exercise properly, it may well be that other one-off costs such as redundancies, etc, will need to be met from the reserve, depending on the approach taken to manage the ongoing pay bill.

Renewals Reserves

Originally it was intended to make further progress on the planning and budgeting arrangements for the renewal/replacement of existing (or proposed) facilities or equipment, on a consistent and clearly defined basis. This has been delayed but it is intended still to progress it during 2006/07.

- 4.7 Cabinet is also asked to note that full information on reserves and provisions will be included in the Head of Financial Services report to budget Council, as well as her views on the robustness of the budget process generally.
- 4.8 Given the above information, Cabinet is recommended to approve the associated recommendations on reserves and balances as set out. Should Members choose not to accept the advice on the level of balances, then this should be recorded formally in the minutes of the meeting.

5 2006/07 COUNCIL TAX PROJECTIONS AND SAVINGS REQUIREMENTS

5.1 During the year the Star Chamber exercise has identified many areas to generate savings through a combination of efficiency measures, income generation or service reductions, together with some areas of potential growth. Initiatives have arisen also through the work of Overview and Scrutiny as an example. Whilst several items have already been formally approved, others are subject to consideration as part of the budget process and these are set out at **Appendix E**. It should be noted that as yet, some items have not yet been fully quantified and may be subject to further reports. Also at this stage the savings information focuses very much on cashable savings. More analysis will be required to establish how well the Council is progressing against its Gershon Efficiency Targets.

5.2 In order to assist Cabinet in developing further their options with regard to Council Tax, the table below has been prepared. The savings requirements are shown both before and after the savings and growth proposals contained in the appendix. Clearly should Cabinet choose not to support all proposals, or should further changes come forward, this would affect the position.

	2006/07 REVENUE BUDGET	2006/07 COUNCIL TAX		SAVINGS REQUIRED	
		Band D	Increase	Before App E Proposals	After App E Proposals
	£000	£	% / £	£000	£000
2005/06 Council Tax		£161.65			
Original Projection (MTFS)	20,728	£185.45	14.7%		
Revised Projection (MTFS)	20,104	£171.72	6.2%		
Draft Revenue Budget	21,518	£170.46	5.4% or £8.81		
Other Options based on a Tax increase of:					
0%	21,142	£161.65	--	376	509
1%	21,212	£163.27	£1.62	306	439
2%	21,280	£164.88	£3.23	238	371
3%	21,349	£166.50	£4.85	169	301
4.5%	21,453	£168.92	£7.27	65	198

4.9%	21,480	£169.57	£7.92	38	171
7.4%	21,651	£173.58	£11.93	133	--

- 5.3 The Council Tax figures shown in the table relate to a Band D property in the non-parished areas of the district (Lancaster, Morecambe and Heysham). This is typically very slightly less than the basic average rate that Secretary of State will examine when considering capping.
- 5.4 The table shows a range of Council Tax increases from 0% to just less than 5% together with associated estimated savings required. In summary, each 1% increase in Council Tax generates about an additional £69K approximately.
- 5.5 It should also be noted that as yet, only a provisional estimate of Collection Fund Balances has been made. These were due to be assessed as at 15 January and if possible, the outcome will be fed into the meeting. It is envisaged that any impact will not be material, however.
- 5.6 The only other issues that may impact on the overall position are the outcome of the final Settlement and any radical changes in the level of parish precepts received – the deadline for the return of these is the end of January.
- 5.7 In total, if all the potential quantified savings and growth shown in the schedule at **Appendix E** are ultimately approved, this would increase next year's budget by a net £133K to £21.651M. In Council Tax terms, this would result in an increase of 7.4% or a Band D tax of £173.58.
- 5.8 It is recommended, however, that Council be requested to approve a Council Tax increase of 4.5% (for most households in the district, i.e. those in the urban areas of Lancaster, Morecambe and Heysham). The Band D tax payable in those areas would be £168.92. Due to slight rounding regarding special expenses, this is expected to result in a 4.6% average increase in basic Council Tax across all parts of the district. Parish precepts will also affect the actual amounts payable in those areas.
- 5.9 In order to achieve the proposed increase in Council Tax, savings of £198K would be needed against the current draft budget, assuming all the savings and growth proposals in Appendix E are accepted. It is suggested, however, that all the savings suggested by Star Chamber and that the growth proposals in respect of Improving Environmental Enforcement, Civil Contingencies (minimum contribution), Democratic Support and the Revenue Implications of the Capital Programme are accepted as part of the Cabinet's Budget proposals. This reduces the draft proposals by £237K.
- 5.10 Decisions on items elsewhere on the agenda include the Cabinet's Priorities and may include other spending commitments. Further work on the budget, as outlined in Section 3 of this report, may also alter the base budget position. Cabinet is therefore asked to delegate to the Cabinet Member for Finance, in consultation with Star Chamber, the task of bringing forward further draft proposals for consultation with stake holders and the Budget and Performance Panel later this month.

6 COUNCIL TAX BASE

- 6.1 Work on the Tax Base has now been completed and parishes and precepting authorities have been notified accordingly, with information included on the Council's website. The total tax base for next year stands at 42,650 Band D properties, which

represents a year on year increase of 250 properties or about ½%. This is in line with the estimated tax base used in the latest MTFS projections.

- 6.2 In December 2004 Cabinet resolved that the existing arrangements for allocating and distributing second homes council tax income through the Local Strategic Partnership (LSP) be continued. The draft budgets for 2006/07 and future years have been prepared on this basis, on the understanding that other authorities (such as the County Council etc.) also continue with their existing arrangements. Cabinet is recommended to reaffirm this position.

7 SPECIAL EXPENSES

- 7.1 At the Cabinet meeting held in December Members resolved that the current arrangements for special expenses be retained pending a full review being completed; the scope of which is to be agreed at this meeting. This is in line with Council's resolutions back in November 2004, though it was envisaged then that the review would be completed in time to be implemented for the 2006/07 budget.
- 7.2 Currently the objective of declaring special expenses is to ensure that Council Tax bills throughout the district are broadly equal, after taking account of parish precepts but assuming parishes increased their budget requirements each year only in line with inflation. This objective recognises that parish councils may provide similar services to the City Council albeit that inevitably, there will be some variations throughout the district.
- 7.3 On this basis, a resolution that the sum of £435,000 is to be treated as special expenses for the non-parished area will be included in the formal Council Tax resolution for approval at Council on 01 March.
- 7.4 As in previous years the sum relates to part of the budget for maintaining parks and open spaces in the urban area, this being a function carried out by some Parish Councils in parished areas. It should be noted that £435,000 is the amount needed to achieve broadly equal Council Tax rates – it is not a statement on the budget position for grounds maintenance as a whole or for the non-parished areas.
- 7.5 The charge at Band D properties for special expenses will be £15.36 and is calculated as follows:

Special Expenses	£435,000
Divided by tax base for Non-parished area	28,325.95
To give a Council Tax Rate of:	£15.36

- 7.6 With regard to the scope of the forthcoming review, it is proposed that all alternative options are appraised with particular regard to equity, transparency and simplicity considerations, as well as their linkages with other aspects of the local government finance system such as capping, etc. It is known that other local authorities have recently reconsidered their arrangements and where appropriate the outcome of this may also be drawn upon. In essence though, the basic options can be summarised as:

- Retaining special expenses to some degree for some areas within the district, with parishes continuing to precept

- Abolishing special expenses completely, with parishes continuing to precept
- Abolishing special expenses completely, but with some degree of parish funding being made available through grants from the City Council (parishes would still have their statutory right to precept).

7.7 More specifically, given the recent debate regarding the possible formation of a Town Council for Morecambe, the Head of Financial Services advises that that such a change in the parish make-up of the district would raise very real issues regarding the equity of future arrangements. It is proposed, therefore, that the review takes into account any such potential or likely changes in parished areas within the district, and alongside this it is felt also that any developments in establishing Area Committees should also be factored into the review. Cabinet is recommended to agree this approach, with the aim of the Head of Financial Services reporting back to Cabinet on a range of options that would ensure, as far as possible, fair and equitable levels of council tax across the district.

8 BUDGET PROSPECTS FOR FUTURE YEARS

8.1 As part of the Council's financial planning, indicative revenue spending and Council Tax forecasts for 2007/08 and 2008/09 have continued to be updated and are summarised at **Appendix F**.

8.2 This also shows the provisional Council Tax implications for the future, after allowing for all recommendations included in this report. The Tax implications will continue to fluctuate depending on the nature of other budget proposals, i.e. whether they are one-off items or recurring. They do help to highlight, however, that whilst it should be relatively easy to keep next year's tax increase to below 5%, there is still considerable pressure in subsequent years.

8.3 Given these prospects though and the comments made earlier regarding capping, at present it has been assumed that the current maximum 5% target increase for Council Tax in future years will be retained. This will be considered in more detail at the February Cabinet meeting, together with an analysis of future years' budget movements.

9 Details of Consultation

The development of revenue budget proposals falls under the consultation exercise as outlined in the budget and policy framework timetable.

With regard to the proposed review of special expenses, specific consultation would be undertaken with parish councils through the local association.

10 Options and Options Analysis (including risk assessment)

Options are dependent very much on Members' views on spending priorities balanced against Council Tax levels. As such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time in order to do this. Outline options are highlighted below, however.

- With regard to the Revised Budget and resulting underspending, Cabinet could consider other proposals that may influence the Revised Budget for the year, or it could consider leaving the underspent resources in General Fund Balances.
- In terms of surplus balances generally, it could consider retaining balances at a higher level than the minimum or a different phased use of balances.
- Regarding Council Tax increases, various options are set out at section 5 of the report. In considering these, Members should have regard to the impact on service delivery, the need to make savings or provide for growth, the impact on future years and the likelihood of capping.
- With regard to special expenses, the report identifies key aspects to be built into the forthcoming review but there may be other issues that Members may wish to be considered; the appropriateness of these would need to be determined.

With regard to options to produce a budget in line with preferred Council Tax levels, Cabinet could support the proposals put forward or make alternative recommendations. These should be considered alongside the development of Cabinet priorities but emphasis should be very much on achieving recurring reductions to the revenue budget, and avoiding any “unidentified” savings targets that undermine the robustness of the budget and financial planning arrangements generally.

Under the Constitution Cabinet is required to put forward budget proposals for Council’s consideration in time for them to be referred back as appropriate.

11 Officer Preferred Option and Comments

Where applicable, Officer Preferred options have been reflected in the report’s recommendations.

12 Conclusion

The report outlines the progress that has been made against the MTFs, and sets out options and proposals in order for Cabinet to make recommendations to Council on 08 February regarding the level of Council Tax for 2006/07.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The budget should represent, in financial terms, what the Council is seeking to achieve through its policy framework priorities and objectives.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</p> <p>None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.</p>

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer has been involved in the preparation of this report, and her comments and advice are reflected accordingly. Her explicit legislative requirements in terms of reporting on the robustness of the estimates and budget process, and updates on these matters, will be covered in future reports to Cabinet and Council.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.

MONITORING OFFICER'S COMMENTS

The Constitution requires Cabinet to present to Council each year its Budget & Policy Framework proposals for consideration. The timetable for this requires these to be presented initially to Council on 08 February 2006, for formal approval of Council Tax Levels.

BACKGROUND PAPERS
LG Provisional Finance Settlement
2006/07

Contact Officer: Nadine Muschamp
Telephone: 01524 582117
E-mail: nmuschamp@lancaster.gov.uk