
REPORT TO:	ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	7 JANUARY 2003	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: c/ks/myfiles/budget200304/ e&dcttee
SUBJECT:	GENERAL FUND BUDGETS 2002/2003 AND 2003/2004	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the estimates of income and expenditure for 2002/03 and 2003/04 for the Committee's Services are approved, and referred to the Finance and Management Committee.
- 1.2 That the proposals for service developments for 2003/04 are approved and referred to the Finance and Management Committee.
- 1.3 That the Committee's proposed fees and charges for 2003/04 are approved.

2.0 Purpose of Report

- 2.1 To detail the Committee's probable out-turn for 2002/03 and the base budget for 2003/04. It also details proposed service developments for 2003/04, together with proposals for the level of fees and charges under the responsibility of this Committee for 2003/04.

3.0 Executive Summary

Probable Estimate 2002/2003

- 3.1 The Committee's projected out-turn for 2002/03 shows a total net expenditure of £3,139,070 which is an increase of approximately £214,000 over the original cash limit estimate.
- 3.2 Approximately $\frac{3}{4}$ of this increase is due to the reallocation of internal costs. The main reasons are set out in the table on the following page.

<u>DETAIL</u>	£'000
Reallocation of internal recharges for departmental support as follows:	
- Environmental Health Services	45
- Technical Services	15
- Planning	60
Reallocation of internal capital charges for Land Drainage and Conservation	60
Purchase of Software for Land Charges (funded from I.T. Reserve)	13
Projected reduction in income from Planning Fees	66
Increase in costs/reduction in sponsorship for Christmas Lights	8
Other variations	2
Offset by	
Savings on Soft Split DSO	-20
Increase in lettings on Industrial Estates	-15
Reduction in costs for George Holmes Business Centre following transfer	-10
Increase in income from Environmental Health services	-10
Total Net Variation (Increase) in Expenditure 2002/03	214

Cash Limit Estimate 2003/2004

- 3.3 The Committee's total estimate for 2003/04 is £3,380,930, which is a further increase of approximately £240,000 on the probable out-turn for 2002/03. The main variances are set out below.

<u>DETAIL</u>	£'000
Inflation	48
Reallocation of internal recharges for departmental support	15
Inflationary increase in recharges from soft split DSO (and assuming full cost base)	100
Projected reduction in income from Planning Fees	60
Planned increase in expenditure associated with the Local Plan	110
Projected reduction in income from Building Regulations	60
Other variations	3
Offset by	
Reduction in one-off internal capital charges from 2002/03	-74
Reduction in "one-off" expenditure on industrial estates and full year effect of transferring George Holmes Business Centre	-23
Reduction in "one-off" expenditure for new Land Charges software	-13
Increase in income from Refuse Collection and Recycling	-16
Reduction in "one-off" expenditure in Technical Services	-30
Total Net Variation (Increase) in Expenditure 2003/04	240

4.0 Detail

4.1 The report is sub-divided into several appendices, as follows:

- ◆ Appendix 1 - a summary of each cost centre under the responsibility of each Divisional Manager, showing the build-up to a "bottom line" total net expenditure for the Committee overall.
- ◆ Appendices 2 and 3 – an analysis detailing the major variances.
- ◆ Appendix 4 - a summary of the proposed service developments for 2003/04.
- ◆ Appendix 5 – a schedule showing the proposed fees and charges for the Committee's Services for 2002/03.

4.2 Basis of 2003/04 Estimates

The budget for 2003/04 has initially been compiled at November 2002 prices. An allowance for inflation has then been added where this is considered unavoidable, to cover for price increases from November 2002 to March 2004. This calculates the cash limit estimate for 2003/04, in which budgets should be managed. The assumptions built into estimates are as follows:

- Employee Costs – 3.5%
- Energy, Rates and Water Costs – 2.5%
- Transport Costs – 2.5%
- Contracted Services – 2.5%
- All other costs – no increase
- Fees and Charges – an average of 2.5% across the Committee's Services

The estimates are also based on service levels in 2002/03 continuing, and include any full year effects of previous year's growth and capital expenditure. However, any non-recurring items have been removed.

4.3 The Council's Overall Financial (General Fund) Position

The table below shows the probable level of council spending for this current year (2002/3) and for the next three years. This does not take into account any new money allocated to meet new spending demands.

	2002/3	2003/4	2004/5	2005/6
DETAIL	£	£	£	£
Net Revenue Spending	7,799,370	8,693,650	8,861,228	9,289,103
Government Grants	-4,727,255	-5,199,325	-5,303,311	-5,409,378
Council Tax	-3,235,881	-3,415,786	-3,638,513	-3,875,919
From Earmarked Reserves	-265,320	-39,000	-18,000	-18,000
Gross Surplus (-) Deficit (+)	-429,086	+39,539	-98,597	-14,194
Transfers to the Commutation Reserve	321,000	265,565	175,973	133,000
Addition/Reduction (-) To Balances	108,086	-305,104	-77,376	-118,806
Projected balances	2,012,554	1,707,450	1,630,074	1,511,268

- 4.5 The Council's overall financial position on its General Fund appears fairly healthy, with projected balances (before any new spending is approved) well above the Council's minimum target of £1/2m. This is partly due to an increase in Government Grant of around 12.5%.
- 4.6 In addition, the projection also takes into account some contingencies, mainly relating to falling income from planning fees. It also includes a projected increase in Council Tax of 3.5% in 2003/04 and 4.5% in each of the following 2 years. These are in line with the Government assumed increases for local authorities overall.
- 4.7 **The Service and Financial Planning Working Group** has met to consider initial budget proposals for next year 2003/4. This involved considering proposals for new spending. In essence the Working Group are suggesting that overall balances be set at a minimum level of **£1m** over the 3-year planning period. This should act as a further contingency, against future potential costs associated with closure of the Newhall tipping facility, and extension of the Council's recycling programme.
- 4.8 Against this background, the Working Group identified a need to incur new spending of some £508,310 over the next 3 years. This would have the effect of leaving balances at around £1m by 31st March 2006.

4.9 Service Development Proposals 2003/04

The new spending proposals submitted by Divisional Managers in so far as they affect this Committee are summarised in Appendix 4. These were scored against criteria approved by the Finance and Management Committee. The appendix shows the scores of all proposals relevant to this Committee. The suggestions of the Working Group are set out below.

<u>SUMMARY OF SCHEME</u>	<u>Net 3 Year Estimate (£)</u>	<u>Comment</u>
Derby and Derbyshire sub-regional Partnership	15,000	
Extension of Compost Scheme	33,000	
Subscription to Coalfield Community Campaign	6,300	
Building Control Technical Index	13,050	
Flare Environmental training system & database	2,400	
Refuse Collection & Street Cleansing (growth of district)	30,000	
Maintenance to wall – Church Side, Willington	5,000	One-off
Contribution to Derby & Sandiacre Canal Trust	5,000	One-off
TOTAL	£109,750	

- ◆ It should be noted that the change of tipping facility and the kerbside collection scheme for dry recyclables scored very highly. However, due to the uncertainty and the need to clarify certain issues around these schemes, it is proposed at this stage, that no specific resources are earmarked for these schemes. However, as highlighted in paragraph 4.7 above, it is proposed to increase the minimum level of general balances to act as a safeguard against any costs arising from these proposals.

4.10 Proposed Fees and Charges 2003/04

Appendix 5 provides a schedule of the proposed level that will operate from 1 April 2003, together with a comparison to the existing charge.

5.0 Financial Implications

5.1 As detailed in the report

6.0 Corporate Implications

6.1 The proposals contained in this report will affect the resources directed to the Committee's services, which have an influence on many of the Council's key aims contained in its Corporate Plan.

7.0 Community Implications

7.1 As above

8.0 Conclusions

8.1 The Committee is requested to consider carefully the income and expenditure proposals of its Services in the light of the Council's overall financial position, and to approve a level of net expenditure for Finance and Management Committee.

9.0 Background Papers

Estimate Working Documents

