

## REVENUE BUDGET STRATEGY AND CAPITAL PROGRAMME 2007/08

Report By: Director of Resources

### Wards Affected

County-wide

### Purpose

1. To ask the Strategic Monitoring Committee to consider and comment on the Cabinet's budget strategy for 2007/08.

### Background

2. Cabinet will be considering what recommendations to make to Council of 9th March, 2007 on the detailed revenue and capital budget proposals for next year for Council Tax setting purposes. The Cabinet will want to take the Strategic Monitoring Committee's views into account when it finalises its recommendations to Council.
3. The Director of Resources' report on the draft revenue budget strategy and proposals for the 2007/08 Capital Programme, a copy of which is appended, is being reviewed by Cabinet on 8th February, 2007. Cabinet's decision will be reported to the Committee at the meeting.
4. The budget strategy is designed to smooth pressure on Council Tax increases over the next three years, correct structural issues within the base budget, target remaining resources at key spending pressures and develop, implement and realise the cash benefits from the Invest to Save/Invest to Mitigate programme. For 2007/08 it also provides financial 'cover' for the £5.8m Herefordshire Connects savings built into the Medium Term Financial Management Strategy.
5. In considering the Strategy the Director of Resources highlights the following key points:
  - Financial stability in the medium term is dependent on the delivery of Herefordshire Connects to release ongoing savings. Doing more of the same is not an option given the national constraints on public spending and Herefordshire's own financial context.
  - The need to fully understand and address the cost pressures for the future resulting from the ageing population in Herefordshire; meanwhile a financial contingency should remain in place to mitigate the risk of further overspending in Social Care due to this factor and pressures faced in Children and Young People's Services.

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Further information on the subject of this report is available from  
Mrs Sonia Rees, Director of Resources, on extension 3519  
or David Powell, Head of Financial Services, on extension 3173

## RECOMMENDATION

**THAT: (a) Strategic Monitoring Committee considers the Director of Resources' report on the draft Budget Strategy and proposals for the Capital Programme for 2007/08 presented to Cabinet on 8th February, 2007;**

**and**

**(b) Strategic Monitoring Committee comments on the Cabinet's budget strategy and Capital Programme for 2007/08 to inform Cabinet's next debate on the detail of next year's budget on 22nd February, 2007.**

## BACKGROUND PAPERS

- Financial Strategy Update Cabinet Report, 18 January 2007 (Appendix A)

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or David Powell, Head of Financial Services, on extension 3173