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REPORT TO:	FINANCE & MANAGEMENT	AGENDA ITEM:	8
DATE OF MEETING:	16 January 2003	CATEGORY:	Recommended
REPORT FROM:	CHIEF FINANCE OFFICER		
MEMBERS' CONTACT POINT:	TERRY NEAVES (5800)	DOC:	s:\cent_serv\committee reports\finance and management\16 jan 2003\revenue budget 2003-4.doc
SUBJECT:	REVENUE BUDGET 2003/4	REF:	TJN/CTS
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 approve the following as a basis for consultation:-
- Revenue Base Budget proposals as set out in Appendix A
  - Variations to budget proposals as set out in Appendices B paragraph 4.14
  - Associated Council Tax levels as set out in paragraph 4.16

## 2.0 Purpose of Report

- 2.1 This report sets out the Council's spending proposals for next year and beyond. Subject to Member approval, it is intended that these proposals will form the basis of consultation and scrutiny.

## 3.0 Executive Summary

- 3.1 This report sets out the Council's General Fund Budget Proposals for 2003/4.
- 3.2 These proposals seek to maintain the existing level of services provided by the Council while providing extra resources for services that are under increasing pressure through a rising population and demand for them.
- 3.3 As with last year the Council will seek to consult widely on these proposals to check that it is planning to use the limited resources available to it in a responsible way. The report sets out the consultation process to be followed.
- 3.4 Members of this Committee will receive final budget proposals at their next meeting in February prior to Council considering the overall Council budget on 27<sup>th</sup> February 2003.

## 4.0 Detail

### GENERAL FUND BUDGET POSITION

4.1 The table below shows the base budget position for 2003/4 and beyond. Comparisons are also made with the expected budget position at the end of this financial year (2002/3).

4.2 The figures below:-

- ⇒ **Take account** of inflation, existing spending commitments and the recent local government finance settlement (announced in December).
- ⇒ **Do not take account** of additional spending bids proposed by the Service and Financial Planning Working Group. (please see paragraph).

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

<b>Net Committee Spending</b>	<b>7,760</b>	<b>7,681</b>	<b>8,569</b>	<b>8,880</b>	<b>9,150</b>
- Contingencies	81	70	119	119	119
- Known Variations	3	48	5	-138	20
<b>Total Estimated Cost of Services</b>	<b>7,963</b>	<b>7,799</b>	<b>8,693</b>	<b>8,861</b>	<b>9,289</b>
Total Financing Income	7,963	7,963	8,615	8,941	9,285
Contributions From Earmarked Reserves	16	265	39	18	18
<b>Surplus/Deficit (-) for the year</b>	<b>169</b>	<b>429</b>	<b>-39</b>	<b>98</b>	<b>14</b>

<b>Balances as at 1<sup>st</sup> April</b>	<b>1,535</b>	<b>1,904</b>	<b>2,012</b>	<b>1,707</b>	<b>1,630</b>
- General Fund Deficit	169	429	-39	98	14
- Contribution to Commutation Reserve	-321	-321	-266	-176	-133
<b>Balance at 31<sup>st</sup> March</b>	<b>1,383</b>	<b>2,012</b>	<b>1,707</b>	<b>1,630</b>	<b>1,511</b>

4.3 Overall the Council's financial projection is relatively healthy. This has been due to a combination of:-

- ⇒ Effective monitoring and management of Council budgets to deal with budget pressures as they have arisen.
- ⇒ Local Government Finance Settlement, which has recognised the higher costs of delivering services in our area and diverted resources away from the South East.

4.4 It is worth noting however that along with a considerable number of other Councils, South Derbyshire has not gained the full benefit of changes to the allocation of Government Grant. This is because the increase in grant for all Councils has been limited to 12.5%. Without this ceiling South Derbyshire would have benefited from a considerably higher increase in grant. We are therefore joining with other Councils to lobby to receive this benefit as soon as possible.

4.5 Overall, at the start of the budget process, the Council was projecting balances in the region of £1.5m. In line with Members' budget strategy, the Council has always sought to keep balances of up to £750,000 to provide a cushion against new and unforeseen spending.

4.6 At the Service and Financial Planning Working Group Members considered that a target of £1,000,000 would be more prudent in view of the uncertainty concerning significant potential costs in relation to refuse collection costs

## A WORD OF CAUTION

- 4.7 At this stage it is important to emphasise that the above figures are only provisional figures and can still be affected by a number of factors outside the control of the Council. These include:
- ⇒ **Final Government Grant Settlement** – at present the figures included for Government Support, which account for over 60% of the above spending are provisional. Any adverse change to these figures will have an impact on the money the Council receives and its spending plans and level of council tax.
  - ⇒ **Council Tax Collection Surpluses and Deficits** – again the above figures may vary as the Council looks at any surplus or deficits in the amount of council tax collected in the current year.
- 4.8 Council officers are still to finalise annual payment for the Concessionary Travel scheme and Meals on Wheels with the County Council. We will endeavour to contain these costs within existing budgets. Any variations associated with this or indeed other items will be reported to the next meeting of Finance and Management.

### BUDGET 2003/4 – Service Developments

- 4.9 Essentially the figures in table 3.1 show how much the Council would need to spend in 2002/3 and beyond if it were to provide exactly the same services in those years as it does now. The impact on individual divisional budgets is set out in Appendix A.
- 4.10 Clearly this is an unrealistic assumption. Each year new pressures emerge on Council spending and indeed the authority seeks to look at ways to improve services through its corporate planning and best value processes.
- 4.11 This year all Council committees have considered a range of bids for new spending. Some of these bids are one-off in that they are for one year only, while others continue for the foreseeable future.
- 4.12 Environmental and Community Services Committees have now met and considered the base budgets for their committee as set out in Appendix A. They have also considered the relevant new spending pressures. The proposals for the specific services under the control of Finance and Management are set out earlier on this agenda and are also included in Appendix A.
- 4.13 All of these committees have been guided by the suggestions of the Service and Financial Planning Working Group, which met on 11<sup>th</sup> December 2002.

## BUDGET 2003-4 – Overall Position

4.14 New spending proposals over the next 3 years amount to some £508,310 and are summarised in the table below.

Spending Proposal	£	Period
Derby and Derbyshire sub-regional Partnership	15,000	
Development of Homelessness Services (could be grant-aided?)	30,000	
Preparation of South Derbyshire Community Strategy	30,000	
Extension of Compost Scheme	33,000	
New Post – Development Control Technician	72,000	
New Post – Contaminated Land Officer	84,100	
Community Development – Office Furniture	750	One-off
Maintenance of Open Spaces on new developments	22,500	
Energy Audit at Green Bank Leisure Centre	2,000	One-off
Elections – Equipment	5,000	One-off
Subscription to Coalfield Community Campaign	6,300	
Young People's Safety Day	500	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	
Web Site Development (Community Development)	3,000	One-off
Disability Access Audit (use of internal resources to be examined)	20,000	One-off
Liberation Day	1,000	One-off
New Post – Student Environmental Officer (p/t for 2 years)	11,300	
Building Control Technical Index	13,050	
Flare Environmental training system & database	2,400	
Refuse Collection & Street Cleansing (growth of district)	30,000	
Elderly Activities	1,000	One-off
South Derbyshire Cultural Forum	1,000	One-off
Maintenance to wall – Church Side, Willington	5,000	One-off
Contribution to Derby & Sandiacre Canal Trust	5,000	One-off
Cleaning & Renovation of War Memorials	2,500	One-off
Increase in support to South Derbyshire CAB	42,500	
<b>TOTAL</b>	<b>£508,310</b>	

4.15 Over the three year period, these spending proposals will result in projected balances of approximately £1m.

### Council Tax Levels

4.16 The Council's financial projections anticipated a Council Tax increase of 3.5% for the next financial year 2003/4. This has been achieved within the figures reported here.

### Budget Consultation

4.17 Under the new modernised arrangements the Council is required to provide for scrutiny and public consultation on its budget proposals. This will be the second year that the Council has embarked on this process. It is also worth noting that during the year it has been committed to seeking the views of local residents through area meetings on potential new spending proposals.

- 4.18 Under the budget timetable approved by this committee, it is planned that this will be managed by the Corporate Services Scrutiny Committee and through area meetings.
- 4.19 The results of this scrutiny and public consultation will be reported to the next meeting of this committee before it makes final recommendations on the Council's budget to the Budget Council on 27<sup>th</sup> February 2002.

## **5.0 Financial Implications**

- 5.1 As set out within the main part of this report.

## **6.0 Conclusions**

- 6.1 While the Council continues to work within tight financial constraints, it has been able to allocate new resources to services that are coming under increasing pressure due to the demands placed upon them.
- 6.2 The proposals set out within this report accommodate new spending to meet these pressures while still retaining stable council finances not only for next year but future years as well.

## **7.0 Background Papers**

None.

**REVENUE ESTIMATES 2003/04**  
**ENVIRONMENTAL & DEVELOPMENT SERVICES COMMITTEE**

Appendix A

Actual Expend 2001/02			Cash Limit Estimate 2002/03	Probable Estimate 2002/03	Estimate Nov Base 2003/04	Cash Limit Estimate 2003/04
<b>Economic Develop Manager</b>						
9,557	HB1	Industrial Estates	12,580	8,620	-2,190	-1,970
45,105	HB2	Managed Workspace	60,310	35,390	16,910	17,260
2,133	HC3	Life In The Town Centre	310	130	0	0
100,722	HD1	Economic Devpt Promotions	128,790	105,410	107,160	109,140
0	HD2	Business Link	60	1,250	1,250	1,250
1,743	HE2	Town Centre Facelift Scheme	520	130	0	0
<b>159,260</b>	<b>Net Expenditure - Economic Develop Manager</b>		<b>202,570</b>	<b>150,930</b>	<b>123,130</b>	<b>125,680</b>
<b>Env Health Manager</b>						
22,987	BB3	Civic Amenities	23,920	24,670	23,400	24,570
130,768	BD2	Pollution Control And Noise Abatemen	154,940	154,270	156,840	160,440
94,854	BD3	Food Control	105,980	136,090	131,550	135,060
43,569	BD4	Health & Safety At Work	51,990	65,370	77,290	79,360
-20,181	BK1	Private Hire Vehicles	-23,190	-18,420	-18,630	-19,110
3,933	KH4	Licences	8,440	11,270	12,180	12,570
<b>275,930</b>	<b>Net Expenditure - Env Health Manager</b>		<b>322,080</b>	<b>373,250</b>	<b>382,630</b>	<b>392,890</b>
<b>Legal/Members Serv Manager</b>						
1,539	BL7	Road Closures	1,010	0	0	0
-149,865	KH2	Land Charges	-157,130	-116,960	-117,810	-122,110
<b>-148,326</b>	<b>Net Expenditure - Legal/Members Serv Manager</b>		<b>-156,120</b>	<b>-116,960</b>	<b>-117,810</b>	<b>-122,110</b>
<b>Planning Manager</b>						
42,153	AC1	Central Area Redevelopment	41,170	41,130	40,160	40,160
3,152	AD1	Dev. Control - Applications	-5,100	82,370	104,060	112,630
13,394	AD2	Dev. Control - Appeals	15,630	16,240	14,900	15,330
62,116	AD3	Dev. Control - Enforcements And Appe	64,450	75,170	79,610	81,750
0	AD4	Street Naming	0	10,960	8,800	9,050
19,087	AE1	Dev. Plans - Structure Plans	5,140	0	0	0
135,279	AE2	Dev. Plans - Local Plans	183,840	176,220	291,850	296,540
21,678	AF1	Reclamation	21,810	21,860	21,600	21,600
40,248	AG1	Conservation - Physical Environment	39,170	95,350	39,910	40,780
28,841	AG2	Conservation - Natural Environment	27,390	34,140	34,230	34,450
35,046	AH1	Building Regulations	26,180	55,790	136,360	145,160