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**REPORT TO:** FINANCE & MANAGEMENT

**AGENDA ITEM:** 15

**DATE OF MEETING:** 18<sup>th</sup> FEBRUARY 2003

**CATEGORY:**  
DELEGATED

**REPORT FROM:** CHIEF FINANCE OFFICER

**MEMBERS' CONTACT POINT:** TERRY NEAVES (5800)

**DOC:** s:\cent\_serv\committee reports\finance and management\18 feb 2003\fm budget recommend 20034.doc

**SUBJECT:** REVENUE BUDGET & CAPITAL PROGRAMME 2003/4

**REF:** TJN/SH

**WARD(S) AFFECTED:** ALL

**TERMS OF REFERENCE:** FM08

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## **1.0 Recommendations**

1.1 The Finance and Management Committee is asked to confirm or amend the spending proposals that it wishes to submit for approval by the Budget Council in relation to the following:-

- General Fund Budget Requirements
- Council Tax Increase
- Three-year projection and associated level of balances
- Capital Programme 2003/4

1.2 The Finance and Management Committee is asked to note the proposed budget for the Housing Revenue Account as agreed by Housing & Community Services together with the associated rent increase.

## **2.0 Purpose of Report**

2.1 This report sets out the Council's spending proposals for next year 2003/4. These have been updated with information that has become available since my last report to Finance & Management in January.

## **3.0 Detail**

### **Revenue Budget 2003/4**

3.1 At its meeting on 16<sup>th</sup> January 2003, the Finance and Management Committee agreed spending proposals to be used for consultation purposes on the revenue budget. This included the following key points:

- ◆ Net Revenue Spending of £8,693,650
- ◆ Potential Council Tax increases of 3.5%
- ◆ New Spending proposals (£508,000) – Appendix A

- ◆ Projected three year forecast of balances of £1,003,000 (after taking into account new spending proposals)

3.2 The Council has consulted widely on these budget proposals via:-

- ◆ Local Residents – 6 Area Meetings
- ◆ Local Businesses and Voluntary Groups – NNDR Meeting
- ◆ Staff – Joint Negotiating Committee

3.3 The results of this consultation have been reported to the Corporate Scrutiny Committee as part of its scrutiny of the Council's budget. A separate report of the Scrutiny Committee is set out elsewhere on this agenda. This includes the results of the budget consultation.

### Adjustments to Earlier Figures

3.4 The original figures submitted to Finance & Management have been updated to reflect a number of factors that have taken place since the original proposals were considered. These include:-

- ◆ **Final Local Government Finance Settlement** – this has confirmed the original settlement figures
- ◆ **Additional Transport Costs** – relating to pest control and the dog warden
- ◆ **Concessionary travel** – further costs associated with reducing the qualifying age for men from 65 to 60
- ◆ **Regradings** – provision for extra costs associated with the Council's regrading scheme

3.5 These costs have been offset by extra building control income compared to the original estimate. They also take into account the fact that election costs will also fall out of the projection after next year.

### Three-year financial projection

3.6 The three-year financial projection indicates that balances are expected to be in the region of £977,000 by the end of 2005-6. This is comfortably above the prudent level recommended by the District Auditor of £500,000.

BUDGET PROJECTION 2003-6	Budget	Probable	FORECAST		
	2002/3 £'000	2002/3 £'000	2003/4 £'000	2004/5 £'000	2005/6 £'000

<b>Net Committee Spending</b>	<b>7,760</b>	<b>7,686</b>	<b>8,769</b>	<b>9,085</b>	<b>9,359</b>
- Contingencies	81	73	123	123	123
- Known Variations	3	65	35	-177	-50
<b>Total Estimated Cost of Services</b>	<b>7,963</b>	<b>7,824</b>	<b>8,927</b>	<b>9,031</b>	<b>9,432</b>
Total Financing Income	7,963	7,963	8,631	8,952	9,296
Contributions From Earmarked Reserves	16	265	39	18	18
<b>Surplus/Deficit (-) for the year</b>	<b>169</b>	<b>429</b>	<b>-257</b>	<b>-61</b>	<b>118</b>

<b>Balances as at 1<sup>st</sup> April</b>	<b>1,535</b>	<b>1,905</b>	<b>1,988</b>	<b>1,465</b>	<b>1,228</b>
- General Fund Deficit	169	404	-257	-61	-118
- Contribution to Commutation Reserve	-321	-321	-266	-176	-133
<b>Balance at 31<sup>st</sup> March</b>	<b>1,383</b>	<b>1,988</b>	<b>1,465</b>	<b>1,228</b>	<b>977</b>

3.7 This projection is set out in more detail in Appendix B.

3.8 Members are also being asked to make other decisions on this agenda, which will have an impact on the above figures. The table below shows the impact on projected balances of these items together with details of the late notification of further meals on wheels and concessionary travel costs which will be incorporated into the final budget forecast.

Projected Balances	<u>£</u> 977,000
<b>Additional Proposed Spending</b>	
<input type="checkbox"/> Community Safety Officer	22,000
<input type="checkbox"/> Building Control Market Supplements	40,000
<b>Other Adjustments</b>	
<input type="checkbox"/> Concessionary Travel	15,000
<input type="checkbox"/> Meals on Wheels	-60,000
<input type="checkbox"/> Willington Toilets	-450
Projected Balances at end of 2005/6	£960,000

3.9 Members may also wish to consider what further proposals if any they wish to put forward for any additional spending while keeping comfortably within the threshold set out above.

#### **Housing Revenue Account**

3.10 Appendix C sets out the budget for the Housing Revenue Account and three year projection. This was considered and approved by the Housing and Community Services Committee in January.

3.11 The projection provides for a rent increase of 3.25%.

#### **Capital Programme**

3.12 The Council's Capital Programme for 2003/4 is set out in detail in Appendix D. This is split up into 3 main areas.

## General Fund Schemes

3.13 The General Fund Capital Programme provides for new spending of some £1.3m on general schemes. This is summarised below:-

Total Cost of Scheme – Including external contributions	£
Heritage Economic Regeneration Scheme	50,000
Housing Needs Survey	40,000
Roof Safety Improvements to Civic Offices	15,000
Etwell Leisure Centre – Shower upgrades	10,000
Geological Survey – Gresley Cemetery	2,000
Delph Centre – Units 1-6	80,000
Renovation of Cemeteries	25,000
Community Partnership Scheme	100,000
Burglary Prevention Project	40,000
Access Improvements to Swadlincote Woodlands	57,250
Private Sector Housing Grants	550,000
Purchase of new Housing Management IT System	248,000
Improvements to Sheltered Housing	100,000
<b>TOTAL</b>	<b>£1,317,250</b>

## Major Repairs Allowance

3.14 This is a specific capital allocation provided by the Government for the repair and improvement of Council Homes. The Housing and Community Services Committee has approved proposed schemes totalling some £1,907,000 to be met from this allocation.

## S106 Agreement and other land-related agreements

3.15 Members have also approved further proposals to use monies from a land agreement for improvements in the Church Gresley area.

## Financing Arrangements

3.16 The financing arrangements for next year's capital programme are set out in the table below.

	General Programme	Major Repairs Allowances	S106 Schemes
<b>Total Programme 2003/4</b>	<b>£1,227,250</b>	<b>£1,907,000</b>	<b>£105,000</b>

<b>Funded by:-</b>	
General Capital Allocation	736,000
Unused Capital Receipts	393,250
HRA Covenant Reserve	98,000
<b>Total Funding</b>	<b>£1,227,250</b>

<b>Funded by:-</b>	
Major Repairs Allowance Allocation	£1,907,000

<b>Funded by:-</b>	<b>Section 106 Monies</b>	<b>£105,000</b>
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## Capital Resources

3.17 The table below shows the Capital Resources that now remain for the Council to allocate in future years.

	Resources as at 1 April 2003	Resources Allocated	Remaining Resources
General Capital Allocation	686,000	686,000	Nil
Usable Capital Receipts	1,640,000	393,250	1,246,750
Major Repairs Allowance	1,907,000	1,907,000	Nil
S016 Monies	500,000	105,000	395,000
<b>Total Resources</b>	<b>4,733,000</b>	<b>3,091,250</b>	<b>1,641,750</b>

n.b. the Council can expect to receive a further general capital allocation next year, although this can vary between years.

## 4.0 Financial Implications

4.1 As set out within the main part of this report.

## 5.0 Conclusions

5.1 The proposals set out within this budget provide for significant improvements to Council services over the next three years.

5.2 The financial projection illustrates that these improvements are affordable with the Council maintaining a prudent level of balances over the three year period.

5.3 It is important that the Council continues to plan over this timeframe. This will help it to maintain stable finances and plan early how it will address any known budget pressures over the medium term.

## 6.0 Background Papers

Report to Finance & Management (16<sup>th</sup> January 2003) – Agenda Items 7 & 8

