

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	15th JANUARY 2004	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/budget200405/ Consolidated January Report
SUBJECT:	CONSOLIDATED REVENUE BUDGETS & CAPITAL PROGRAMME 2003/2004 AND 2004/2005	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the estimates of revenue income and expenditure for 2003/04 and 2004/05 for the General Fund are considered and a level of income and expenditure approved.
- 1.2 That the proposals for revenue service developments for 2004/05 are considered.
- 1.3 That the proposals for new capital investment for 2004/05 are considered.
- 1.4 That the revised 3-year financial projection on the General Fund be noted.
- 1.5 That the financial position of the Council's Housing Revenue Account be noted.
- 1.6 That a level of Council Tax for 2004/05 be proposed.
- 1.7 That the information stemming from recommendations 1.1 to 1.6 be used as the basis for the budget consultation process.

2.0 Purpose of Report

- 2.1 To detail the Council's overall financial position for the 2004/05 budget round, which has been considered by the Service and Financial Planning Working Group on 15th December 2003 and 7th January 2004. Essentially, it builds on the projections and financial strategy approved by this Committee in July 2003, which also reported the budget out-turn position for 2002/03. The report covers the following:

- ☐ The Council's annual financial settlement for 2004/05
- ☐ The General Fund 3-year financial projection
- ☐ Risk Analysis
- ☐ Council Tax levels
- ☐ Proposals for revenue service improvements 2004/05
- ☐ The Housing Revenue Account (HRA)

- Capital Resources
- Prudential Borrowing
- Proposals for new capital investment 2004/05

3.0 Detail

The Council's Annual Financial Settlement 2004/05

- 3.1 This is an annual statement that provides local authorities with the level of Government funding for the next financial year. It is a crucial element for this Council as it forms the main income stream for funding General Fund services.
- 3.2 The original settlement received in November 2003, indicated an increase for the Council of 2.4% (the average for Districts across the Country) and equated to approximately £113,000 per year. However, due to a change in the method of providing subsidy for rent allowance and council tax benefit, the Council **loses** approximately £128,500 per year, which gave a potential reduction in grant of £15,000 per year.
- 3.3 In addition, the Council continues to be substantially below the Government's funding formula, i.e. the Government's assessment of what the Council should receive to provide an adequate level of service. For 2003/04, the Government had capped increases in grant to protect those authorities that were worse off under the new Government formula. This Council should have received an increase of around 25%, but was capped at 12.5%.
- 3.4 This dampening of grant has continued for 2004/05. Out of 240 District Councils, South Derbyshire has the 30th biggest shortfall in grant. Due to this and the overall reduction in grant for 2004/05, the Council made representations to the Government over its position.
- 3.5 On 10th December 2003, the Chancellor made his pre-budget speech in which he indicated additional resources for local authorities of around £340m. This effectively changed the original announcement and subsequently new figures were issued to all Councils.
- 3.6 For South Derbyshire, the headline increase was 6.1% (District average was 4%), and equates to additional grant of approximately £290,000 per year in total. However, after allowing for the reduction in benefit subsidy (£128,500), the overall increase is £161,500 (3.1%). However, the Council is still substantially underfunded compared to the Government's formula by approximately **£1/2m**.
- 3.7 These latest figures have been built into the Council's financial projection. However, it should be noted that these figures are still **provisional** as they are subject to consultation. This period ends on the 9th January 2004.

General Fund 3-year Financial Projection

- 3.8 This is detailed in **Appendix 1** and summarised in the table below. This does not take into account any resources that still may be allocated to meet new spending demands.

	2003/04	2004/05	2005/06	2006/07
DETAIL	£	£	£	£
Net Revenue Spending	9,070,205	8,710,945	9,457,442	10,025,436
Less Financing				
Government Grants	5,199,325	5,022,461	5,122,910	5,225,368
Council Tax	3,432,209	3,681,276	3,898,600	4,151,563
From Earmarked Reserves	359,360	65,940	53,137	54,996
Gross Deficit/Surplus (-)	79,311	-58,732	382,795	593,509
Projected Balances	2,389,624	2,448,356	2,065,561	1,472,052

- 3.9 The Council's overall financial position on its General Fund continues to stay fairly healthy, with projected balances (before any new spending is approved) well above the level of £1/2m approved as part of the Council's financial strategy. This is mainly due to increases in income from Planning and Building Regulation Fees, together with bank interest being earned on the Council's "set-aside" capital receipts.
- 3.10 In addition, the Council no longer needs to provide for the "Commutation Adjustment" as the Government has relaxed the requirement to meet future costs associated with this issue. The previous 3-year projection approved by the Council in July 2003 had planned to contribute around £575,000 into an earmarked reserve. This is no longer required.
- 3.11 The increase in resources has allowed some additional spending to be accommodated within the above projection. For example:
- A provision for further increases in contributions to the County Council's Pension Fund, based on an interim valuation.
 - Additional costs associated with the Local Plan Inquiry in 2003/2004.
 - The phasing in of increases in Members' Allowances over this planning period.
- 3.12 In addition, the projection also takes into account some contingencies, mainly relating to a fall in income (from current levels) in the last 2 years of this planning period. The projection allows for increases in Council Tax of 4.5% in the 3 years 2004-2007.
- 3.13 The other policy committees (including a separate report to this Committee) have considered in detail the probable out-turn for 2003/04 and base budget for 2004/05. **Appendix 2** provides a summary of the main changes to the projection from that approved in July 2003.

- 3.14 Whilst the current 3-year projection remains healthy, the position in the longer term gives cause for concern. There are still underlying budget pressures, as evidenced by the forecasted budget deficits in 2006 and 2007.
- 3.15 The extent of the deficit is increasing each year as projected spending is rising at a faster rate than projected income. In the medium term, action will need to be taken to address this position to reduce the impact on limited Council reserves.

Risk Analysis

- 3.16 There is a range of factors that will have an impact on the above projection and these are considered in the table below, alongside proposed action to address these financial risks.

Risk	Action
Insurance Costs – these have risen sharply over the last 2 years. If these continue to rise and/or claims do not improve, this could place an increased burden on budgets.	Projection reflects increased insurance costs. Insurers working with Council's Risk Management Group to reduce claims. Re-tendering the current insurance contract is being considered as an option.
Pension Costs – indications suggest a significant increase in employer contributions from the next valuation 2005/06.	A contingency has been built into the projections based on an interim valuation of the Pension Fund. Actual costs will now depend on performance of the Fund over the next year.
Income Projections – especially planning fees and bank deposit income – planning fees in particular can fluctuate with the state of the economy and house building in general. This can be beyond the Council's control.	Costs difficult to assess. General reserves maintained at a higher level to provide a more realistic cushion and projections assume a reduction in income by 2006/07 compared to current levels.
Affordability of underlying service pressures – for example in refuse collection, recycling and other national targets.	General reserves being maintained at a higher level to provide a realistic cushion. In addition a key milestone for 2004/05 to meet a key aim of the Council is to extend the current "scoring system" to existing services. This tool to be used as a means of mapping out a plan for reprioritising council spending to ensure that it meets the changing needs of local residents and regional and national priorities.
Loss of Government Grant – new census data from 2001 likely to be fed into Government's formula from 2005/06. Census figure for the Council lower than the current population estimate used in the formula.	Effect very uncertain, as it will depend on how the formula works relative to other authorities. Should continue to make representations (along with family group) to the Government concerning the apparent shortfall in current funding under the Government's formula.

<p>Programmed funding – increasingly being used by the Government to fund certain areas such as Planning, Benefits and Crime & Disorder. Although Government grant in these areas has been used for more “one-off” spending, additional staff likely to be employed on an on-going basis. Question over the continuation of Government support in the longer term.</p>	<p>General reserves being maintained at a higher level to provide a realistic cushion. Should be monitored on a regular basis.</p>
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Council Tax Levels

- 3.17 As stated earlier, the projection builds in increases of 4.5% per year for the next 3 years to 2006/07. It should be noted that the tax base and surplus or deficit on the Council's Collection Fund that are included in the projection for 2004/05, still need to be approved by Council on 22nd January 2004. Although these may well vary, they should not have any significant effect on the overall position.
- 3.18 In providing the additional resources on 10th December, a Government statement made it clear that they expected to see council tax increases “*in low single figures*.” In addition, they reiterated their intention to use their powers to cap increases for individual authorities if they felt this was necessary.
- 3.19 In the last 2 years, the Council has set relatively low increases (3.9% and 3.5%). Based on a 4.5% increase in 2004/05, 3-year balances are projected at approximately £1,472,000 as at 31st March 2007.

Proposals for Revenue Service Improvements 2004/05

- 3.20 The new spending proposals submitted by Divisional Managers are summarised in **Appendix 3**. These were scored against criteria approved by this Committee and members have previously received full details of all bids submitted. The Service and Financial Planning Working Group were due to meet on 7th January 2004 to discuss these proposals and an update will be provided at the meeting.

The Housing Revenue Account (HRA)

- 3.21 This has been considered in detail by the Housing and Community Services Committee, including the increase in the level of council house rents for 2004/05. The financial projection is summarised in **Appendix 4**.
- 3.22 To satisfy the work programme required for the Stock Options Review, a financial forecast has been made to 2010; i.e. the Government's target date for achieving the Decent Homes Standard. This shows that the HRA will fall into deficit from 2006/07, this deficit increasing year on year to 2009/10.
- 3.23 Due to the current level of HRA balances, this deficit can be sustained until 2008/09, after which the level of balances will fall to just above the minimum level of £1/2m. By 2009/10, the HRA will have an accumulated **deficit of around £267,000**.
- 3.24 As previous HRA reports have highlighted, this is due to the continuing reduction in the HRA's income base, i.e. rents (a combination of lower rents overall due to rent

restructuring together with council house sales) and housing subsidy, again due to council house sales reducing Government subsidy.

- 3.25 Some further analysis, especially around sensitivity, is being undertaken for the Stock Options Review. In addition, the Housing and Community Services Committee considered the main financial risks associated with the projection.
- 3.26 Housing repairs spend in particular, continues to be reviewed, as this is perhaps the main area of cost where there may be some degree of flexibility and control. There may also be potential for using capital resources to finance some of the projected repairs expenditure. However, this could have an impact on the level of resources for other capital investment elsewhere in the Council.
- 3.27 The base estimates make no provision for any service improvements over the 2004 to 2010 planning period. Any growth in service provision during this period could result in the HRA falling below its minimum level of balances much earlier.
- 3.28 In essence, the Council will need to take some tough decisions to decide whether it can achieve savings of £767,000 over the next 6 years (i.e. to offset the deficit of £267,000 and maintain a minimum balance of £0.5m). Effectively, this will require savings of approximately £130,000 to be achieved in each of the next 6 years before taking into account any additional savings to finance service improvements.
- 3.29 As agreed by Housing and Community Services Committee recently there is also a need to drive forward performance improvement and there is a limit to what can be achieved with current staffing levels without these service developments. Inevitably there is a balance between any service development and affordability, which members will need to consider.

Capital Resources

- 3.30 As reported to this Committee in October 2003, with effect from 1 April 2004, Government funding in the form of "Credit Approvals" to support local authority borrowing will cease to exist. In accordance with the Government's new Prudential System, councils will be free to borrow money within a pre-determined local limit, as long as they can demonstrate that the interest charges associated with it are affordable and sustainable in the medium to longer term.
- 3.31 The Government is continuing to support new capital investment. However, the Council will probably need to continue to finance most of its new capital investment from its own resources generated from asset sales (mainly council houses and land). In addition, the Council is also relying more heavily on partnership funding.
- 3.32 In the last 2 to 3 years, asset sales have been fairly significant, and the Council has not yet committed all of its useable receipts from previous years. In addition, the Council has generated a relatively significant amount this year, mainly through Council House sales.
- 3.33 However, in accordance with Government regulations, the Council is only allowed to spend 25% from the sale proceeds of housing assets, the remaining 75% has to be set-aside for debt repayment; 100% of the proceeds from non-housing assets can be re-invested.
- 3.34 Furthermore, with effect from April 2004, these set aside amounts will be paid direct to the Government. All receipts will then be **pooled** nationally and redistributed

based on regional strategies. Certain receipts, for example sales of mortgage portfolios, empty properties and unused land, are not subject to pooling if they are reinvested in "Regeneration or Affordable Housing."

3.35 Given this, the Council can expect to have the following resources available to finance new capital investment from 2004/2005.

	£'000
Government Allocation – Single Capital Pot	534
Useable Capital Receipts	2,225
Total Resources	2,759
Less: Approved Commitments	
Private Sector Renewal Grants 2004/05	550
Contribution to Maurice Lea Memorial Park	137
Potential Contribution to Etwall Leisure Centre	250
Geographical Survey in Gresley Cemetery 2004/05	10
Renovation of Cemeteries (4-year programme to 2006/07))	75
Repayment of Covenants 2004/05	470
Resources now Available	1,267

3.36 The Council has complete freedom in how it uses these resources. However, they are finite and once used, there is no guarantee that they will be replenished in the future. In addition, the following should be noted:

- This does not take into account any receipts that are likely to be generated in 2004/05.
- Additional Government funding for Disabled Facility Grants not yet known.
- The Council has previously approved further annual allocations for Private Sector Renewal Grants of £550,000 to 2007/08 depending on available resources.
- Repayment of Covenants will continue to 2009/10 at the rate of around £1/2m per year. This is not avoidable.
- Future Government support not easy to predict due to pooling of capital receipts and resource allocation via Regional Boards.

Major Repairs Allowance (MRA)

3.37 In addition to the above resources, the Council also receives the MRA, which is the main capital allocation provided by the Government to finance capital investment in council housing. It is calculated on a formula basis that reflects the age and condition of a Council's housing stock. It is effectively paid as a fixed amount per property.

3.38 The Government want to see these resources invested in the stock to help Council's meet the Decent Homes Targets in 2004 and 2010. The Council's allocation over the next 3 years is expected to be as follows:

2003/04 (Actual)	£1.90m
2004/05 (Provisional)	£1.87m
2005/06 (Projected)	£1.85m
2006/07 (Projected)	£1.84m

- 3.38 The Council has been utilising this funding mainly for major refurbishment's (kitchens and bathrooms) together with window and central heating replacements. The yearly programme is set and monitored by the Housing and Community Services Committee.

Prudential Borrowing

- 3.39 As highlighted earlier, the Council is now free to borrow money within a pre-determined local limit, as long as it can demonstrate that the interest charges and debt repayment associated with it are affordable and sustainable in the medium to longer term.
- 3.40 The local limit will be based on a measure of the Council's overall indebtedness (net value of its fixed assets, less debt and other long-term liabilities). It is likely to be around £18.8m (based on figures contained in the 2002/03 statement of accounts).
- 3.41 However, it is not the limit in itself that is critical, but rather the affordability of the resultant debt charges. For illustration and using current interest rates, every £100,000 borrowed would incur annual interest charges of around £5,000, plus principal repayments depending on the type and term of the loan. The term of the loan should be determined by the period from which benefits are likely to accrue.

New Capital Investment Proposals 2004/05

- 3.41 The new spending proposals submitted by Divisional Managers are summarised in **Appendix 5**. These were scored against criteria approved by this Committee and members have previously received full details of all bids submitted. The Service and Financial Planning Working Group were due to meet on 7th January 2004 to discuss these proposals and an update will be provided at the meeting.

4.0 Financial Implications

- 4.1 As detailed in the report

5.0 Corporate Implications

- 5.1 As detailed in the report

6.0 Community Implications

- 6.1 As detailed in the report

7.0 Conclusions

- 7.1 The Committee is requested to consider carefully the income and expenditure proposals (including proposed new spending) for the Council in the light of its overall financial position, and to approve a set of proposals to be used as the basis for budget consultation

8.0 Background Papers

- The Local Government Finance Settlement (and associated papers) 2004/05
- Housing Subsidy Determination (and associated papers) 2004/05
- Budget Out-turn 2002/03, Financial Strategy and Updated Financial Projections to 2005/06 (as reported to Finance & Management Committee 24th July 2003)

APPENDIX 1

GENERAL FUND REVENUE ACCOUNT 3-Year Financial Forecast (2004/05 Budget Round)

DETAIL	Approved Estimate 2003/04 £	Probable Out-turn 2003/04 £	Base Budget 2004/05 £	Projection 2005/06 £	Projection 2006/07 £
Net Committee Spending	9,818,210	10,938,410	8,669,930	9,180,575	9,673,580
Less: Capital Adjustments					
Capital Financing Adjustment	-589,030	-515,275	-26,612	-15,648	9,546
Adjustment for Deferred Charges	0	-1,165,865	0	0	0
Commutation Adjustment	-265,565	-265,565	-175,973	-133,000	-76,000
Overall Net Spending	8,963,615	8,991,705	8,467,345	9,031,927	9,607,126
Contingencies					
Bad and Doubtful Debts	40,000	40,000	40,000	40,000	40,000
On-going Revenue Costs of new Capital Projects	0	0	0	50,000	50,000
Known Variations to Base Budget					
Car Leasing Scheme/Cash Alternative	0	0	0	-19,000	-56,600
Legal & Professional Fees	30,000	30,000	0	0	0
Local Plan	0	0	25,000	12,880	12,880
Backfunded Pensions falling out	0	0	0	-55,000	-60,000
Capital Charges falling out	0	0	0	-17,100	-33,450
Increase in Pension Contributions	0	0	0	186,000	186,000
Increase in Members' Allowances	0	0	0	25,210	53,030
Rent Rebate Subsidy from HRA falling out	0	0	0	23,925	47,850
Financial Management System - Running Costs	0	0	25,000	25,000	25,000
Revenues & Benefits - Partnership Contribution	0	0	80,000	80,000	80,000
Revenues & Benefits - Verification Framework	0	0	40,000	40,000	40,000

APPENDIX 1

GENERAL FUND REVENUE ACCOUNT 3-Year Financial Forecast (2004/05 Budget Round)

DETAIL	Approved Estimate 2003/04 £	Probable Out-turn 2003/04 £	Base Budget 2004/05 £	Projection 2005/06 £	Projection 2006/07 £
Annual Regradings	0	8,500	9,600	9,600	9,600
Maurice Lee Park - Running Costs	0	0	24,000	24,000	24,000
NET REVENUE EXPENDITURE	9,033,615	9,070,205	8,710,945	9,457,442	10,025,436

FINANCING (Income)

Government (ODPM) Formula Grant

Revenue Support Grant	2,347,067	2,347,067	2,737,785	2,792,541	2,848,392
Redistributed Business Rates	2,852,258	2,852,258	2,284,676	2,330,370	2,376,977

Total - Formula Grant

	5,199,325	5,199,325	5,022,461	5,122,910	5,225,368
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Council Tax

	3,432,209	3,432,209	3,681,276	3,898,600	4,151,563
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Total - External Income

	8,631,534	8,631,534	8,703,737	9,021,510	9,376,931
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Contributions from Earmarked Reserves

I.T.	21,000	155,400	21,600	22,356	23,138
Section 106 - Swadlincoke Woodlands	23,000	20,490	29,740	30,781	31,858
DSO Reserve (Depot Alterations)	0	21,550	0	0	0
Commitments	0	161,920	14,600	0	0

TOTAL FINANCING

	8,675,534	8,990,894	8,769,677	9,074,647	9,431,928
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GENERAL FUND REVENUE ACCOUNT

3-Year Financial Forecast (2004/05 Budget Round)

<u>DETAIL</u>	<u>Approved</u>	<u>Probable</u>	<u>Base</u>	<u>Projection</u>	<u>Projection</u>
	<u>Estimate</u>	<u>Out-turn</u>	<u>Budget</u>	<u>2005/06</u>	<u>2006/07</u>
	2003/04	2003/04	2004/05	2005/06	2006/07
	£	£	£	£	£

Surplus/Deficit(-) for the Year

-358,081	-79,311	58,732	-382,795	-593,508
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Less : Contributions to Earmarked Reserves

Commutation Adjustment	265,565	0	0	0	0
I.T.	70,000	0	0	0	0

Transfer to/from (-) General Reserves

-693,646	-79,311	58,732	-382,795	-593,508
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GENERAL RESERVES

Balance as at 1st April	2,468,935	2,468,935	2,389,624	2,448,356	2,065,561
Transfer (as above)	-693,646	-79,311	58,732	-382,795	-593,508

Balance as at 31st March

1,775,289	2,389,624	2,448,356	2,065,561	1,472,053
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APPENDIX 2

General Fund - Changes to 3-Year Projection

(4 years 2003/04 Probable to 2006/07 Projection)

	£	£	£
Projected Balances (in July 2003) @ 31/03/06			840,500
Additional Costs (to 2005/06)			
New Spending approved in July		121,550	
Provision for Pension increase in 2005/06		186,000	
Additional costs of Local Plan Inquiry (03/04 only)		100,000	
Increased Audit Fees		67,000	
Increase in Members' Allowances		257,500	
Reduction in Debt Charges recharged to HRA		231,250	
General Fund Subsidy for Rent Rebates (from 05/06)		24,000	
Provision for Interim Local Plan		30,000	
Verification Framework (Funded by Benefit Grant)		80,000	
Provision for Annual Regradings		20,000	
Provision for on-going costs of new Capital Projects		50,000	
			1,167,300
Additional Income (to 2005/06)			
Planning & Building Regs Fees	456,000		
Bank Deposit Income	703,500		
Increase in Government Grant (compared to July forecast)	40,000		
Housing Benefit Admin Grant (incl 03/04)	566,250		
Increase in Tax Base and Tax Collection	45,000		
			1,810,750
Add - No requirement to provide for Commutation		574,500	
			2,385,250
Total - Favourable Variances			2,385,250
Add - Other Variances (Net)			7,050
Less - Projected Deficit 2006/07			593,500
Projected Balances @ 31st March 2007			1,472,000

REVENUE SPENDING BIDS (DECEMBER 2003) - OVERALL SCORES

Line No.	Bid Ref	Scheme/Proposal	3 year Estimate (NET) £	Category Scores			Total %	Comment
				Council Priorities %	National Priorities %	Risk %		
1	53	LSP & Preparation of Community Strategy	60,000	48	12	9	72	20k per year
2	16	Crime & Disorder Audit and Strategy	5,000	36	12	10	65	One-off
3	6	Extra staff to meet national standards & targets (Planning)	143,900	38	4	10	61	2 posts - possible funding from Grant
4	3	Destination Management System (EconDev/Tourism)	12,300	32	12	10	58	
5	21	Anti Social Behaviour Officer	35,000	26	16	9	58	
6	30	Extension of Compost Scheme	81,000	36	8	9	56	
7	5	Development of Footpath Walks & Leaflets	21,000	28	12	3	54	2 years only
8	18	Community Drugs Officer	14,500	26	12	6	52	
9	33	Litter Plan	296,500	33	12	6	51	Various options available
10	41	Inspection of Play Areas & Memorials	75,000	32	4	14	50	£25k per year
11	1	Asset Management Officer	96,304	26	8	10	48	
12	17	Crime & Disorder Support Team	12,000	26	12	3	47	
13	32	Kerbside Collection Scheme	274,000	26	8	9	47	DEFRA Bid COULD fund 50% of costs
14	14	Environmental Education Scheme	20,000	18	12	6	45	
15	24	Next Step Domestic Abuse Service	9,000	22	12	3	45	
16	11	Licensing Enforcement Officer	76,572	22	4	13	43	Possible income generation
17	26	Youth Engagement Through Sport	45,000	22	8	3	42	
18	27	SportsBreak Project	5,000	22	8	3	42	One-off
19	4	National Forest Tourism Partnership Literature	9,300	18	12	3	41	
20	19	Community Crime Reduction Project	30,000	16	12	3	41	
21	12	Licensing Team Assistant	58,397	22	4	10	40	Possible income generation
22	9	P/T Building Control Surveyor & Increased Consultancy	27,000	16	4	14	38	50/50 split between staff & consultant
23	2	Contribution to Derby & Sandiacre Canal Trust	5,000	18	8	3	37	One-off
24	55	Parish Plans Fund	15,000	16	8	3	36	£5k per year
25	46	Water Testing in Sports Pavilions	12,000	10	4	21	35	Note Capital Bid for all Public Buildings
26	20	Community Partnership Officer	26,500	16	8	3	34	
27	42	Annual Maintenance to Watercourse at A516 Halton	9,000	16	4	14	34	
28	7	Planning Technician - enhance service beyond statutory targets	72,000	26	4	3	33	Possible funding from Grant
29	40	Increase in Litter Picking Schedules (Urban Parks/Grounds)	22,000	14	8	7	32	
30	50	Principal Policy Officer - CPA Action Plan	119,000	12	4	10	32	
31	23	Neighbourhood Wardens Feasibility Study	5,000	16	8	0	31	One-off
32	44	Invest to Save - Housing Support Officer	87,869	14	12	3	31	
33	45	Invest to Save - Homelessness Initiatives	45,000	14	12	3	31	
34	48	Maintenance of Civic Offices	12,000	12	0	18	30	
35	29	South Derbyshire Cultural & Sports Forum	2,000	14	8	0	28	One-off
36	8	Additional Consultancy for Tree Planting & Landscaping	52,500	14	8	3	25	
37	47	Annual Maintenance at Etwell Squash Court	3,000	12	4	7	25	£1k per annum
38	10	Extra Licenses for Flare System	6,600	14	4	6	24	

REVENUE SPENDING BIDS (DECEMBER 2003) - OVERALL SCORES

Line No.	Bid Ref	Scheme/Proposal	3 year Estimate (NET) £	Category Scores			Total %	Comment
				Council Priorities %	National Priorities %	Risk %		
39	51	Environmental Strategy Policy Officer	112,871	16	8	0	24	
40	25	On-line Funding Support for Voluntary/Community Sectors	14,550	16	4	3	23	
41	43	Renew Swadincote Xmas Lighting Decorations	35,000	16	0	7	23	
42	22	Community Partnership - Revenue Grants	30,000	16	4	0	20	£10k per annum
43	49	Development of Scrutiny - Improved Officer Support	106,000	12	0	7	19	
44	52	Developing the Scrutiny Process	6,000	12	0	7	19	
45	28	Walking/Physical Activity Scheme	22,500	2	8	0	17	
46	35	Refurbishment of Recycling Centres	22,500	10	4	3	17	
47	31	Reducing Fly Tipping	15,000	12	0	3	15	
48	15	Assistance to SportsPeople Scheme	15,000	2	8	0	10	
49	37	Enhancing condition of Council's Public Toilets	30,000	10	0	0	10	
50	39	Resurfacing Bank House Car Park	1,250	0	0	6	6	One-off
51	54	Resurfacing Parts of Melbourne Leisure Centre Car Park	10,000	0	0	6	6	One-off
52	34	Replacement of Car Park Barrier (Civic Offices)	4,000	0	0	0	3	One-off
SCHEMES NOT SCORED								
53	13	Selecting RSL Partner for General Purpose Housing	1,000	0	0	0	0	Accommodate in existing budgets
54	36	Increased Refuse Collection to meet District Growth	384,000	0	0	0	0	Deferred - further information required
55	38	Development of Village Plan for Hilton	5,000	0	0	0	0	Fund from Section 106 monies
TOTAL BIDS SUBMITTED			2,715,913					

APPENDIX 4

HOUSING REVENUE ACCOUNT : FINANCIAL PROJECTION 2003/04 TO 2009/10

Code Ref	Expenditure	Revised Estimate	Projection	Projection	Projection	Projection	Projection	Projection
		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
		£	£	£	£	£	£	£
EA9	Housing Repairs	2,655,000	2,500,330	2,587,842	2,678,416	2,772,161	2,869,186	2,969,608
EB1	Supervision and Management	774,610	775,440	805,303	829,264	853,944	879,365	905,547
EC1-5	Sheltered and Other Services	817,530	840,070	865,272	891,230	917,967	945,506	973,871
ED4	Council Tax & Leasing	36,550	8,060	8,060	8,060	8,060	8,060	8,060
ED6	Rent Rebates Paid	4,757,866	0	0	0	0	0	0
ED7	Provision for Bad Debts	60,000	60,000	60,000	60,000	60,000	60,000	60,000
EE1	Debt Interest	566,400	364,670	335,529	305,682	273,802	251,326	227,128
EE5	Revenue Contributions to Capital	194,510	0	0	0	0	0	0
EE6	Provision for Depreciation	1,978,220	1,943,880	1,922,486	1,909,519	1,894,108	1,903,367	1,902,187
EQ3	Transfer to Government Pool	0	1,746,510	1,807,890	1,900,320	1,993,206	2,104,945	2,203,522
EQ6	Deficit From Building Maintenance	69,260	0	0	0	0	0	0
EB2	Housing Options Study (Consultants)	14,750	44,250	0	0	0	0	0
EE7	Cost of Rebates Remaining in HRA	0	234,010	189,960	145,910	125,910	105,910	85,910
	Provision for Increase in Pension Contribution	0	0	47,000	47,000	47,000	47,000	47,000
Total Expenditure		11,924,696	8,517,220	8,629,341	8,775,402	8,946,158	9,174,665	9,382,833

Income

EP1	Rent from Dwellings	8,297,387	8,206,711	8,116,035	8,077,262	8,038,489	7,999,716	7,960,943
EP2	Other Rents	97,220	101,070	105,072	109,233	113,559	118,056	122,731
EQ1/2	Other Fees & Charges	71,330	74,155	77,091	80,144	83,318	86,617	90,047
EQ6	Transfers from Other Funds	75,660	75,660	75,660	75,660	75,660	75,660	75,660
EQ4	Contributions to Housing Benefit	21,920	0	0	0	0	0	0
EQ3	Housing Subsidy	2,431,997	0	0	0	0	0	0
EQ5	Interest Received from General Fund	51,700	47,680	54,445	54,300	47,230	32,230	9,200
EP3	DCC - Supporting People Grant	337,300	337,300	337,300	337,300	337,300	337,300	337,300
Total Income		11,384,514	8,842,576	8,765,604	8,733,900	8,695,566	8,649,579	8,595,881

Projected Deficit / Surplus (-)

HRA General Reserves

Balance b/f

Deficit / Surplus (-) as above

Balance c/f	875,061	1,200,418	1,336,681	1,295,178	1,044,576	519,491	-267,461
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CAPITAL SPENDING BIDS (DECEMBER 2003) - OVERALL SCORES

Line No.	Bid Ref	Scheme/Proposal	5 year Estimate (NET) £	Category Scores			Total %	Comment
				Council Priorities %	National Priorities %	Risk %		
1	4	Disability Access Improvements	500,000	32	12	18	71	
2	21	Burglary Prevention Project	24,000	36	12	8	70	
3	26	Provision of Artificial Turf Pitch (Pingle School)	12,250	42	8	10	70	Reliant on external funding approval (£60k)
4	17	Community Partnerships Scheme	150,000	32	12	10	68	
5	12	Empty Home Grants	100,000	32	12	10	67	
6	13	Landlord Renovation Grants	95,000	32	12	10	66	
7	22	Development of Coton Park Community Facility	30,000	38	8	14	66	
8	32	Upgrade of Warden Call Equipment	350,000	34	12	10	64	
9	19	Rosliston Centre Cabin Accommodation	110,000	32	8	8	63	
10	9	Area Improvement Scheme	200,000	28	12	10	59	
11	15	Customer First Project - Central Reception	200,000	32	12	8	58	
12	8	Swadlincote Environmental Enhancements	100,000	30	12	8	57	
13	16	Youth Facility Provision	20,000	22	12	10	57	
14	18	Neighbourhood Community Safety Project	15,000	26	8	10	57	
15	29	Football Pitch Improvement Works	50,000	26	12	10	57	Subject to external funding (£50k)
16	7	Swadlincote HERS	150,000	26	8	8	54	£50k per year
17	10	House Condition & Energy Survey (Extra)	70,000	30	8	10	54	£10k required 04/05 - £60k not till 08/09
18	6	Roll out DIPS & Develop Planning Portal	69,000	38	4	10	52	Possible Grant Funding
19	11	HeatStreet Project	100,000	22	8	8	52	
20	24	Modernising Council's Play Sites	180,000	26	8	14	52	£60k per year
21	14	Rural Parish Needs Survey	45,000	28	8	8	50	£9k per year
22	5	Civic Offices - Heating & Ventilation	300,000	24	0	16	46	2 options costing between £165 to £300k
23	31	Housing IT Implementation - Consultancy	40,000	24	8	14	46	
24	33	Sheltered Housing Scheme Improvements	1,000,000	18	8	10	42	£200k per year
25	3	Internal Amendments at Civic Offices	150,000	20	0	14	40	
26	2	PC Replacements	165,000	16	4	14	39	Rolling Programme
27	1	Member Laptops and Remote Access	101,582	16	4	12	37	
28	28	Upgrading of Eureka Park	30,000	16	8	8	36	
29	3	New Build at Depot	1,275,000	20	0	14	34	
30	20	Rosliston Bungalow - Window Replacements	12,000	12	4	10	32	
31	30	Hilton Village Hall - Levelling & Clearing Land	80,000	16	4	12	32	
32	36	Melbourne Leisure Centre - New Boiler	50,000	12	4	10	32	Is this the Council's responsibility?
33	37	Water Hygiene Risk Assessments	40,000	12	4	10	32	
34	23	Development of Nadins, Park Road, Newhall	30,000	16	4	4	30	
35	34	Communal Land, Open Spaces, Garages	750,000	16	4	10	30	£150k per year

CAPITAL SPENDING BIDS (DECEMBER 2003) - OVERALL SCORES

<u>Line No.</u>	<u>Bid Ref</u>	<u>Scheme/Proposal</u>	<u>5 year Estimate (NET) £</u>	<u>Category Scores</u>				<u>Total %</u>	<u>Comment</u>
				<u>Council Priorities %</u>	<u>National Priorities %</u>	<u>Risk %</u>	<u>External Finance %</u>		
36	38	Civic Officers - New Boiler	40,000	12	0	8	6	26	Issue over whether this is required.
37	40	Civic Offices - Ground Floor Renewal	6,000	12	0	6	6	24	
38	42	Darklands Depot - New Boilers	50,000	10	0	8	6	24	
39	43	Darklands Depot - Toilet Alterations	10,000	12	0	6	6	24	
40	39	Civic Offices - Renew External Cladding	25,000	10	0	6	6	22	
41	25	Audit of Open Space & Recreational Facilities	20,000	16	0	4	0	20	
42	27	Replacement of DSO Computer System	50,000	10	0	10	0	20	
43	41	Civic Offices - Renew Defective Glazed Units	24,000	2	0	4	6	12	
44	35	Uniting Housing Client & Contractor Functions	85,000	2	0	4	0	6	Hiring Portakabin office units
TOTAL BIDS SUBMITTED			6,903,832						

PROPOSALS OF THE SERVICE & FINANCIAL PLANNING WORKING GROUP

1. As stated in Paragraphs 3.20 and 3.41 of the main report, this group met on 7th January 2004, to discuss proposals for revenue service improvements and new capital investment.

General Fund Revenue Account

- To maintain balances at the end of the 3-year forecasting period (2006/07) of £700,000 to £750,000.
- Against this, additional new spending is proposed, as follows:

<u>Proposal</u>	<u>3-year Cost to SDDC (£)</u>	<u>Comment</u>
Recruitment and Retention	200,000	As recommended by the Recruitment and Retention Panel)
Increased Refuse Collection to meet District Growth and extending the Compost Scheme	275,000	
General Fund effect of proposed Housing Services Restructure	60,000	As reported to this Committee on 11 th December 2003
Provision for Property Maintenance	50,000	
LSP and Preparation of Community Strategy, to include a Principal Policy Officer	70,000	Total cost £180,000, but £110,000 partnership funding expected
Crime and Disorder Audit & Strategy	5,000	2004/05 only
Destination Management System (Tourism)	12,300	
Anti Social Behavior Officer (to include a Neighborhood Wardens Feasibility Study in 2004/05)	30,000	
Community Drugs Officer	14,500	
Youth Engagement through Sport (to include SportsBreak project in 2004/05)	35,000	
National Forest Tourism Partnership Literature	9,300	
Liberation Day	1,000	2004/05 only
Community Partnership Officer	26,500	
Extra Licenses for Flare System	6,600	
Total – 3-year Estimated Cost to SDDC	795,200	

2. Effect on General Balances

These proposals would reduce balances at 31st March 2007 to **£740,550**.

In addition, a report elsewhere on this Agenda concerning the sale of some council property (although generating a capital receipt) would reduce Council rental income by £11,000 per year (£33,000 over the 3-year forecasting period). This would reduce the above figure to **£707,550** at 31st March 2007.

This is based on a projection for Council Tax Increases of 5%

3. Planning Delivery Grant

It is anticipated that the Council will continue to receive this Government Grant for the next 3 years (estimated at £100,000 per year - £300,000 over the 3-year planning period). It is proposed that these resources are reinvested in developing the Planning Service and that the Environmental and Development Services Committee allocate these resources once the grant has been finalised.

It is expected that the grant will fund development proposals, in particular for additional staffing and I.T. investment.

4. Developments to the Licensing Service

It is proposed that additional expenditure in taking on Liquor Licensing, i.e. the Licensing Enforcement Officer (£76,500 over 3 years) and a Licensing Team Assistant (£58,400 over 3 years) be funded from fees and charges levied for granting licenses. This will need to be kept under review.

5. Capital Investment

It is proposed that in accordance with previous practice, that approximately £300,000 to £400,000 of new investment is released from 2004/05.

Against this, additional new spending is proposed, as follows

<u>Proposal</u>	<u>Cost to SDDC</u> (£)	<u>Comment</u>
Disability Access Improvements	100,000	To kick-start the programme by addressing the highest priority works.
Burglary Prevention Project	24,000	
Provision of Artificial Turf Pitch (Pingle School)	12,250	
Community Partnerships Scheme	150,000	
Development of Coton Park Community Facility	30,000	
Additional resources for Housing Condition & Energy Saving Survey	10,000	
Rosliston Bungalow – Window Replacements	9,000	Based on an updated quotation
Modernising Play Sites	60,000	To fund works at upto 2 sites
Total – Estimated Cost to SDDC	395,250	

This would leave potential resources of around **£872,000** to meet future commitments and for future capital investment.

6. Other Issues

The Working Group were keen to see that the commitment contained as an action in the Council's Corporate Plan to review existing services against the "scoring system" be undertaken during the early part of 2004/05.

The Working Group also confirmed that they wished to maintain the commutation reserve at its current level and would review any use of this reserve in accordance with the overall financial strategy of the council.

