

CARLISLE CITY COUNCIL

EXECUTIVE BUDGET RESOLUTION 2003/04 FOR RECOMMENDATION TO COUNCIL 17TH FEBRUARY 2003

1. The following document contains the proposed budget resolution of the Executive for 2003/04 for recommendation to the Council as follows:
 - A. GENERAL FUND REVENUE BUDGET 2002/03 TO 2005/06
 - B. CAPITAL BUDGET 2002/03 TO 2005/06
 - C. HOUSING REVENUE ACCOUNT BUDGET 2002/03
 - D. BALANCES PROJECTIONS
 - E. BUDGET DISCIPLINE
2. The resolution is based on the following:
 - 2.1 Reports of the Head of Finance considered at the Executive meeting of 6th February 2003, which have updated previous projections submitted to the Executive on 19th December 2002 and are considered on this Council Agenda:
 - (i) FS6/02 (amended) - 2003/04 to 2005/06 General Fund Revenue Budget.
 - (ii) FS3/02 (amended) - Housing Revenue Account Revised Estimates 2002/03
 - (iii) FS7/02 - Estimated Capital Resources and Capital Bids 2003/04 to 2005/06.
 - 2.2 The Executive has considered a large number of reports during the budget process that have informed their budget proposals. All Members of the Council have been issued with copies of these reports.
 - 2.3 Feedback from the budget consultation process on the Executive draft budget proposals issued on 19th December 2002. Consultation has been undertaken specifically with the Corporate Resources Overview and Scrutiny Committee, Non-Domestic Ratepayers and the Trade Unions. There has also been a consultation undertaken with every householder in the Carlisle area.
 - 2.4 The Executive has also put forward proposals of their own in respect of new spending bids as indicated (*) in Schedule 2.
3. Taking into account the above considerations, the Executive proposes the following changes to the draft budget resolution which was issued for consultation on 19th December 2002:
 - 3.1 Additional Expenditure/Reduced Savings:

- CCTV	Recurring Expenditure of £20,000 pa.
- Sports Development	Non-Recurring Expenditure of £85,000 2003/04
- LSP Development	Non-Recurring Expenditure of £20,000 2003/04
- Transport Issues	Non-Recurring Expenditure of £20,000 2003/04
- CCT Contracts	Non-Recurring Expenditure of £67,000 2003/04
- Advice Agencies	Reduction in saving of £20,000 from 2004/05
 - 3.2 A Council Tax increase of 3.5% for the City area (Parish Precepts will be in addition in the rural areas).

A. GENERAL FUND REVENUE BUDGET 2002/03 TO 2005/06

1. GENERAL FUND REVISED ESTIMATES 2002/03

- 1.1 That the revised net expenditure for 2002/03, totaling £14,258,235 compared to the original budget of £13,509,205 be approved, together with a consequential reduction in balances of £749,030.

2. GENERAL FUND REVENUE ESTIMATES 2003/04 to 2005/06

- 2.1 That the base budgets (excluding New Spending Bids and Savings) submitted in respect of Services and including existing non-recurring commitments and Parish Precepts be approved totalling:
- £14,527,159 for 2003/04, which reflects increases in estimated income from fees and charges totalling £304,000.
 - £15.458m (projected) for 2004/05.
 - £15.903m (projected) for 2005/06.
- 2.2 That the core spending be further reduced by those savings and increases in income totalling £583,000 in 2003/04 rising to £680,000 in 2004/05 and 2005/06 detailed in **Schedule 1** below.
- 2.3 That the core spending be increased by those new expenditure bids totaling £668,100 in 2003/04 and reducing to £312,600 in 2004/05 and £305,100 in 2005/06 as detailed in **Schedule 2** below.

Schedule 1

Proposed Budget Savings	Corporate Plan Objective	£ 2003/04	£ 2004/05 and 2005/06
Town Twinning	CC1	10,000	10,000
Corporate Publications	CM7	10,000	10,000
Best Value Reviews	CM5	65,000	87,000
Car Park Charges (in excess of the CCP)	IE2		
- Review of Policy		94,000	94,000
- Additional from Capital Investment		50,000	50,000
Building Control use of surplus	CM7	15,000	15,000
Procurement/Central Purchasing (re sub-contractors)	CM7	50,000	50,000
Business and Enterprise Support	EP1	10,000	25,000
Additional Salary Turnover Savings	CM7	50,000	50,000
Land Charges income (in excess of the CCP)	CM7	20,000	20,000
Bereavement Services income (in excess of the CCP)	CM7	119,000	119,000
Tullie House	CC2	40,000	40,000
Advice Agencies	CO1	0	60,000
Grants to Housing Associations	HW2	40,000	40,000
Community Centres	CO1	10,000	10,000
Total		583,000	680,000

Schedule 2

New Spending Bids	Corporate Plan Obj.	2003/04 £	2004/05 £	2005/06 £
Recurring				
Licensing Officer	CM5	15,500	15,500	15,500
Concessionary Fares	IET2	25,000	25,000	25,000
Removal of vehicles	IET1	7,600	7,600	7,600
Recycling Bid	IE2	90,000	90,000	90,000
LLPG/NLPG (Land Charges)	CM7	10,000	10,000	10,000
Customer Contact	CM5	50,000	50,000	50,000
United Utilities Contract	IET1	36,000	36,000	36,000
Mayoral Budget *	CC1	5,000	5,000	5,000
Parishes Support *	CO1	2,500	2,500	2,500
CCTV – New Cameras	CO2	20,000	20,000	20,000
Non-Recurring				
CCTV – Control Room	CO2	30,000		
LSP Co-ordinator (£60,000)	CO3	7,500	30,000	22,500
LSP Development *	CO3	20,000		
Tullie House (Trust)	CC2	80,000		
Planning (Local Plan)	IET2	15,000	15,000	15,000
GIS (Study)	CM7	6,000		
City Centre Marketing Initiative	CC1	20,000		
Voice of Cumbria in Europe (3 yr)	CC1	6,000	6,000	6,000
Feasibility Study *	HW1/CC3	50,000		
Transport Issues *	IET2	20,000		
CCT Contracts **	CM2/7	67,000		
Sports Development **	CV1,2,3	85,000		
Recurring		261,600	261,600	261,600
Non-Recurring		406,500	51,000	43,500
TOTAL		668,100	312,600	305,100

* Indicates Executive Budget proposal

** Indicates future spending dependent on full review during 2003/04

- 2.4 That as a consequence of the above, the Net Budget Requirement for Council Tax Purposes for 2003/04 and projected to 2005/06, together with the use of balances, be approved as set out in **Schedule 3**, in the sum of £14,046,986 for 2003/04, £14.481m (projected) for 2004/05 and £15.128m (projected) for 2005/06.
- 2.5 That it be noted that all budgets are on a cash limited out-turn basis, and that no specific contingency provision has been made against the potential for any unforeseen expenditure in 2003/04 and beyond.

Schedule 3

	2003/04 Budget £	2004/05 Projected £000	2005/06 Projected £000
Revenue Expenditure:			
Core Revenue Expenditure	14,241,860	15,173	15,613
New Recurring Savings (Schedule 1)	-583,000	-680	-680
New Recurring Bids (Schedule 2)	261,600	262	262
Core Revenue Expenditure	13,920,460	14,755	15,195
Non-Recurring Revenue Expenditure			
- Existing Commitments: (Note (i))	14,000	5	0
- New Non-Recurring Bids (Schedule 2)	406,500	51	44
Total General Fund Revenue Expenditure (City Council)	14,340,960	14,811	15,239
Parish Precepts	271,299	280	290
Total Revenue Expenditure	14,612,259	15,091	15,529
Less Contributions from:			
General Fund Balances Note (i)	14,000	5	0
General Fund Balances – new spend	36,273	75	26
General Fund Balance (Hsg Ben) Note (ii)	515,000	530	375
Projected Net Budget Requirement for Council Tax Purposes	14,046,986	14,481	15,128

Notes:

- (i) Non - recurring Revenue commitments arising from existing commitments from earlier years will fall to be financed as follows:

Non Recurring Commitments from earlier years	2003/04	2004/05	2005/06
Parishes - IT Provision	9,000		
Cumbria Sport	5,000	5,000	0
Total Policy Commitments	14,000	5,000	0

- (ii) Following the transfer of the Council's Housing Stock to Carlisle Housing Association on 9th December 2002, it is estimated that under present grant funding arrangements, up to £1.6m of Housing Benefit costs will fall to be met by the General Fund in the three year period following transfer. It is assumed that this will be offset by an equivalent amount of balance on the HRA. However, the transfer of the HRA balance will not be able to take place until 31st March 2004, and therefore for 2003/04, the contributions of £515,000 will need to be met from General Fund Reserves in the first instance. Following the initial three-year period, the increase in local benefits costs will be compensated by equivalent increase in Revenue Support Grant.

3. **COUNCIL TAX IMPACT**

- 3.1 As a consequence of items 2.1 to 2.4 and having made the appropriate calculations required under Section 32 of the Local Government Finance Act 1992, the 'Budget Requirement' of the City Council General Fund in 2003/04 be £14,046,986, including £271,299 in respect of Parish Precepts.
- 3.2 The Executive proposals will require an increase in the Council Tax in 2003/04 by 3.5% for the City area; the Parish Precepts will be in addition in the rural area.

Schedule 4

Council Tax Impact	2003/04 Actual	2004/05 Projection	2005/06 Projection
Local Tax Base	32,246.4	32,250	32,350
	£	£'000	£'000
Net Budget Requirement (Schedule 3)			
- City	13,775,687	14,201	14,838
- Parishes	<u>271,299</u>	<u>280</u>	<u>290</u>
- Total	14,046,986	14,481	15,128
Grant Entitlement:			
- Revenue Support Grant	5,175,225	5,330	5,660
- NNDR	3,515,611	3,622	3,730
- Council Tax Surplus	<u>66,989</u>	<u>55</u>	<u>55</u>
- Total	8,757,825	9,007	9,445
<u>Council Tax – City Area 3.5% increase:</u>			
Income Generated (excl Parishes)	5,017,862	5,194	5,393
Band D Council Tax – City	£155.61	£161.06	£166.70
Increase over previous year – 2002/03 (£150.35)			
- £	£5.26	£5.45	£5.64
- %	3.5%	3.5%	3.5%

B. CAPITAL BUDGET 2002/03 TO 2005/06

1. REVISED CAPITAL BUDGET 2002/03

- 1.1 That the revised budgets be approved as follows:
- General Fund Capital Programme £3.967m
 - Public Sector Housing Investment Programme £5.674m

2. CAPITAL BUDGET 2003/04 TO 2005/06

- 2.1 That the Capital Programme for 2003/04 to 2005/06 be approved to be financed and allocated as shown in **Schedule 5 and 6** below:

Schedule 5

Estimated Capital Resources	2003/04 £000	2004/05 £000	2005/06 £000
Basic Credit Approval	1,153	1,153	1,153
Specified Capital Grants – Disabled Facilities	177	177	177
Capital Receipts - Estimated B/F 2002/03 - In Year	961 500	866	845
Capital Projects Fund - Committed - Earmarked (Sports) - Uncommitted	600 21 295	0	60
IEG Capital Grant	200	0	0
Capital Grants	450	1300	91
Renewals Reserve - Vehicles and Equipment - Ledger - Cemeteries	768 100 225	632 0 0	391 0 0
Contribution from Revenue Reserves	0	0	0
Total Capital Resources	5,450	4,128	2,717

Schedule 6

Draft Capital Programme:	Notes	2003/4 £000	2004/5 £000	2005/6 £000
Current Commitments:				
Leisuretime Investment		630	270	250
Implementing Electronic Govt.		200	0	0
Crematorium Refurbishment		225	0	0
Millennium Artefacts		0	0	60
Asset Investment Fund	(i)	200	200	200
Vehicles Plant and Equipment	(ii)	768	632	391
New Starts 2003/04:				
Disability Discrimination Act		220	0	0
Major repairs to Council property		200	200	200
Land and Property Gazetteer/ Nat Land Info System		117	0	0
Ledger Replacement		100	0	0
Private Sector Housing Programme	(iii)	768	768	768
Petteril Bank Community Project (Estimate)		90	30	0
CCTV Cameras		125		
Sheepmount Development (Est)		500	2,000	100
Kerbside Recycling (pilot)		150	0	0
Customer Contact (Estimate)	(iv)	500	0	0
GIS	(v)	0	0	0
Raffles Vision	(vi)	0	0	0
Total Programme		4,793	4,100	1,969
Total Available (Schedule 5)		5,450	4,128	2,717
Potential Excess Resources		657	28	748

NB: Many of the budgets shown above are still subject to clarification on details of the final project and associated costs. Before commencement, all projects must be subject to full reports to be approved by the Executive and Council before the scheme can progress.

Notes:

- (i) That so far as the resourcing of the Asset Management Plan is concerned, the City Council has approved the principle that 50% of capital receipts generated over £100,000 to a maximum of £500,000 pa (i.e. a maximum of an additional £200,000 p.a.), should be applied to support the Plan, subject to Council approval as to the detail.
- (ii) Expenditure on the above items to be met by appropriation from the Renewals Reserve maintained for those purposes, (or, if the Head of Finance considers it to be appropriate, by way of operational or finance lease). All replacements at a cost in excess of £5,000 to be subject to the Heads of Service, in consultation with the Portfolio Holder, being able to justify each vehicle or item of plant to be renewed.

- (iii) That the allocation of the Private Sector Housing provision in 2003/04 be subject to a report by the Head of Environmental Protection Services to the Executive and Council.
- (iv) The Customer Contact facility involves the creation of a one-stop reception area as part of the project to improve accommodation efficiency and customer care. Council have recently agreed a sum of £100,000 for 2002/03 for the first stage work, including a feasibility study for the total programme. The final amount required will be subject to the results of the feasibility study and any impact resulting from the Private Partnership Initiative and a further report will be presented to the Executive and Council in due course.
- (v) A feasibility study will be undertaken during 2003/04 on the implications and funding requirement to implement a GIS system. There is a possibility that this will lead to a capital bid requirement although the amount is not known yet. This will be subject to a further report to the Executive and Council.
- (vi) The implementation of the Raffles Vision will probably incur a call on capital funding in 2003/04 and possibly future years. This will be subject to a full report to the Executive and Council.

C. HOUSING REVENUE ACCOUNT BUDGET 2002/03

1. That the revised estimates of expenditure on the Housing Revenue Account for 2002/03 be approved in the sum of £19.248m, it being noted as a consequence that a deficiency of £1.52m will fall to be financed from Housing Revenue Account balances which will then be estimated to stand at £2,877m at 9 December 2002.

2. It be noted that the Housing Revenue Account will require to be left open to 31st March 2004 when the approval of the Secretary of State will be required to enable the account to be closed and the closing balance to be transferred to the General Fund.

D. BALANCES PROJECTIONS

1. It being noted as a consequence that as at 31st March 2004, General Fund balances and reserves are estimated to be as set out in **Schedule 7** below:

Schedule 7

General Fund Reserves	Actual 31/3/02 £,000	Original 31/3/03 £,000	Revised 31/3/03 £,000	Projected 31/3/04 £,000	Note
General Fund Free Balance	5,818	3,551	3,940	3,375	(i)
HRA (Post LSVT)	-	1,430	2,877	2,877	(ii)
DSO Reserve	512	550	262	262	
Capital Projects Fund					
- Committed	)1,222	-	660	490	(iii)
- Earmarked	)	21	21	21	(iv)
- Uncommitted	)	<u>355</u>	<u>295</u>	<u>295</u>	
		376	976	806	
Renewals Reserve	2,625	1,849	2,379	1,727	(v)
Total General Fund Balances	£10,177	£7,756	10,434	9,047	

Notes:

- (i) This projection assumes a contribution from balances in 2003/04 of £36,273 in respect of new non-recurring commitments; £14,000 in respect of existing non-recurring commitments; and £515,000 in respect of increased Housing Benefit cost as detailed in Schedule 3 Note (ii).
- (ii) See Schedule 3 Note (ii)
- (iii) Includes £60,000 to fund the archaeology conservation costs associated with the Millennium Gateway City Project in 2005/06. It also includes £600,000 for Leisuretime, for which it is assumed that £170,000 will be required in 2003/04 (depending on the availability of capital receipts).
- (iv) £21,420 was earmarked for developing sports facilities in 2000/2001.
- (v) Commitments to be financed from Renewals Reserves in 2003/04 total £1,093,285, which includes Ledger Replacement and the Crematorium Refurbishment. The exact amount to be deducted from the Renewals Reserve will depend upon the use of leasing as opposed to outright purchase from the fund.

E. BUDGET DISCIPLINE

1. The 2003/04 Budget has been assisted by the better than projected Revenue Support Grant settlement from the Government. However, despite this the Council has still been required to make considerable savings to enable reasonable Council Tax increase options to be put forward. The Council will adopt a 3-year financial strategy to assist in the integration of financial planning with the priorities set out in the Corporate Plan. The requirement to find savings or raise additional income in future years will continue due to the number of new spending pressures facing the Council. In the light of this, the Executive recommends the following Budget Discipline to the Council.
2. In preparation for the 2004/05 Budget Cycle the Executive are to continue:
 - A fundamental review of Fees and Charges including the capacity to introduce new charges and the use of subsidies, in order to raise significantly the proportion of income contributed by users of services compared to Council Tax payers.
 - A review of Services to focus on:
 - (i) Defined outcomes
 - (ii) Efficiency and Best Value in Service provision
 - (iii) To apply greater prioritisation in resourcing services.
3. The Executive, Portfolio Holders and Budget Holders are reminded that:
 - It is essential to maintain a disciplined approach to budgetary matters. Supplementary estimates will only be granted in appropriate circumstances.
 - Future proposals seeking virement should only be approved where the expenditure to be incurred is consistent with policies and priorities agreed by the Council.
 - Net underspending on 2002/03 service estimates under the control of the Head of service may be carried forward subject to:
 - Reporting to the Executive the source of the underspending or additional income and the application of these resources.
 - The approval of the Council where the underspending exceeds £10,000.The Head of Finance will submit a comprehensive report identifying all such items for consideration at the time of reporting on the outturn for 2002/03, in July 2003.
 - All requests for additional resources including supplementary estimates and virement will require the written support of the Portfolio Holder at the time of the request.
4. The Executive requests the Head of Finance to produce a more detailed paper setting out fully the principles on which the 2004/05 to 2006/07 Budget will be prepared and for this to be presented early in the new municipal year. In addition, the Head of Finance is asked to report on a regular basis to the Executive on the monitoring of expenditure against budgets.
5. In addition, in order to improve the link between financial and strategic planning, a small group of officers and Portfolio Holders will be established. The group will meet regularly to commence forward planning on strategic and financial issues.