
REPORT TO:	ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE (SPECIAL – BUDGET)	AGENDA ITEM: 6
DATE OF MEETING:	10th JANUARY 2006	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/budget round 0607/eds budget committee
SUBJECT:	SERVICE ESTIMATES 2005/2006 and 2006/2007	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: EDS

1.0 Recommendations

- 1.1 That the estimates of revenue income and expenditure for 2005/06 and 2006/07 for the Committee's Services are considered and referred to the Finance and Management Committee for approval.
- 1.2 That the Committee's proposed fees and charges for 2006/07 are approved.

2.0 Purpose of Report

- 2.1 To detail the Committee's probable out-turn for 2005/06 and the estimate of net revenue expenditure for 2006/07. It is proposed that these estimates will be included in the consolidated budget of the Council for 2006/07 subject to the Council's overall financial position.
- 2.2 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for the next financial year. A summary is also included of the Committee's existing capital investment programme.

3.0 Executive Summary

- 3.1 The Committee's net revenue expenditure (excluding Deferred Charges) is summarised in **Appendix 1**. This sets out the estimates for each main cost centre and aggregates several of the main service areas. Notes are also provided to explain the main changes where these have occurred. A summary is provided in the following table.

Analysis of Estimated Net Revenue Expenditure 2005/06 to 2006/07	Original Estimate 2005/06 £'000	Probable Out-turn 2005/06 £'000	Original Estimate 2006/07 £'000
Planning Services	603	638	626
Waste Collection and Street Cleansing	2,173	2,151	2,225
Environmental Services	657	648	714
All Other Services	652	656	715
Committee Total	4,085	4,093	4,280

- 3.2 There are no major variances across the Committee's services apart from those anticipated for which provision has been included in the Council's overall financial plan. A summary of changes in the main service areas is provided below.

Planning Services

- 3.3 Overall expenditure on Planning, although increasing, is being contained within additional fee income, Planning Delivery Grant and resources held over from 2004/05. The additional expenditure is mainly due to the implementation of the new policy framework required for planning.
- 3.4 The Council has provisionally been awarded £203,000 Planning Delivery Grant for 2006/07. Although this around £35,000 lower than the previous year, it is in line with the estimate of £200,000.
- 3.5 In addition, the Council is likely to be awarded an additional amount of at least £52,000, which reflects performance in processing applications in the previous 12 months. Pending confirmation any additional amounts have not been built into these estimates.

Waste Collection and Street Cleansing

- 3.6 Overall costs are estimated to be slightly down for 2005/06 compared to the original estimate. The base budget (before inflation) has been reduced for 2006/07 due to the opening of the new tipping facility (by April 2006).
- 3.7 As anticipated, this will reduce the time taken to tip waste with a consequent reduction in labour and vehicle costs, etc. due to its location being much nearer the District boundary.
- 3.8 The budget for 2006/07 also allows for the additional costs of In-Vessel Composting that was approved as a service development during the 2005/06 budget round.

Environmental Services

- 3.9 Again, overall costs are estimated to be slightly down for 2005/06 compared to the original estimate. The main change for 2006/07 is the recharges from Customer Services for Customer Relationship Management (CRM). This represents the development of this function into Environmental Services and is greater than that charged under the previous structure.

3.10 (Note – that the overall cost of Customer Services has not increased. As CRM is implemented into other service areas, the costs will be allocated accordingly – these services are currently charged a “disproportionate” amount, although this does reflect usage).

4.0 Detail

4.1 All of the Committee’s cost centres are detailed in **Appendix 3**. This shows a “line by line” breakdown of the Committee’s Services for 2005/06 and 2006/07.

Capital Charges

4.2 In accordance with Accounting regulations, all services are required to show the capital cost of using assets that are used in providing services. These come in the form of internal recharges from the Council’s Finance and Management Committee. They consist of 3 elements depending on the type of asset/expenditure incurred, as follows:

- An **Interest charge** of 3.5% or 4.95% on the value of the asset depending on asset type.
- **Depreciation** on land, buildings, plant and equipment to write down the value of the asset over its useful life.
- A **Deferred Charge** that represents capital expenditure due its size but does not produce an asset for the Council. This is usually in the form of grants (e.g. heritage conservation grants), contributions and purchase of computer software. These charges, representing the amount of capital investment, are usually written off to the service the year after they are incurred, i.e. they are included in the 2005/06 probable out-turn.

4.3 Capital charges can vary from year to year, especially Deferred Charges as they depend on the level of capital grants and contributions in the year. **However, it is important to note that they are purely accounting adjustments that are reversed out in the Council’s Asset Management Account (in Finance and Management Committee).**

Central and Departmental Service Recharges

4.4 These can also vary between years in individual cost centres depending on how staff time is broadly allocated across services, or on changes to volumes and activity levels; for example, number of invoices paid or the development of CRM.

4.5 **Again, it is important to note that they are internal recharges from Finance and Management Committee.**

Accounting For Pensions

4.6 The Council’s actual cash contributions to the Pension Fund are no longer charged to the Committee’s services. The charge now made represents the amount that is required to make good the deficit on the Pension Fund in the longer-term.

4.7 In most cases, this is higher than current payments being made, as these still need to be increased in the future to “catch up” the existing shortfall. The difference is known as the **FRS 17 adjustment** and is determined by the Fund’s actuary.

- 4.8 This adjustment is effectively showing the true cost of pensions over the longer-term. However, this is purely an accounting adjustment. Although this does become a cost in individual services, the difference is reversed out in the Council's consolidated accounts so that a neutral effect remains on the council tax.

Basis of 2006/07 Estimates

- 4.9 The budget for 2006/07 has initially been compiled at November 2005 (today's) prices. An allowance for inflation has then been added where this is considered unavoidable, to cover for price increases to March 2007. This calculates the cash limit estimate for 2006/07, in which budgets should be managed.
- 4.10 Inflation measures are based on data available from HM Treasury for various categories of income and expenditure. The assumptions built into estimates are as follows:
- Employee Costs – 2.95% (as per the existing national pay settlement)
 - Responsive Repairs and Maintenance – 2.5%
 - Planned Maintenance – 5%
 - Utilities – 5%
 - Business Rates – 2.7%
 - Fuel – 5.6%
 - Insurance Premiums – 2.7%
 - Other Supplies and Services – 2.7%
 - Office Expenses (equipment, stationery, etc.) – cash limited
 - Other Categories – 2.68% (the Government's general measure of inflation)
 - Other income (excluding rents) - 2.68%
- 4.11 The estimates are also based on service levels in 2005/06 continuing, and include any full year effects of previous year's growth and capital expenditure. However, any non-recurring items have been removed.

Capital Investment

- 4.12 The Committee currently has the following schemes in the Council's approved capital investment programme for 2005/06.

Scheme	Cost £'000	Note
Heritage Economic Regeneration Scheme	44	This is the final year of works.
Hatton Flood Alleviation Works	515	Work complete and 100% funding was secured from central government.
Environmental Improvements to Shop Fronts	29	Funded from external contributions
Provision of Information Kiosks (Tourism)	13	Part of the new Tourist Information Centre, scheduled to be completed by March 06.
Hilton Cycle Way	282	Scheme complete – Council contribution was £9,000.

Proposed Fees and Charges 2006/07

- 4.13 **Appendix 2** provides a schedule of the proposed level that will operate from 1st April 2006, together with a comparison to the existing charge. No major changes are proposed for 2006/07 and generally, it is proposed that fees and charges are increased by around the rate of inflation (2.68% - the Government's general measure of inflation).

5.0 Financial Implications

- 5.1 As detailed in the report

6.0 Corporate Implications

- 6.1 None Directly

7.0 Community Implications

- 7.1 None Directly

8.0 Background Papers

- 8.1 None

