



PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 26th November 2001

Public

Key Decision: Yes

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Inside Policy Framework

Title: GENERAL FUND BUDGET REVIEW 2002/03 TO 2004/05

Report of: The City Treasurer

Report reference: Financial Memo 2001/02 No 113

Summary:

This report provides an overview of the City Council's strategic General Fund budgetary position for 2001/02 revised to 2004/05. The report: -

- Presents the revised 2001/02 estimates, and the first forecast 2002/03 base level estimates, together with a projection to 2004/05.
- Estimates the financial resources that may be available to the Council to finance its spending (noting that the Revenue Support Grant settlement for 2002/03 will not be available until after 29th November).
- Comments upon a number of areas that will have a significant bearing on the final budget for 2002/03.

Recommendations:

It is recommended that the Executive: -

- (i) Note the current General Fund budget forecast position for 2002/03 and the outlook for the period to 2004/05.
- (ii) Indicate their requirements for New Bids and Savings for inclusion in the final budget report that will be presented to the meeting on 17th December.
- (iii)

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: FM's 2001/02 No's 77,87,89,90,108,102,101,106,105,107* MERGEFORMAT

CITY OF CARLISLE

To: The Chairman and members of
The Executive
26 November 2001

Financial Memo
2001/02 No 113

GENERAL FUND BUDGET REVIEW 2002/03 TO 2004/05

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report provides an overview of the City Council's strategic General Fund budgetary position for 2002/03 to 2004/05. The report: -
- Presents the revised 2001/02 estimates, and the first forecast 2002/03 base level estimates, together with a projection to 2004/05.
 - Estimates the financial resources that may be available to the Council to finance its spending (noting that the Revenue Support Grant settlement for 2002/03 will not be available until after 29th November).
 - Comments upon a number of areas that will have a significant bearing on the final budget for 2002/03.
- 1.2 This report contains the following Appendices:
- Appendix 1 - Executive Policy Principles for 2002/03 Budget.
 - Appendix 2 - Budget Changes since original consideration of estimates
 - Appendix 3 - Summary Of General Fund Estimates 2002/03
 - Appendix 4 - Analysis of Main Variations in expenditure 2001/02 to 2002/03.
 - Appendix 5 - Forecast General Fund Budget 2001/02 to 2004/05.
 - Appendix 6 - Human Resources Projections
- 1.3 These estimates have been completed in accordance with the budget principles set out in my report in August and also the Executive's Policy principles agreed at their meeting of 18th September 2001 as attached at **Appendix 1**.

2. GENERAL FUND BUDGET PROJECTIONS 2001/02 REVISED TO 2004/05

2.1 In the first forecast report which was considered by the Executive on 18th September, I forecast:

- i) A likely core-spending requirement in 2002/03 of £12,979m (excluding the impact of LSVT and Parish Precepts).
- ii) A likely increase of 5.6% to £11.26m in the Council's Standard spending Assessment (SSA) coupled with a grant increase of £302,000 to £8.226m.
- iii) This would have allowed an increase in the implied spending limit for the Council to a minimum of £12.866m, (excluding Parish Precepts) for a council tax increase of £5.22 (3.7%) (before addressing the impact of the Housing Stock Transfer).

2.2 The budget projections as currently forecast (at this stage excluding the impact of any new bid proposals) are set out in **Appendices 2 to 5** and are summarised in the table below:

EXPENDITURE PROJECTION	2001/02		2002/03
	<u>Original Estimate</u> £	<u>Revised Estimate</u> £	<u>First Estimate</u> £
Core Spending:			
Core Base Level Expenditure	12,313,250	12,110,530	13,424,750
Recurring LSVT Impact			210,000
Total Core Spending	12,313,250	12,110,530	13,634,750
Non-Recurring Expenditure:			
New Policy Initiatives	1,674,100	1,674,100	3,340,100
Supplementary Estimates	0	86,600	0
Slippage from 2000/01	0	1,398,570	0
Airport	340,750	90,980	0
LSVT – Housing Benefit Cost	0	0	170,000
Total Non-Recurring Expenditure	2,014,850	3,250,250	3,510,100
Capital Expenditure:			
Gross Capital Expenditure	3,602,510	2,740,300	0
Capital Income	(1,016,073)	(653,485)	0
Renewals Reserve	834,185	817,365	597,610
Total Capital Expenditure	3,420,622	2,904,180	597,610
Parish Council Expenditure	232,695	232,695	240,839
Total General Fund Requirement	17,981,417	18,497,655	17,983,299

- 2.3 The main change compared to my original forecast of £12.979m in August is an increase in base level expenditure to £13.425m (excluding LSVT) i.e. an increase of £446,000. The principal reasons for this are set out below:

	£
Worsened Treasury Management forecast	172,000
Additional recurring Supplementary Estimates	60,000
Increase in Tullie House Base Budget	28,000
Reduced Rental Income in Real Terms	60,000
Salary Saving Unachieved	110,000
Other Net Charges	16,000
Total Increase over previous forecast	446,000

- 2.4 The events of September 11th and the subsequent reduction in worldwide interest rates in the attempt to ward off recession, has had a major impact on the Council's forecast Treasury earnings for 2002/03. The estimates submitted on 5th November showed a net reduction of £172,000, but interest rates have subsequently fallen even further and the forecast profile for 2002/03 suggests a possible further significant reduction. There is also likely to be a significant impact on insurance premiums in 2002/03, which has not yet been factored into the estimates. These issues will be addressed in the report to the Executive on 17th December.

3. PROJECTED AVAILABLE RESOURCES

- 3.1 The projected available resources to meet the committed budget requirements for 2002/03 are detailed in **Appendix 5** and summarised in the table below. In the absence of the Revenue Support Grant settlement figures from the Government which are not due to be published until after 29th November, these projections are based on my original forecast to the Executive on 18th September.

RESOURCES PROJECTION	<u>2001/02</u> <u>Original</u> <u>Estimate</u> £	<u>2001/02</u> <u>Revised</u> <u>Estimate</u> £	<u>2002/03</u> <u>First</u> <u>Estimate</u> £
Projected External Finance:			
- Revenue Support Grant	4,082,330	4,082,330	4,237,459
- NNDR Grant	3,841,357	3,841,357	3,987,329
- Surplus on Collection Fund	69,425	69,425	40,000
- Council Tax for Parish Precepts	232,695	232,695	240,839
- Council Tax for SSA Increase	4,426,870	4,426,870	4,595,090
Total Income at limit based on SSA increase and increase in Parish Precepts	12,652,677	12,652,677	13,100,717
Plus Contributions from:			
- General Fund Balance *	1,908,118	2,962,798	3,340,100
- Capital Projects Fund	2,436,437	1,776,475	0
- Renewals Reserve	834,185	954,765	597,610
- HRA (assumption)	0	0	170,000
- Capital Receipts	150,000	150,940	0
Total Use of Reserves	5,328,740	5,844,978	4,107,710
Total Projected Resources Available	17,981,417	18,497,655	17,208,427
Total Projected Expenditure	17,981,417	18,497,655	17,983,299
Potential Savings Required			<u>774,872</u>

* NB. Up to £4.5 m is expected to be recovered back to balances from the successful completion of the LSVT process.

- 3.2 The above projections show that if the Council continues it's policy of meeting non-recurring expenditure from balances (2002/03 £3.34m) then based upon an increase in council tax in line with the projected increase in SSA, there is an excess of expenditure compared to income of **£774,872**.

- 3.3 Proposals for the Executive's initial consideration to meet part of the projected shortfall are set out below:

	£
(i) Increased Salary Turnover Savings (see Para 5.1 (b))	50,000
(ii) Delete Salary Contingency (savings not achieved)	50,000
(iii) Savings on Concessionary Fares (BV Review pending)	80,000
(iv) Car Park Charges Options (£37,000 in base to date)	10,000
(v) Increased DSO Profit (See Para 5.1 (f))	50,000
(vi) DSO Procurement savings target	50,000
(vii) Tullie House Volume Change	28,000
(viii) Capitalise DDA expenditure (subject to capital resources)	<u>190,000</u>
TOTAL	<u>£508,000</u>

4. POLICY OBJECTIVES – NEW BIDS 2002/03

- 4.1 The Executive considered Financial Memo 2001/02 No. 91 on 15th October, which contained a number of new bid proposals for the Executive's consideration. None of the bids contained within that report have been included in the budget projections at this stage. However, those bids for which the spending could be capitalised have been included on the Estimated Capital Resources Report (Financial Memo No.114), which is considered elsewhere on this Agenda.

5. ISSUES TO BE NOTED IN RESPECT OF 2002/03 BUDGET

- 5.1 There are a number of issues that Members should note in respect of the 2002/03 estimates:
- a. Pay Settlement 2002/03
The estimates assume a 3% pay settlement for the whole of the Council's workforce with effect from the settlement date of 1st April 2002. In the event that the pay settlement is awarded at a higher level than provided for, Members will need to determine as in previous years, that Departments are required to find equivalent savings. No additional provision has been made to reflect any impact arising from the introduction of "single status".
 - b. Salary Savings
General Fund salary savings on staff turnover of £120,300 were adopted as part of the 2001/02 Budget on the basis that this policy has been successful and has been carried through to 2002/03 updated by the 3% pay provision to £123,910. Experience over recent years suggests that net turnover savings in the region of £200,000 p.a. have actually been achieved.

c. Frozen Capital Receipts

I have regularly reported on the position in relation to the Council's frozen capital receipts. In 1992/93 the City Council agreed to redeem £10m of debt and this was achieved on a more favourable basis than originally projected.

The initial retention of £3.3m and the continued requirement to set aside 75% of housing capital receipts means that the amount set aside has continued to grow and is now projected to be £20.8m at 31st March 2002 and £22.7m at 31st March 2003. The General Fund must pay the interest cost on the undischarged debt represented by the Council's holding of capital receipts at a rate equivalent to the average cost of its external borrowings - projected at 7.96%, whereas investment returns are projected at 4.6% during 2002/03.

Based upon an equated reserved capital receipt figure of £21.75m, the net cost of holding these receipts for investment in 2002/03 is estimated at approximately £731,000. However, I see little likelihood of being able to prematurely repay (or reschedule) any debt in 2002/03 within the present and forecast interest rate parameters, although the position will be monitored.

d. Millennium Gateway City Scheme

The approved gross budget of £9.188m in respect of this Project reflects the changes approved by the City Council at its meeting of 17th July 2001. The net cost to the City Council is £5.948m, and which is forecast to have been spent by 31st March 2002. More details are awaited on the likely requirement for final accounts and for the future archaeology programme, which may be at an additional cost of £300,000 spread over a number of years.

e. Provision for General Fund Debt Repayment

For a number of years to 1999/00 the City Council took advantage of a government concession, which allowed the then current requirement of £361,000 pa for debt repayment on General Fund borrowings to be fully abated. This was in order to offset a similar level of disadvantage caused by changes in government grants towards local authority expenditure on housing and improvement grants, in the period to 1992.

When setting the 2000/01 budget the City Council resolved to adopt an incremental approach by making an initial provision for debt repayment of £30,000 and increasing this provision by £30,000 per annum, year on year, until the full charge is being met in 2009/10. This commitment has been reflected in the estimates in addition to meeting the full cost of new borrowings each year as they arise.

f. Works DSO

The revised estimates for the Works DSO for 2001/02 incorporating their latest trading performance and profits forecast were reported to the Executive on 5th November 2001. After making provision for the General Fund budgeted contribution of £150,000 and restoration of DSO Reserves, then an additional £65,000 will be contributed to the General Fund and £235,000 to the Housing Revenue Account at the year end and these sums have been reflected in the revised estimates. For 2002/03, the budgeted contribution to the General Fund currently remains at £150,000.

g. Kingmoor Park Properties Ltd – 14 MU

The transfer of control of KPP Ltd from the City and County Council to the private sector took place in August, when the City Council recovered all of the initial funding provided to KPP Ltd.

The option of withdrawing the share holding "investment" of £400,000 will arise in 2004.

h. Large Scale Voluntary Transfer of Housing Stock

The City Council has received approval from the DTLR to ballot tenants on the proposed transfer of the Council's housing stock to the Carlisle Housing Association as a Registered Social Landlord member of the Riverside Group.

There are three aspects of the proposed transfer, which carry significant costs and risks to the City Council.

i) The Transfer Process

The cost of the potential transfer, initially based upon a stand alone RSL, was estimated to be of the order of £4.5m, and £4.521m is the total amount provided for in the revised and forward year estimates. These costs are recoverable from the proceeds of the sale providing there is sufficient balance after meeting the cost of the premium (estimated at £7m to £8m) in repaying the council's housing borrowings earlier than provided for. Currently we are assuming a balance of approximately £6.8m. However expenditure incurred in advance of the ballot is at the Council's own risk. If a

transfer were not supported, then there would be no recovery of costs incurred to that stage, and no further expenditure subsequently. Based upon a summer 2002 ballot, HACAS Chapman Hendy (HCH) has identified City Council direct expenditure of up to £500,000 prior to the ballot with a further £800,000 subsequent to a successful ballot. Members need to be aware that up to £500,000 of the total required expenditure, will be incurred prior to the ballot and must therefore be considered to be "at risk".

In addition the potential reimbursement of Carlisle Housing Association and Riverside's costs of the order of £3m, are still subject to negotiation and agreement. All of this expenditure will have to be financed initially from the Council's General Fund and is provided for in the revised and forward year's estimates. However, in practice any contribution towards CHA and Riverside's costs would be paid at the same time as receiving the transfer proceeds, and so £3m can be largely discounted, provided the transfer is sufficient to cover both the premium on debt repayment and the reimbursement of costs.

ii) The Housing Benefit Implications

Tenants will continue to receive housing benefit as at present (except that they are called rent allowances instead of rent rebates). But the City Council is reimbursed in an entirely different way than is the case where 100% is presently charged to the HRA in the year of account and recovered through the Housing Subsidy arrangements. Following transfer, only the government contribution of 95% will be received in the year of account, with the City Council having to bear the balance of 5% as a local contribution. This local contribution will reflect in the Revenue Support Grant but this is lagged by three years in respect of rent allowances, and so the Council will not receive full grant support until 2006/07. In the intervening period, based upon the present rent and benefit profile, the local cost to the City Council is estimated to be of the order of £1.575m. For budget purposes, it is assumed that the HRA Balance at the date of transfer will be at least equal to this sum, and this will transfer to the General Fund and so be available to offset the local cost of benefits over the following three to four years. This cost has been factored into the budget as a non-recurring item over the 4-year period to 2005/06, after which the costs will be offset by rate support grant.

iii) Corporate Implications

HCH have been appointed to lead and advise on the transfer process, and to review the structure and cost of delivering the Council's ongoing services. There will be a corporate impact arising from:

- Residual pension costs of former Housing/DSO employees
- Residual debt portfolio after redemption of housing debt.
- Accommodation and other fixed costs not transferred
- Non TUPE related staff who don't transfer to Riverside
- Transfer of DSO Building Maintenance to Riverside

Until HCH are able to validate the Council's initial cost assumptions and report on the options for the future organisation of service delivery, the budget provision reflects my initial estimated impact of £210,000 in 2002/03; £660,000 in 2003/04 and £990,000 in 2004/05.

6. REVENUE BALANCES

6.1 The Council's main balances as at 31st March 2001 can be summarised as follows:

	Actual Balance as at 31 st March 2001 £
General Fund Free Balance	5,624,101
Capital Projects Fund	2,841,794
Repairs & Renewals Funds	2,365,926
DSO Funds	538,106
Airport Reserve	3,574
TOTAL	£10,835,395

6.2 Clearly the use of balances will play a strategically important role in both the size and shape of the City Council's overall budget for 2002/03. The effect on balances will be considered in more detail to the next meeting of the Executive on 17th December, once the grant settlement figure is known.

7. CONSULTATION

7.1 This report will be referred to the Corporate Resources Overview and Scrutiny Committee to give them the opportunity to comment on any aspect of the estimates presented within the report as part of the budget process.

8. STAFFING/RESOURCES COMMENTS

Not applicable

9. CITY TREASURER'S COMMENTS

Included within report.

10. LEGAL COMMENTS

Not applicable.

11. CORPORATE COMMENTS

Included within report.

12. ENVIRONMENTAL IMPLICATIONS

Not applicable

13. RISK MANAGEMENT

- 13.1 The major risk to the budget projections is the heavy reliance on income from fees and charges, which reflect past experience of economic and customer activities. Any significant slowdown or economic recession would likely impact on projected income. In addition the proposed Housing Stock Transfer and Leisuretime externalisation represent major organisational and financial challenges coupled with the consequential need to re-engineer the delivery of the Council's remaining services, including particularly the support services.

14. RECOMMENDATIONS

It is recommended that the Executive: -

- i) Note the current General Fund budget forecast position for 2002/03 and the outlook for the period to 2004/05.
- ii) Indicate their requirements for New Bids and Savings for inclusion in the final budget report that will be presented to the meeting on 17th December.

D THOMAS
City Treasurer

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City Treasury
Carlisle
19 November 2001
AB/f1130102

EXECUTIVE BUDGET PRINCIPLES

The following principles will inform the formulation of the budget for 2002/03. These will be further refined as the budget process progresses.

1. Consolidation

This authority currently is undergoing significant change. Several major projects each impose management, organisational, and budgetary pressures. These include:

- Large-Scale Voluntary Transfer
- Organisational restructuring of the Authority
- Leisuretime externalisation
- Thematic Best Value Reviews
- New political structures

In these circumstances it would be inappropriate and imprudent to progress major additional policy initiatives. The Executive intends to pursue a policy of budgetary consolidation. To achieve this the Executive seeks a cautious approach to new spending bids and the pursuit of savings.

2. Council Tax

It is too early to give precise projections of the level of Council Tax for 2002/03. For instance, the government does not announce the Provisional Local Government Finance Settlement for 2002/03 until 27 November.

To produce a Council Tax settlement that is neutral in real terms (i.e. that rises only in line with inflation) would require an increase of around 2.5%. The Executive gives notice that, subject to a Local Government Finance Settlement that supports low taxation, and all other things being equal, it intends to restrict any increase in Council Tax to the range 2%-5%.

3. Capital

Two significant items of potential capital expenditure are this authority's contribution to the proposed Sheepmount development and a possible post-externalisation capital injection into the leisuretime facilities. The Executive intends to pursue no other major capital projects (i.e. in excess of £50,000) in 2002/03 unless an appropriate alternative method of funding can be identified.

4. Balances and Reserves

The Executive seeks to maintain a strong position in respect of balances and reserves.

5. Fees and Charging

The Executive endorses the existing Council policy in respect of fees and charging. The Executive seeks an increase in total income from fees and charging equal to the Retail Price Index plus 1%.

6. Forward Planning

Local authorities traditionally concentrate on formulating their annual budget on a year-by-year basis. Attention focuses almost exclusively on balancing the budget for the next financial year with little forethought given to subsequent years. This creates uncertainty and unpredictability in the planning of financial management and service delivery.

The Executive seeks to promote strategic thinking and forward planning. Whilst preparing its budget for 2002/03, the Executive will consider the potential impact on the budgets for subsequent years. This complements government proposals to give local authorities more specific indications of their grant allocation over a three year period.

The Executive intends to consider various areas of council activity with a view to reviewing both their expenditure and income generation. Upon approval of the budget for 2002/03, the Executive will instruct the Finance and Resources portfolio holder to commence work immediately on formulating the budget for 2003/04.

City Treasury
Carlisle
19 November 2001
AB/CH/f1130102

2002/03 ESTIMATES - CHANGES SINCE ORIGINAL CONSIDERATION BY MEMBERS

	Economic Development	Housing	Leisure	Corporate & Democratic Core	Environment	Central Dept	Parish Precepts	Capital/R&R Schemes	Capital Funding	Rounding	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Original Estimate 2001/02											
Per Committee Report	674,250	2,512,230	5,988,880	765,580	4,387,040	-70		3,602,510			17,930,420
Parishes and Capital							232,695	834,185	-1,016,073	190	50,997
	674,250	2,512,230	5,988,880	765,580	4,387,040	-70	232,695	4,436,695	-1,016,073	190	17,981,417
Revised Estimate 2001/02											
Per Committee Report	695,890	3,799,650	6,700,640	-868,100	4,810,530	191,750		2,573,580			17,903,940
Disabled Discrimination Act			31,000	2,000							33,000
Other variations (net)	-2,460	-40			-80						-2,580
Parishes and Capital							232,695	984,085	-653,485	0	563,295
	693,430	3,799,610	6,731,640	-866,100	4,810,450	191,750	232,695	3,557,665	-653,485	0	18,497,655
Original Estimate 2002/03											
Per Committee Report	417,500	5,948,780	6,675,220	-840,010	4,584,040	-13,580					16,771,950
Tullie House Rating			-16,100								-16,100
IT Support to Parishes			9,000								9,000
LSVT Impact		380,000									380,000
Parishes and Capital							240,839	597,610		0	838,449
	417,500	6,328,780	6,668,120	-840,010	4,584,040	-13,580	240,839	597,610	0	0	17,983,299

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SUMMARY OF GENERAL FUND ESTIMATES 2002/03

	Original Estimate 2001/02	Revised Estimate 2001/02	Original Estimate 2002/03
<u>Revenue Expenditure</u>			
Economic Development Services	674,250	693,430	417,500
Housing General Fund	2,512,230	3,799,610	5,948,780
- LSVT Impact			380,000
Leisure & Community Development	5,988,880	6,731,640	6,668,120
Corporate and Democratic Core	765,580	(866,100)	(840,010)
Environment	4,387,040	4,810,450	4,584,040
Central Department Balances	(70)	191,750	(13,580)
Rounding	190	0	0
Total General Fund (Revenue)	14,328,100	15,360,780	17,144,850
Capital Expenditure	3,602,510	2,740,300	0
Capital Income	(1,016,073)	(653,485)	0
Renewals Reserve	834,185	817,365	597,610
Total General Fund (Capital)	3,420,622	2,904,180	597,610
Total General Fund	17,748,722	18,264,960	17,742,460
Parish Precepts	232,695	232,695	240,839
TOTAL	17,981,417	18,497,655	17,983,299
Base Level Expenditure	12,313,250	12,110,530	13,634,750
Non Recurring Expenditure Slippage	0	1,398,570	0
Non Recurring Expenditure Supplementary Estimates	0	86,600	0
Non Recurring Expenditure New Policy Initiatives	1,674,100	1,674,100	3,340,100
Non Recurring Expenditure Airport	340,750	90,980	0
Non Recurring expenditure - LSVT	0	0	170,000
Capital & Capital Slippage	3,420,622	2,904,180	597,610
Parish Precepts	232,625	232,625	240,839
Contingency	70	70	0
	17,981,417	18,497,655	17,983,299

GENERAL FUND ESTIMATES 2002/03ANALYSIS OF CHANGES FROM BASE ESTIMATE

	£	£
ORIGINAL BASE ESTIMATE 2001/02		<u>17,981,417</u>
1. Adjustments Approved by Committee/Officers To Date		
Savings re the Airport (Operational)	(249,770)	
Savings re the Airport (Other)	<u>(78,690)</u>	(328,460)
Disability Discrimination Act		33,000
Recurring Supplementary Estimates:		
Executive & Scrutiny Arrangements	28,000	
Electoral Registration Computer Software	3,130	
Highways Claimed Rights	<u>61,500</u>	92,630
2. Expenditure Adjustments		
Allowed Changes		
- Grounds Maintenance	3,660	
- Central Salary Contingency	50,000	
- Leased Car recharges	5,310	
- Interest payments/debt management exp	(44,850)	
- Housing Benefit Payments (net)	(7,570)	
- NNDR	22,660	
- Transport related costs	3,070	
- Energy related costs	7,230	
- Salary related adjustments	(2,660)	
- Other	<u>(16,280)</u>	20,590
Volume Changes		
- Increase in payment to Leisuretime	5,320	
- External audit fee	12,170	
- Land Charges	39,850	
- Discretionary Rate Relief	<u>7,880</u>	65,220
3. Income Adjustments		
Increased income		
- Enterprise centre	(5,270)	
- Industrial estates	(23,280)	
- Investment income	(198,100)	
- other	(1,250)	
- DSS grant & cheque cashing facilities	<u>(7,480)</u>	(235,380)
Reduced income		
- Market hall	5,000	
- General Properties	43,210	
- Tullie House	20,800	
- CCC contribution to CC's	5,000	
- Reduction in sale of electoral registration	<u>1,330</u>	75,340
ADJUSTED BASE ESTIMATE 2001/02		17,704,357
4. Non Recurring Items		
Budgets b/fwd from 2000/01(per Council 17 July 2001)		1,398,570
NNDR (RV reduction on Crematorium)	(70,970)	
NNDR (RV reduction on Tullie House)	(47,260)	
Increased Bad Debt provision	87,770	
Atrium Development	18,000	
Increased DSO contribution	(65,000)	
Industrial estates (Asda)	(62,340)	
Other	<u>(13,610)</u>	(153,430)
Non Recurring Supplementary Estimates:		
Housing 21 Contribution	4,000	
Irishgate Bridge	22,000	
Archaeology redundancy costs	14,550	
Civic Suite Accommodation	74,260	
Saving on New Political Structure	<u>(28,210)</u>	86,600

Capital Schemes:		
Gateway City Project - Reduction re Hadrians Bridge	(739,830)	
Gateway City Project - Reduction re 2000/01 overspend	(311,100)	
Gateway City Project - Reduced Mill Commission Grant/Private Contributions	362,588	
Other Capital Schemes carried forward from 2000/01	149,900	(538,442)
REVISED ESTIMATE 2001/02		18,497,655
ADJUSTED BASE ESTIMATE 2001/02		17,704,357
5. Adjustments approved by Committee/Officers To Date		
Savings re the Airport		(112,250)
Recurring Supplementary Estimates:		
Members Allowances	31,000	
Executive & Scrutiny arrangements (full year effect)	24,670	
CCTV	29,000	84,670
Saving on law centre		(10,000)
Capital Schemes		
Gateway City Project (Budgeted completion in 2001/02)	(2,586,437)	
Other Capital Schemes (Reduction in R&R financing)	(236,575)	(2,823,012)
Non Recurring New Policy Initiative		1,692,000
6. Expenditure Adjustments		
Allowed Changes		
- Salary related changes	99,180	
- Energy costs	(8,510)	
- Housing Benefit Payments (net)	21,720	
- Increased interest payments	212,780	
- Increased debt repayments	41,760	
- NNDR	(32,690)	
- ECCP net expenditure	(5,930)	
- Leased Car Recharges	(1,510)	
- Other	25,770	352,570
Volume Changes		
- Central Purchasing	(16,000)	
- Municipal Elections	56,550	
- Recovery of legal fees	5,000	45,550
Inflation Provision		
- Parish Precepts	8,144	
- General	372,660	
- Salary related	196,890	577,694
7. Income Adjustments		
Volume Changes		
- Industrial estates	(10,350)	
- Investment interest income	360,000	
- Other	(2,110)	
- Payment to Leisuretime (in CCP of £46,820)	(10,500)	
- Corporate Charging target	(129,700)	207,340
8. Savings Incorporated into Estimates		
Savings identified as a result of 2000/01 outturn		(115,620)
BASE ESTIMATE 2002/03		17,603,299
Plus LSVT Impact		380,000
REVISED BASE ESTIMATE 2002/03		17,983,299

APPENDIX 5

FORECAST GENERAL FUND BUDGET 2001/02 TO 2004/05

	Original Estimate 2001/02 £	Revised Estimate 2001/02 £	Original Estimate 2002/03 £	Committed Exp 2003/04 £	Committed Exp 2004/05 £	Future Years £
Expenditure Requirement:						
1 Core Base Level Expenditure	12,313,250	12,110,530	13,424,750	13,454,750	13,484,750	150,000
New Savings Adopted in budget						
New Spending Adopted in budget						
Inflation				455,000	925,000	
Interest - impact of rate changes and use of balances				0	60,000	
Debt Repayment on new borrowings of £300k pa				30,000	60,000	35,000
Existing Core Base Level Expenditure	12,313,250	12,110,530	13,424,750	13,939,750	14,529,750	185,000
LSVT/DSO impact			210,000	660,000	990,000	
Total Core Base Level Expenditure	12,313,250	12,110,530	13,634,750	14,599,750	15,519,750	185,000
2 Non-Recurring expenditure						
New Policy Initiatives	1,674,100	1,674,100	3,340,100	14,000	5,000	
Supplementary estimates	0	86,600	0			
Slippage from 2000/01	0	1,398,570	0			
Airport	340,750	90,980	0			
LSVT Housing Benefit Cost			170,000	515,000	530,000	360,000
Total Non-Recurring Expenditure	2,014,850	3,250,250	3,510,100	529,000	535,000	360,000
3 Capital Expenditure						
Gross Capital Expenditure	3,602,510	2,740,300	0			
Capital Income	(1,016,073)	(653,485)	0			
Renewals Reserve	834,185	817,365	597,610	955,000	632,000	
Net Capital Expenditure	3,420,622	2,904,180	597,610	955,000	632,000	0
3 Parish Council Expenditure	232,625	232,625	240,839	250,000	260,000	
Adjustment	70	70				
Total Parish Expenditure	232,695	232,695	240,839	250,000	260,000	0
4 Total General Fund Requirement	17,981,417	18,497,655	17,329,989	16,333,750	16,946,750	545,000

APPENDIX 5

Split:

General Fund (Revenue) - Recurring	12,313,250	12,110,530	13,424,750	13,939,750	14,529,750	185,000
General Fund (Revenue) - Recurring LSVT Impact	0	0	210,000	660,000	990,000	0
General Fund (Revenue) - Non-Recurring	2,014,850	3,250,250	3,510,100	529,000	535,000	360,000
Total General Fund (Capital)	3,420,622	2,904,180	597,610	955,000	632,000	0
Parish Precepts	232,695	232,695	240,839	250,000	260,000	0
TOTAL	17,981,417	18,497,655	17,983,299	16,333,750	16,946,750	545,000

Financed by:

Revenue Support Grant	4,082,330	4,082,330	4,237,459	4,417,551	4,605,296	
NNDR Grant	3,841,357	3,841,357	3,987,329	4,156,790	4,333,454	
Council Tax Surplus	64,583	64,583	40,000	40,000	40,000	
Community Charge Surplus	4,842	4,842	0	0	0	
Council Tax	4,426,870	4,426,870	4,595,091	4,745,810	4,902,422	
City Council Budget Requirement	12,419,982	12,419,982	12,859,878	13,360,151	13,881,172	0
Parish precepts	232,695	232,695	240,839	250,000	260,000	
5 Total City Council Budget Requirement	12,652,677	12,652,677	13,100,717	13,610,151	14,141,172	

Contributions from:

6 - General Fund Balances	1,908,118	2,962,798	3,340,100	14,000	5,000	
- Renewals Reserve	834,185	954,765	597,610	955,000	632,000	
7 - Large Project Fund	2,436,437	1,776,475	0			
- Capital Receipts	150,000	150,940				
- Housing Revenue Account	0	0	170,000	515,000	530,000	360,000
	5,328,740	5,844,978	4,107,710	1,484,000	1,167,000	360,000
Total Financing Available	17,981,417	18,497,655	17,208,427	15,094,151	15,308,172	360,000

8 Shortfall in funding			774,872	1,239,599	1,638,578	
Of which LSVT Impact =			(210,000)	(660,000)	(990,000)	
Shortfall excluding LSVT impact			564,872	579,599	648,578	

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APPENDIX 6

HUMAN RESOURCES (MANPOWER) BUDGET

The following table sets out the Human Resources Plan for 2002/2003, as reflected in the base budget, compared with the original for 2001/2002. Part time posts have been shown as full-time equivalents (FTE). Casual and summer peak staff have been excluded.

	2001/2002 FTE	2002/2003 FTE
<u>Central Support Services</u>		
Town Clerk & Chief Executive's Dept.	57.45	59.89
City Treasury		
- Computer Section	16.50	16.50
- Financial Services	31.84	34.12
- Revenues	54.89	59.90
	<u>160.68</u>	<u>170.41</u>
<u>Environment and Development</u>		
Management Support	4.00	4.00
Property Management Services	0.00	11.00
Print Room	1.00	1.00
Design	57.30	37.80
Planning	34.20	37.00
Environmental Services	31.00	34.15
City Treasurers (Concessionary Fares)	0.00	0.60
Town Clerk & Chief Executive's (Licensing)	2.00	2.00
	<u>129.50</u>	<u>127.55</u>
<u>Leisure and Community Development</u>		
Leisure Dept.	90.25	92.00
Recreation Management	62.00	64.00
Housing (Benefit Advice Centre)	5.00	4.50
	<u>157.25</u>	<u>160.50</u>
<u>Economic Development</u>		
Economic Development Services	19.75	22.05
Airport	13.00	0.00
	<u>32.75</u>	<u>22.05</u>
<u>Housing General Fund</u>		
Environmental Services	4.00	4.00
Housing	10.50	11.83
	<u>14.50</u>	<u>15.83</u>
<u>Housing Revenue Account</u>		
Housing Revenue Account	112.30	118.39
	<u>112.30</u>	<u>118.39</u>
Sub Total	<u>606.98</u>	<u>614.73</u>
<u>DSO</u>		
Carlisle Works	370.50	349.50
Sub Total DSO	<u>370.50</u>	<u>349.50</u>
Grand Total	<u><u>977.48</u></u>	<u><u>964.23</u></u>