

# REVENUE BUDGET STRATEGY AND CAPITAL PROGRAMME 2006/07

**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 2006/07.

## Background

2. Cabinet will be considering what recommendations to make to Council on 10th March, 2006 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, a copy of which is appended, was endorsed by Cabinet on 26th January, 2006.
4. The budget strategy is designed to smooth pressure on Council Tax increases over the next two years, correct structural issues within the base budget, target remaining resources at key spending pressures and develop, implement and realise the cash benefits from Invest to Save/Service Improvement Plans.
5. In deciding to endorse the approach set out in that report, Cabinet noted the following key points:
  - A review of discretionary fees and charges was desirable to ascertain what opportunities might exist to improve revenue – a key principle being affordability.
  - The need to set a balanced budget that addressed budget pressures in areas that were consistently overspending due to increased demand for service.
  - Financial stability in the medium term was dependent on the delivery of a Service Improvement Programme that would also release ongoing savings. Cabinet recognised that doing more of the same was not an option given the national constraints on public spending and Herefordshire's own financial context.
  - The need to fully understand the cost pressures for the future resulting from the aging population in Herefordshire; meanwhile a financial contingency should be established to mitigate the risk of further overspending in Social Care due to this factor.

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Further information on the subject of this report is available from  
Mrs Sonia Rees, Director of Resources, on extension 3519

6. Cabinet was keen to ensure that all members – not just those involved on the Budget Panel or on the Strategic Monitoring Committee – had the opportunity before Council on 10th March, 2006 to consider the budget strategy. A member seminar has been arranged for this purpose on 16th February, 2006.
7. The Director of Resources' report on proposals for 2006/07 Capital Programme, a copy of which is appended, was agreed by Cabinet on 26th January, 2006 for recommendation to Council on 10th March, 2006. In deciding to recommend the proposals to Council, Cabinet noted the need to maintain as much flexibility between years within the overall planning totals.

## **RECOMMENDATION**

**THAT: (a) Strategic Monitoring Committee considers the Director of Resources' reports on the draft Budget Strategy and proposals for the Capital Programme for 2006/07 presented to and endorsed by the Cabinet on 26th January, 2006;**

**and**

**(b) Strategic Monitoring Committee comments on the Cabinet's budget strategy and Capital Programme for 2006/07 to inform Cabinet's next debate on the detail of next year's budget on 23rd February, 2006.**

## **BACKGROUND PAPERS**

- Draft Revenue Budget Strategy Cabinet Report 26th January, 2006 (Appendix A).
- Proposals for 2006/07 Capital Programme Cabinet Report 26th January, 2006 (Appendix B).