

## **BUDGET 2006/07**

### **STATEMENT BY RESPONSIBLE FINANCIAL OFFICER**

1. The purpose of this statement is to comply with the Local Government Act 2003. In presenting the budget to the Council the Executive must take account of the advice of the Director of Finance and Strategic Resources in relation to the robustness and adequacy of the budget and resources.
2. For 2006/07 I can advise the Council that the budget presented to the Council is robust in its formulation and the level of reserves adequate for the organisation.

### **RISKS TO THE BUDGET**

3. In formulating my opinion the following risks and factors have been taken into account.
  - i. The Government will cap the level of increase for Local Authorities. The Government does have reserve capping powers and has used them in recent years. No criteria has been issued for 2006/07, but letters from the Local Government Minister indicate an expectation that Council Tax increases will be kept below 5%.

South Kesteven is a low taxing Council being in the bottom 30 in the Country. The proposed increase of 4.9% at Band D will be in line with the Government target. Given no Government guidance on capping any resultant impact from capping measures would need to be found from balances. The cost of re-billing if capping did occur would be £60,000.
  - ii. The estimates assume that efficiency savings of £250,000 will be found during 2006/07. These have been built into individual service plans. Careful monitoring will be required to ensure the savings are forthcoming.
  - iii. The Capital programme for 2006/07 is significantly higher than in previous years. It will be necessary to actively review levels of capital receipts to ensure reliance on borrowing is minimised. The Council's capital reserves will be fully utilized in delivering this programme. This will mean less interest receipts will be available to the General Fund to support revenue expenditure. Given the constraints on the level of Council Tax increase that can be sustained I have advised the Executive not to enter into any further significant capital schemes until the outcome of the stock ballot is known.
  - iv. The Housing Revenue Account has been prepared on the basis of the 30 year business model. Work will continue on actively assessing the expenditure and income requirements of the HRA in line with the stock option process.
  - v. The General Fund Revenue Account will need to be closely monitored to ensure any diseconomies of scale arising from stock transfer are fully assessed.

- vi. The recent court judgement on the treatment of VAT on car parking income will be closely monitored for future years Council Tax assessment.

**J Blair**

**Corporate Director of Finance and Strategic Resources**