

FINANCE AND MANAGEMENT COMMITTEE
23rd FEBRUARY 2005

AGENDA ITEM 7 - ADDENDUM

FINAL BUDGET PROPOSALS and FINANCIAL STRATEGY 2006 TO 2009

RECOMENDATIONS FROM SERVICE and FINANCIAL PLANNING GROUP
(22nd February 2006)

1. Council Tax

- Increase of 3.9% for 2006/07 making Band D £137.32 (for District Services).
- Planned increases of 2.9% in 2007/08 and 4.5% in 2008/09 (indicative figures - subject to annual review).
- Equivalent Band D Taxes for the 3-year financial plan shown in the following table.

2006/07 proposed	£137.32
2007/08 indicative	£141.31
2008/09 indicative	£147.66

2. Proposed Revenue Service Improvements

These are detailed in **Annexe A (blue sheet)** to this paper and represent an increase in additional expenditure of approximately £1.1m over the next 3-years.

This includes the top 9 in the overall "league" table representing those scoring the highest after public consultation.

It is also recommended that other bids for additional staffing resources be subject to a service and efficiency review. Specifically, these posts are:

- Corporate Consultation Officer
- Contaminated Land Officer
- Economic Regeneration Officer
- Open Space Development Officer
- Corporate Performance Manager

In addition, it is noted that other posts have secured funding for 1 further year and future support will need to be reviewed depending on the future availability of external funding or efficiency reviews. Specifically, these posts are:

- GIS/NLPG Officer and Assistant
- Environmental Education Officer
- Community Partnership Officer
- Assistant Community Safety Officer
- Democratic Services Assistant

Furthermore, it is proposed that some bids requiring funding in future years are deferred for future budget rounds. Specifically these are:

- Get Active in the Forest Physical Activity Scheme
- Further development of Tourist Information Centre

3. General Fund Revenue Expenditure

After adding in the proposed costs of new service developments, the Council's net revenue expenditure for 2005/06 and 2006/07 is as follows:

- 2005/06 - £10,004,520
- 2006/07 - £11,304,420

This is detailed in a **revised Appendix 1 (green sheets attached)** and it is recommended that this level of expenditure be submitted to Council on 2nd March 2006.

4. Forecasted level of General Fund Reserves

After adding in the proposed costs of new service developments and the effects of the recommended council tax increases, together with other minor changes as identified in the main report, the forecasted balance on the General Fund as at 31st March 2009 is shown in the following table.

Forecasted Balance as at 31st March 2009	£
Balance as shown in Table 4.7 (main report)	2,412,641
Add - Additional Government Grant	+8,358
Add - Final Tax Base and Collection Fund Surplus	+2,950
Less – Revenue Service Developments	-1,105,350
Less – Lower Council Tax increases 06/07 and 07/08	-210,886
Revised Balance as at 31st March 2009	1,107,713

This is above the minimum level of £1m as approved in the Council's Financial Strategy and is therefore recommended for approval.

5. Overall Level of Reserves

The following table shows the projected level of revenue reserves (as amended from the main report) over the next 4 years.

Summary of Council Reserves	31/03/2006 £	31/03/2007 £	31/03/2008 £	31/03/2009 £
General Fund Reserves	2,715,920	1,957,955	1,495,794	1,107,713
Commutation Reserve (currently still set-aside)	410,000	410,000	410,000	410,000
Sub-total (General Fund)	3,125,920	2,367,955	1,905,794	1,517,713
Housing Revenue Account	1,738,900	2,052,360	2,334,900	2,209,591
Other Earmarked Reserves	888,147	708,057	587,067	513,877
Total Reserves	5,725,967	5,128,372	4,827,761	4,241,181

6. Capital Financing

On reviewing the current planned capital programme and accounting for receipts recently received, the following resources have been identified.

Risk Management Provision no longer required	50,000
Inward Investment	100,000
Land Sales (underwritten by Commutation Reserve)	200,000
Reducing Community Partnership Scheme (£50k per year)	200,000
Total Financing Identified	550,000

7. New Capital Investment

The following investment is recommended.

Proposal	Estimated Costs (£)	Notes
Youth and Play Facilities	300,000	Ranked as top priority
Extending the Green Box Scheme	0	Funded by Government Grant
Housing Needs and Market Assessment	28,000	Ranked as 3 rd priority
Swadlincote Woodlands Forest park	0	Funded from Section 106 Reserve
Planned Maintenance Programme	200,000	To commence backlog of works
Replacement of Christmas Lights	25,000	
Football Pitch Improvements	20,000	To address priority works
Corporate Lone Worker System	13,000	
Improvements at Midway Fishponds	10,000	Feasibility study and priority works
Civic Offices Refurbishment	50,000	
Flood Alleviation Works – Hatton	10,000	DEFRA funding to be pursued
TOTAL – All Proposals	656,000	

8. Overall Capital Investment Programme to 2010

An amended programme including the amounts detailed in tables 6 and 7 above is attached as an updated **Appendix 2 (yellow sheets)**.

This also includes Government Grant of £157,000 allocated for Disabled Facility Grants for 2006/07. Any other Government funding is still awaited.

It should be noted that the overall forecasted shortfall in resources on General Schemes over the 5-year planning period is now around £455,000.

However, the recommendation of the SFPWG is that the resources set-aside for the Commutation Reserve be used as a contingency should the shortfall be realised in the planning period.

9. Changes to Prudential Indicators

This changes the Expenditure Indicator (1) as shown in the following table.

Prudential Indicator	2004/05 Actual £'000	2005/06 Estimate £'000	2006/07 Estimate £'000	2007/08 Estimate £'000	2008/09 Estimate £'000
1 – Capital Expenditure:					
• Council Housing	2,034	2,098	2,147	2,100	1,766
• Other Housing	125	59	0	0	0
• General Fund	2,666	3,967	2,872	1,735	1,325
• Covenants	469	385	415	450	490
Total	5,294	6,509	5,434	4,285	3,581