
REPORT TO:	FINANCE AND MANAGEMENT SERVICES COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	16 JANUARY 2003	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: c/ks/myfiles/budget2003/04/ financecttee
SUBJECT:	FINANCE AND MANAGEMENT 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 consolidated into the overall General Fund budget.
- 1.2 That the proposals for service developments for 2003/04 are approved and consolidated into the overall General Fund budget.
- 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 £3,628,960 which is a decrease of approximately £198,000 compared to the original cash limit estimate.
- 3.2 The main reasons for this decrease are set out in the table on the following page.

<u>DETAIL</u>	£'000
Increase in interest on Bank Deposits due to significant asset sales (as previously reported)	-92
Reduction in interest payable to Housing Associations	-30
Overall reduction in Council Tax Benefits and Rent Allowances (mainly due to additional Government subsidy re: fraud)	-58
Increase in rents from shops and other property due to increased lettings	-9
Other Variations	-9
Total Overall Decrease in Net Expenditure 2002/03	-198

Cash Limit Estimate 2003/2004

- 3.3 The Committee's total estimate for 2003/04 is £3,782,700, which is an increase of approximately £153,000 on the probable out-turn for 2002/03. The main variances are set out below.

<u>DETAIL</u>	£'000
Inflation (net)	78
Statutory increase in travel concessionary (bus passes) scheme	25
Provision for expenses to be incurred for District Elections	40
Anticipated reduction in interest from Bank Deposits in accordance with spending of accumulated capital receipts	30
Net reduction in housing benefits	-28
Other variations	8
Total Overall Increase in Net Expenditure 2003/04	153

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 at cost centre level.
- ◆ Appendix 4 - a summary of the proposed service developments for 2003/04.
- ◆ Appendix 5 – a summary of the cost of Central Establishment Charges (CEC) and over what funds this has been allocated.

Basis of 2003/04 Estimates

- 4.2 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.

The Council's Overall Financial (General Fund) Position

- 4.3 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

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%.

- 4.5 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.
- 4.6 **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.
- 4.7 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.

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>
New Post – Development Control Technician	72,000	
New Post – Contaminated Land Officer	84,100	
Elections – Equipment	5,000	One-off
Crime & Disorder Partnership Analyst Support	21,000	
New Post – 1 p/t Admin Support Assistant in Planning	25,000	
Purchase of Formic Data Capture Software	23,410	
Disability Access Audit (use of internal resources to be examined)	20,000	One-off
New Post – Student Environmental Officer (p/t for 2 years)	11,300	
TOTAL	£261,810	

Proposed Fees and Charges 2003/04

The table below shows the proposed level that will operate from 1 April 2003, together with a comparison to the existing charge. Effectively, the proposed charges represent a 2.5% inflationary increase on current charges.

<u>Mortgage Redemptions</u>	<u>Current Charge 2002/03</u>	<u>Proposed Charge 2003/04</u>
Administration	£78.00	£80.00
Legal Costs	£39.00	£40.00

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 inclusion in the consolidated General Fund budget.

9.0 Background Papers

Estimate Working Documents

