

REPORT TO EXECUTIVE			
PORTFOLIO AREA: FINANCE AND RESOURCES			
Date of Meeting:	5 November 2001		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

Title: CARLISLE WORKS REVENUE BUDGETS 2002/03

Report of: THE CITY TREASURER AND THE DIRECTOR OF ENVIRONMENT AND DEVELOPMENT

Report reference: FINANCIAL MEMO 2001/02 No 108 and EN 167/01

Summary:

This report considers the revised estimates and projected trading results for Carlisle Works in respect of 2001/02 and the estimates for 2002/03.

Recommendations:

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

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CITY OF CARLISLE

To: The Chairman and Members of Financial Memo

The Executive 2001/02 No 108

5 November 2001

EN 167/01

CARLISLE WORKS REVENUE BUDGETS 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

1. This report summaries the revenue estimates for Carlisle Works. The net profit projection for each service is summarised below with more detail being shown in the appendices.

<u>2000/01</u>		<u>App</u>	<u>2001/02</u>	<u>2001/02</u>	<u>2002/03</u>
<u>Actual</u>			<u>Original</u>	<u>Revised</u>	<u>Estimate</u>
<u>£</u>			<u>£</u>	<u>£</u>	<u>£</u>
616,844-	Building Maintenance	A	285,000-	380,000-	300,000-
65,223-	Highways	B	33,000-	35,000-	30,000-
24,887-	Grounds	C	20,000-	0	0
51,676-	Street Cleaning	D	35,000-	30,000-	30,000-
15,593-	Refuse Collection	E	0	5,000-	5,000-
20,510-	Building Cleaning	F	2,000-	15,000-	10,000-
45,485-	Car Parks	G	25,000-	35,000-	25,000-
£840,218-	Net Profit Projection		£400,000-	£500,000-	£400,000-

2. These estimates have been compiled in accordance with the City Council's agreed budget strategy for 2002/03. The have been prepared on an outturn basis with assumptions built in regarding price changes for all goods and services; in particular the pay award due in April 2002 has been assumed at 3 %.
3. The estimates are presented to the Executive in a summarised format. A set of papers containing all the detailed estimate provisions is available from the City Treasurer's Department on request.
4. Members should note that while these estimates have generally been finalised, some budgets may be subject to change before the estimate cycle is completed. This principally relates to the "Central Administration" recharges, which have still to be finally agreed between service departments.
5. The services within Carlisle Works fall under the responsibility of the Infrastructure, Environment and Transport portfolio.

2. NET PROFIT PROJECTIONS

2.1 The profit projections summarised above and in the appendices should be viewed with some caution, as it has been necessary to make wide ranging assumptions on income, expenditure and operational efficiency for the organisation. Further assumptions have been made on the level and flow of works and the DSO's financial performance in respect of that work.

2.2 The estimates do not reflect any ongoing impact arising from the proposed transfer of the Council's housing stock to the Riverside Group in December 2002, subject to tenants'

approval by ballot. If the transfer is successful the DSO will be required to re-negotiate contracts with Riverside from that date. The estimates have therefore been prepared on a continuation basis assuming that the organisation substantially retains existing business emanating from its core contracts.

2.3 The requirement by the Council to charge depreciation (plus a notional interest charge) on all of the Council's property assets instead of an asset rent calculated at 6% of capital value has resulted in an increased charge of £31,000 in respect of Bousteads Grassing Depot. However this additional charge will not affect the Council's overall bottom line expenditure requirement, since there is an equal and opposite credit generated elsewhere by the charge.

3. PROFIT DISTRIBUTION

1. If the above projections are correct, profits will be distributed in accordance with the existing Council policy as follows:-

<u>2000/01</u>		<u>2001/02</u>	<u>2001/02</u>	<u>2002/03</u>
<u>Actual</u>		<u>Original</u>	<u>Revised</u>	<u>Estimate</u>
<u>£</u>		<u>£</u>	<u>£</u>	<u>£</u>
150,000	Current Annual contribution to General Fund	150,000	150,000	150,000
50,000	Maximum Replenishment of Capital reserves	50,000	50,000	50,000
640,218	Surplus contribution to General Fund/HRA	200,000	300,000	200,000
£840,218	Total	£400,000	£500,000	£400,000

2. The £50,000 allocated in 2001/02 to the DSO's capital reserve is in accordance with

current Council Policy and will be made available for development plan works during the financial year 2001/02. The release of funds has been approved by the Council.

3. For 2002/03 the request to retain £50,000 for Development Plan Works will be subject to the approval of the Executive and Council as part of the overall budget approval.

4. CONSULTATION

This report will be referred to the relevant Overview and Scrutiny Committee to give them an opportunity to comment on any aspect of the estimates presented within this report, as part of the budget process.

5. STAFFING/RESOURCES COMMENTS

Not applicable.

6. CITY TREASURER'S COMMENTS

Included within the report.

7. CITY SOLICITOR AND SECRETARY'S COMMENTS

Not applicable.

8. CMT COMMENTS

The Director of Environment and Development and the General Manager (Carlisle Works) have been fully involved in the compilation of these estimates and in the preparation of this report.

9. ENVIRONMENTAL IMPLICATIONS

Not applicable.

10. RECOMMENDATIONS

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

D THOMAS M BATTERSBY

CITY TREASURER DIRECTOR OF ENVIRONMENT & DEVELOPMENT

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CARLISLE WORKS ESTIMATES 2002/03			
OUTTURN		ORIGINAL	
2000/01		ESTIMATE	E
£		2001/02	
		£	
BUILDING MAINTENANCE			
	EMPLOYEE EXPENSES	2,119,200	
	PREMISES EXPENSES	197,100	
	TRANSPORT EXPENSES	113,500	
	SUPPLIES AND SERVICES	74,700	
	CENTRAL DEPARTMENTAL CHARGES	1,083,700	
	CAPITAL FINANCING COSTS	88,500	
	CRIPS FUNDING	-10,300	
	TOTAL BASE LEVEL COSTS	3,666,400	
	SALES	-6,750,000	-
	DIRECT COSTS	2,798,600	
-616,844	NET PROFIT PROJECTION	-285,000	

CARLISLE WORKS ESTIMATES 2002/03			
OUTTURN		ORI	
2000/01		ESTIMATE	
£		2001/02	
		£	
HIGHWAYS			
	EMPLOYEE EXPENSES	461,200	
	PREMISES EXPENSES	44,300	
	TRANSPORT EXPENSES	61,000	
	SUPPLIES AND SERVICES	18,500	
	CENTRAL DEPARTMENTAL CHARGES	231,400	

	CAPITAL FINANCING COSTS	72,500
	CRIPS FUNDING	-6,300
	TOTAL BASE LEVEL COSTS	882,600
	SALES	-1,800,000
	DIRECT COSTS	884,400
-65,223	NET PROFIT PROJECTION	-33,000

CARLISLE WORKS ESTIMATES 2002/03		
OUTTURN		ORIGINAL
2000/01		ESTIMATE
£		2001/02
		£
	GROUNDS	
	EMPLOYEE EXPENSES	710,700
	PREMISES EXPENSES	31,900
	TRANSPORT EXPENSES	175,100
	SUPPLIES AND SERVICES	22,200
	CENTRAL DEPARTMENTAL CHARGES	166,800
	CAPITAL FINANCING COSTS	117,900
	CRIPS FUNDING	-1,400
	TOTAL BASE LEVEL COSTS	1,223,200
	SALES	-1,475,000
	DIRECT COSTS	231,800
-24,887	NET PROFIT PROJECTION	-20,000

CARLISLE WORKS ESTIMATES 2002/03

		ORIGINAL
OUTTURN		ESTIMATE
2000/01		2001/02
£		£
STREET CLEANING		
EMPLOYEE EXPENSES		483,900
PREMISES EXPENSES		4,000
TRANSPORT EXPENSES		49,400
SUPPLIES AND SERVICES		23,600
CENTRAL DEPARTMENTAL CHARGES		97,500
CAPITAL FINANCING COSTS		72,600
CRIPS FUNDING		-4,900
TOTAL BASE LEVEL COSTS		726,100
SALES		-840,000
DIRECT COSTS		78,900
-51,676	NET PROFIT PROJECTION	-35,000

		ORIGINAL
OUTTURN		ESTIMATE
2000/01		2001/02
£		£
CARLISLE WORKS ESTIMATES 2002/03		
REFUSE COLLECTION		
EMPLOYEE EXPENSES		395,900
PREMISES EXPENSES		1,000
TRANSPORT EXPENSES		174,500
SUPPLIES AND SERVICES		6,700
CENTRAL DEPARTMENTAL CHARGES		61,500
CAPITAL FINANCING COSTS		179,500
TOTAL BASE LEVEL COSTS		819,100

	SALES	-885,000
	DIRECT COSTS	65,900
-15,593	NET PROFIT PROJECTION	0

CARLISLE WORKS ESTIMATES 2002/03		
OUTTURN		ORIGINAL
2000/01		ESTIMATE
£		2001/02
		£
	BUILDING CLEANING	
	EMPLOYEE EXPENSES	220,100
	PREMISES EXPENSES	1,500
	TRANSPORT EXPENSES	3,700
	SUPPLIES AND SERVICES	5,300
	CENTRAL DEPARTMENTAL CHARGES	68,200
	CAPITAL FINANCING COSTS	1,500
	TOTAL BASE LEVEL COSTS	300,300
	SALES	-340,000
	DIRECT COSTS	37,700
-20,510	NET PROFIT PROJECTION	-2,000

CARLISLE WORKS ESTIMATES 2002/03		
OUTTURN		ORIGINAL
2000/01		ESTIMATE
£		2001/02
		£
	CAR PARKS MANAGEMENT	

	EMPLOYEE EXPENSES	185,100
	PREMISES EXPENSES	5,000
	TRANSPORT EXPENSES	3,400
	SUPPLIES AND SERVICES	4,800
	CENTRAL DEPARTMENTAL CHARGES	44,500
	CAPITAL FINANCING COSTS	4,800
	TOTAL BASE LEVEL COSTS	247,600
	SALES	-310,000
	DIRECT COSTS	37,400
-45,485	NET PROFIT PROJECTION	-25,000