



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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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: None

CITY OF CARLISLE

To: The Chairman and Members of
The Executive
5 November 2001

Financial Memo
2001/02 No 108

EN 167/01

CARLISLE WORKS REVENUE BUDGETS 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 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>Actual</u> £		<u>App</u>	<u>2001/02</u> <u>Original</u> £	<u>2001/02</u> <u>Revised</u> £	<u>2002/03</u> <u>Estimate</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-

- 1.2 These estimates have been compiled in accordance with the City Council's agreed budget strategy for 2002/03. They 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 %.
- 1.3 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.

- 1.4 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.
- 1.5 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

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

<u>2000/01</u> <u>Actual</u> <u>£</u>		<u>2001/02</u> <u>Original</u> <u>£</u>	<u>2001/02</u> <u>Revised</u> <u>£</u>	<u>2002/03</u> <u>Estimate</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

- 3.2 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.
- 3.3 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
CITY TREASURER

M BATTERSBY
DIRECTOR OF ENVIRONMENT & DEVELOPMENT

Contact Officer: M Thompson Ext: 5005
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CARLISLE WORKS ESTIMATES 2002/03

APPENDIX A

OUTTURN 2000/01 £	ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
BUILDING MAINTENANCE			
EMPLOYEE EXPENSES	2,119,200	2,141,400	2,234,600
PREMISES EXPENSES	197,100	159,700	165,900
TRANSPORT EXPENSES	113,500	135,000	136,400
SUPPLIES AND SERVICES	74,700	69,000	69,000
CENTRAL DEPARTMENTAL CHARGES	1,083,700	1,072,500	1,113,900
CAPITAL FINANCING COSTS	88,500	80,000	98,600
CRIPS FUNDING	-10,300	-19,600	-13,500
TOTAL BASE LEVEL COSTS	3,666,400	3,638,000	3,804,900
SALES	-6,750,000	-6,900,000	-7,000,000
DIRECT COSTS	2,798,600	2,882,000	2,895,100
<u>-616,844</u>	<u>-285,000</u>	<u>-380,000</u>	<u>-300,000</u>
NET PROFIT PROJECTION			

CARLISLE WORKS ESTIMATES 2002/03

APPENDIX B

OUTTURN 2000/01 £	ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
HIGHWAYS			
EMPLOYEE EXPENSES	461,200	438,200	445,000
PREMISES EXPENSES	44,300	17,800	18,400
TRANSPORT EXPENSES	61,000	76,700	72,900
SUPPLIES AND SERVICES	18,500	21,700	21,700
CENTRAL DEPARTMENTAL CHARGES	231,400	222,300	228,100
CAPITAL FINANCING COSTS	72,500	57,300	73,500
CRIPS FUNDING	-6,300	-6,900	-5,200
TOTAL BASE LEVEL COSTS	882,600	827,100	854,400
SALES	-1,800,000	-1,800,000	-1,800,000
DIRECT COSTS	884,400	937,900	915,600
<u>-65,223</u> NET PROFIT PROJECTION	<u>-33,000</u>	<u>-35,000</u>	<u>-30,000</u>

CARLISLE WORKS ESTIMATES 2002/03

APPENDIX C

OUTTURN 2000/01 £	ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
GROUNDS			
EMPLOYEE EXPENSES	710,700	693,900	697,800
PREMISES EXPENSES	31,900	17,300	17,500
TRANSPORT EXPENSES	175,100	156,700	161,300
SUPPLIES AND SERVICES	22,200	24,700	24,700
CENTRAL DEPARTMENTAL CHARGES	166,800	140,300	170,100
CAPITAL FINANCING COSTS	117,900	117,300	124,200
CRIPS FUNDING	-1,400	-3,100	-3,200
TOTAL BASE LEVEL COSTS	1,223,200	1,147,100	1,192,400
SALES	-1,475,000	-1,460,000	-1,475,000
DIRECT COSTS	231,800	312,900	282,600
<u>-24,887</u>	<u>-20,000</u>	<u>0</u>	<u>0</u>
NET PROFIT PROJECTION			

CARLISLE WORKS ESTIMATES 2002/03

APPENDIX D

OUTTURN 2000/01 £		ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
	STREET CLEANING			
	EMPLOYEE EXPENSES	483,900	469,400	480,600
	PREMISES EXPENSES	4,000	4,900	5,200
	TRANSPORT EXPENSES	49,400	47,200	46,600
	SUPPLIES AND SERVICES	23,600	32,100	32,100
	CENTRAL DEPARTMENTAL CHARGES	97,500	94,600	98,300
	CAPITAL FINANCING COSTS	72,600	67,800	80,600
	CRIPS FUNDING	-4,900	0	0
	TOTAL BASE LEVEL COSTS	726,100	716,000	743,400
	SALES	-840,000	-870,000	-910,000
	DIRECT COSTS	78,900	124,000	136,600
<u>-51,676</u>	NET PROFIT PROJECTION	<u>-35,000</u>	<u>-30,000</u>	<u>-30,000</u>

CARLISLE WORKS ESTIMATES 2002/03

APPENDIX F

OUTTURN 2000/01 £		ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
	BUILDING CLEANING			
	EMPLOYEE EXPENSES	220,100	217,700	220,800
	PREMISES EXPENSES	1,500	1,800	2,000
	TRANSPORT EXPENSES	3,700	1,600	2,200
	SUPPLIES AND SERVICES	5,300	5,500	5,500
	CENTRAL DEPARTMENTAL CHARGES	68,200	54,400	55,200
	CAPITAL FINANCING COSTS	1,500	1,300	1,300
	TOTAL BASE LEVEL COSTS	300,300	282,300	287,000
	SALES	-340,000	-360,000	-375,000
	DIRECT COSTS	37,700	62,700	78,000
<u>-20,510</u>	NET PROFIT PROJECTION	<u>-2,000</u>	<u>-15,000</u>	<u>-10,000</u>

CARLISLE WORKS ESTIMATES 2002/03

APPENDIX G

OUTTURN 2000/01 £	ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
CAR PARKS MANAGEMENT			
	185,100	216,000	219,100
EMPLOYEE EXPENSES			
PREMISES EXPENSES	5,000	6,200	6,500
TRANSPORT EXPENSES	3,400	4,600	4,700
SUPPLIES AND SERVICES	4,800	4,300	4,300
CENTRAL DEPARTMENTAL CHARGES	44,500	47,900	51,100
CAPITAL FINANCING COSTS	4,800	3,300	3,300
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TOTAL BASE LEVEL COSTS	247,600	282,300	289,000
SALES	-310,000	-335,000	-330,000
DIRECT COSTS	37,400	17,700	16,000
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<u>-45,485</u>	<u>-25,000</u>	<u>-35,000</u>	<u>-25,000</u>
NET PROFIT PROJECTION			