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REPORT TO: FINANCE & MANAGEMENT

AGENDA ITEM: 8

DATE OF MEETING: 19<sup>th</sup> FEBRUARY 2002

CATEGORY: OPEN  
RECOMMENDED

REPORT FROM: CHIEF FINANCE OFFICER

MEMBERS' CONTACT POINT: TERRY NEAVES (5800)

DOC:s:\cent\_serv\committee reports\finance and management\19feb 2002\revenue budget 2002-3.doc  
REF: TJN/SH

SUBJECT: REVENUE BUDGET  
2002/3

TERMS OF REFERENCE: F3

WARD(S) AFFECTED: ALL

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### 1. Recommendations

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

- Budget Requirements
- Council Tax Increase
- Associated level of balances

### 2. Purpose of Report

2.1 This report sets out the Council's spending proposals for next year 2002/3. These have been updated with information that has become available since my last report to Finance & Management in January.

### 3. Detail

3.1 At its meeting on 17<sup>th</sup> January 2002, 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 £7.860m
- ◆ Potential Council Tax increases of between 3.5% and 5.5%
- ◆ Projected three year forecast of balances of between £655,000 and £848,000 (depending on the level of Council Tax increase)

3.2 This has been the basis for the widest consultation carried out to date on the Council's budget proposals. This has included:-

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

#### 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** – which has reduced Government Grants by £3,000
- ◆ **Planning Income** – which has increased as a result of national increases in fee levels
- ◆ **Concessionary Fares** – lower than anticipated scheme costs
- ◆ **Regradings** – provision for extra costs associated with the Council's regrading scheme
- ◆ **Member Allowances** – to reflect decision of Council on 31<sup>st</sup> January 2002 concerning member allowances.

3.5 In addition to the above, the figures are now based on a pension contribution of 292% of the employees contribution (i.e. 17.52% of employees' salary). This compares favourably to the original projection of 300% but is based on a special contribution of £1m to the pension fund as agreed at the last meeting of Finance & Management.

3.6 The net impact of these changes is positive in that it has reduced further the Council's net revenue spending. This is set out in the table below:-

<i>Table 3.6</i>	2001/2 £	2002/3 £	2003/4 £	2004/5 £
<b>Net Revenue Spending</b>	<b>7,180,030</b>	<b>7,860,002</b>	<b>8,386,852</b>	<b>8,665,711</b>
	+5,000	-49,522	-25,173	-64,963
<b>Adjusted Spending</b>	<b>7,185,030</b>	<b>7,810,480</b>	<b>8,361,679</b>	<b>8,600,748</b>

3.7. An overall statement of the Council's position is set out in Appendix 1, with the detailed figures for individual budgets shown in Appendix 2.

3.8 The table below shows the projected level of balances over the next 3 years based on Council Tax Increases of between 3.5% and 5.5%.

<i>Table 3.8</i>	2002/3 £	2003/4 £	2004/5 £
<b>3.5%</b>	1,372	1,002	804
<b>4.0%</b>	1,386	1,034	853
<b>4.5%</b>	1,402	1,066	902
<b>5.0%</b>	1,418	1,098	952
<b>5.5%</b>	1,433	1,129	1,001

Please note this assumes increases in Council Tax at 4.5% for both 2003/4 and 2004/5.

3.9 As a guide members should aim to ensure that the level of balances at the end of 2004/5 remains comfortably above the recommended minimum level indicated by the District Auditor - £500,000.

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

3.11 The appendix also includes an updated schedule of the Housing Revenue Account, which reflects the pension charges set out in 3.4.

**4. Financial Implications**

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

**5. Background Papers**

None.